



JASON E. MUMPOWER
Comptroller

UMRB Agenda

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JASON E. MUMPOWER
Comptroller

MINUTES
of the
UTILITY MANAGEMENT REVIEW BOARD MEETING
April 28, 2022
10:00 am

Greeting:

Chairman Knotts detected a quorum and called to order the meeting of the Utility Management Review Board (“UMRB”) in the Volunteer Conference Center on the 3rd Floor of the Cordell Hull Building in Nashville, TN at 10:00 a.m. (CDT).

Board Members Present and Constituting A Quorum:

Betsy Knotts, Chair
Tom Moss, Vice-Chair
Phillip Combs
Bruce Giles
Dan Coley
Anthony Pellham
Steve Stone

Board Members Absent:

Rebecca Hunter
Kevin Botts

Staff Present:

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

Counsel Present:

Seth May, Comptroller’s Office

Others Present & Addressing the Board

Mike Dunavant, Chief Investigative Counsel, Investigations, Comptroller’s Office
Phil Job, Deputy Chief Investigator, Investigations, Comptroller’s Office
Joseph Ensminger, Senior Investigator, Investigations, Comptroller’s Office
Alan Dover, Senior Counsel, Investigations Comptroller’s Office
Don Scholes, General Counsel, TAUD
Chris Leuber, Executive Director, American Water Works Association, Water Loss Committee

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.”

Chairman Knotts asked if anyone needed to recuse themselves. Mr. Giles asked about the South fork due to his involvement in the TUA Board that was formed by him. Counsel said that there was no impropriety in that. Mr. Coley recused himself from Malley Valley UD and Milcrofton UD.

Approval of Minutes:

Chairman Knotts presented the approval of the October 28, 2021 minutes. Mr. Giles moved to approve the minutes as written. Mr. Coley seconded the motion.

Comptroller Investigations:

South Fork Utility District:

Mr. Colona gave a background on the South Fork UD situation. He introduced the Department of Investigations from the Comptroller’s office who were present to answer questions from the report. Mr. Colona alerted the board that the packet had been updated. Prior to this week the intention was to achieve a merger with South Fork UD and Bristol-Bluff City UD. South Fork currently purchases all their water from Bristol-Bluff City. The merger is in the best interest of the customers. On Tuesday, April 26, 2022, South Fork UD called a meeting to address two topics. The intent to merge and to address hiring a new manager. Mr. Colona drove from Nashville to Bristol. No commissioners attended the meeting which resulted in no quorum. The meeting turned into a public forum for the approximately 30 customers that were in attendance. The customers related concerns and complaints regarding the ordeal. Due to the input from the customers and the commissioners declining to take action, Mr. Colona’s recommendation has changed. The current attorney was told on Wednesday, April 27, 2022, that he was no longer representing the district. Board staff is unaware when this was decided since the meeting did not take place. Board staff is still gathering information regarding this.

Board staff recommendations:

1. Board staff shall initiate contested case proceedings, on behalf of the Board, against South Fork and any other necessary parties, to address the question of whether to remove South Fork’s Commissioners from their positions pursuant to Tenn. Code Ann. § 7-82-307(b)(2). This hearing should be scheduled as soon as is reasonably possible, and by a special called meeting if necessary.
2. The District may elect to voluntarily merge with another entity.
3. If the District does not elect to voluntarily merge with another entity, the District *shall* contract with TAUD or another qualified expert to perform a feasibility study that includes:
 - a. A rate study to show future rate increases necessary to perform current operations;

- b. The feasibility of a merger between the South Fork and Bristol-Bluff City Utility District including the projected rates for the districts' current customers and the costs of any new or upgraded infrastructure to support the merger;
 - c. The feasibility of a merger between South Fork and Blountville Utility District including projected rates for the districts' current customers and the costs of any new or upgraded infrastructure to support the merger; and,
 - d. The feasibility of a merger between the utility systems of South Fork and the City of Bristol including projected rates for the districts' current customers and the costs of any new or upgraded infrastructure to support the merger.
4. South Fork shall send Board staff a copy of the contract required by paragraph 3 above by June 17, 2022.
 5. South Fork shall send Board staff a copy of the completed feasibility study by December 16, 2022.
 6. South Fork shall complete and return the financial distress questionnaire to Board staff within 90 days of receiving the questionnaire.
 7. Board staff are given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by South Fork.

Mr. Giles asked DOI with the Comptroller's Office, if there is any measure of control this board had over what was going on, He commented that the word "questionable" was used multiple times throughout the report, and in his 9 years serving on the UMRB, this is the worst case of abuse he's seen, there was no oversight. He asked the DOI to speak to what they saw.

Mike Dunavant introduced himself to the Board as Chief Investigative Counsel to the DOI, as well as Phil Job, Joseph Ensminger, and Alan Dover. He deferred to Investigator Ensminger who stated that it's hard to say the oversight level, but the board was aware of a lot of the issues. Mr. Dunavant added that the report is divided into two main sections. The first is material findings, and the second is internal controls and compliance deficiencies. Those speak to board awareness. Mr. Giles stated that it all comes back to the board reviewing what is going on and that money was misappropriated and misused.

Mr. Moss said that the Johnson City field office with TDEC likes the idea of a merger. Mr. Combs asked if the firing of the attorney was a violation of sunshine law and questioned if there is any other instance that this may have taken place. Mr. Ensminger said he did not want to go outside the scope of the report. Mr. Dunavant said if there was a finding it would be in their report. Mr. Combs asked how many commissioners were participating in group health coverage. Mr. Scholes stated that he does not know. Mr. Colona stated that he knows they have health insurance expenses for the manger and employees, it is unknown in regard to the board and commissioners.

Mr. Pellham inquired if there are dual signatories on every check. Mr. Ensminger said there are on every check. Mr. Stone asked how many clients the UD services. Mr. Ensminger said approximately 3,400 water customers. Mr. Giles asked if the manager or his construction company is still providing service to the UD. Mr. Colona said he was unaware the last time they provided service to the district. Mr. Ensminger said that the in the scope of the investigation, once the manager was employed, they no longer did work with that particular company.

Chairman Knotts stated that the board has a duty to provide oversight and asked if this investigation warranted to bring members down and questioned and in turn ousted. Mr. Giles said he found it incredulous they allowed Mr. Colona to drive that distance and not attend the meeting, let alone attend the UMRB meeting here today. Mr. Colona asked if there were any employees or commissioners of South Fork UD that would like to speak up now was the time to do so, but there was no requirement. No one responded.

Mr. Moss made a motion to accept staff recommendations. Chairman Knotts confirmed that he meant all seven recommendations which included pursuing commissioners to have them removed. Chairman Knotts said it would initiate a contested case hearing as soon as possible. Mr. Giles asked if criminal charges were off the table against commissioners. Mr. Dunavant stated that the investigations report has been shared with the District Attorney General of Sullivan County.

Mr. Moss made a motion to accept all staff recommendations. Mr. Giles seconded the motion.

Mr. Colona said that dates needed to be established to schedule a contested case hearing, and Counsel Seth May could explain the process and dates to accomplish this, in anticipation of this vote. Mr. May said that there would be logistics that would require administrative procedures with the Secretary of State's Office, and an administrative law judge could sit for the hearing. He also mentioned that legally the first thing they do is vote, notice the hearing, and have a brief summary of the board's decision. There needs to be reasonable notice before the hearing; 30 days.

Chairman Knotts stated that the prehearing conference should be in May to get all the motions competed and have the actual hearing in June or July. The law judge will deal with legal, but ultimately UMRB makes the final decision. Mr. Dunavant asked that the court reporter make official record of proceedings.

The Board agreed on three potential dates: June 23 or June 30, 2022, or July 14, 2022 for the administrative law judge hearing.

Financial Distress:

Bristol-Bluff City Utility District

Mr. Colona noted that since the meeting with South Fork did not occur, staff recommendations have changed. Mr. Colona explained staff recommendations:

1. The Board orders that the District shall complete and return the financial distress questionnaire to Board staff within 90 days of receiving the questionnaire.

Mr. Giles moved to accept staff recommendations. Mr. Moss seconded the motion which passed unanimously.

Iron City Utility District

Mr. Colona explained that prior to the board order the district was trying to accomplish a new board, and they had a failure to comply with the law for training. There is a letter included in the board packet explaining why. He invited anyone from Iron City to speak. Ms. Debra Chambers the office manager, said the commissioners know all about the water lines.

Chairman Knotts asked if any commissioners were on the phone and if it would be possible to hear from them. Commissioner Brewer stated that they did not get around to the training. Commissioner Atwell spoke and said she had cancer for two years followed by open heart surgery.

Mr. Pellham asked if for 238 customers was 5 board members normal. Mr. Colona said it was not and that it was atypical. Mr. Colona also stated that the board does not receive compensation or a stipend.

Mr. Pellham asked if all board members were currently in compliance. Mr. Colona confirmed they were all in compliance. Mr. Colona asked if the board would like to rescind the orders or oust the commissioners. Mr. Giles asked what the law allowed for. Counsel Seth May stated that the law states they can request an extension and they are not allowed reappointment but given the situations whatever the board would deem best.

Mr. Colona explained the staff recommendations.

1. The Board finds it appropriate under these narrow circumstances to rescind its previous order to initiate contested case proceedings against the commissioners. That order is hereby rescinded.

Mr. Moss moved to accept staff recommendations. Mr. Giles seconded the motion which passed unanimously.

Roan Mountain Utility District

Mr. Colona explained the staff recommendations:

1. As such, the Board orders that the Entity shall send financial updates to Board staff by March 1st and September 1st of each year beginning September 1, 2022 until the Board releases the Entity from its oversight.

Mr. Combs moved to accept staff recommendations. Mr. Pellham seconded the motion which passed unanimously.

Release Cases

Mr. Colona said the following utility districts were to be released from board oversight:

Arthur-Shawnee Utility District
Bon de Croft Utility District

Copper Basin Utility District
Crockett Public Utility District
Fall River Road Utility District
Milcrofton Utility District
North Stewart Utility District
Northeast Henry Utility District
Northwest Henry Utility District
Reelfoot Utility District
Walden's Ridge Utility District

Mr. Giles motioned to accept the staff recommendations for the release cases. Mr. Moss seconded the motion which passed. Mr. Coley abstained from the vote due to the Conflict of Interest involving Milcrofton Utility District.

Board Investigation:

Tuckaleechee Utility District

Mr. Colona informed the board that they are under investigation due to the customers running out of water during a fire. The water pressure went to fighting the fire, so the homes did not have water pressure. There is an infrastructural need in the district and there needs to be a plan in place to remedy the problem.

Mr. Colona stated that South Blount Utility District is willing to help the district. The staff recommendation follows:

1. Board staff shall investigate the Entity to address the financial, technical, and managerial capacity of the Entity to comply with the requirements of any applicable federal and state laws or regulations.
2. Board staff shall, with the full authority of the Board, issue subpoenas for the Entity's manager, governing body, any other necessary staff, to appear in-person before the Board at its first meeting of 2022 if the Entity does not comply fully with the Board's investigation.
3. Board staff shall update the Board as to the status of this investigation at its next meeting on September 22, 2022.

Mr. Giles said for the past six months they have been trying to a third-party peer evaluation for them, and it is not compensated. Counsel Seth May said that would not be a conflict of interest.

Mr. Stone asked if the board oversees the district's ability to deliver water in the event of a fire, would that fall under the technical ability of the utility district. Mr. Moss commented that TDEC could charge for not maintaining a 20PSI. Mr. Moss also commented that there would be a sanitary survey in the next 4-6 weeks.

Mr. Pellham moved to accept staff recommendations. Chairman Knotts seconded the motion, which passed unanimously.

Annual Information Report:

Mr. Colona addressed the board regarding water loss, and the currently established parameters submitted in the audit reports from the AWWA workbook. He recommended to change water loss standards to be greater than 40% by volume. He also informed the board that entities are not equipped to fill out the report correctly, and legislation had been passed that it is no longer an audit report but rather an annual information report. Mr. Leauber addressed the board to discuss this, and supported Mr. Colona's explanation.

Chairman Knotts made a motion to accept the changes to the report. Mr. Moss seconded the motion which passed unanimously.

Updated Questionnaires:

Mr. Colona asked the board to approve the questionnaire as stated in the packet. And to grant the ability for board staff to make edits as needed and to provide the updates after the fact.

Mr. Giles made a motion to approve the questionnaire and to allow board staff to make edits. Mr. Pellham seconded the motion which passed unanimously.

Utility District Revitalization Fund Rules:

Mr. Colona explained that the legislature passed a law that would allow the UMRB to force mergers in financial distress situations as needed. There was also a \$2M non-recurring deposit into a revitalization fund specifically for instances that the board would order a merger and the district may need help offsetting the costs of the merger if needed. The fund will operate like a grant and therefore rules are necessary for the fund.

Chairman Knotts made a motion to accept the draft of the rules. Mr. Moss seconded the motion which passed unanimously.

Member COI Statements:

Mr. Colona reminded board members that their desk had Conflict of Interest forms on it that needed to be signed and left for board staff.

Board Discussion:

None

Adjournment:

Chairman Knotts adjourned the meeting at 11: 23 am. Mr. Moss seconded.



JASON E. MUMPOWER
Comptroller

MINUTES
of the
UTILITY MANAGEMENT REVIEW BOARD SPECIAL CALLED MEETING
August 24, 2022
9:30 am

Greeting:

Chairman Knotts detected a quorum and called to order the meeting of the Utility Management Review Board (“UMRB”) in the IT Training Room on the 3rd Floor of the Cordell Hull Building in Nashville, TN at 9:30 a.m. (CDT).

Board Members Present and Constituting A Quorum:

Betsy Knotts, Chairman
Tom Moss, Vice-Chairman
Anthony Pelham
Steve Stone
Kevin Botts, participated virtually
Rebecca Hunter, participated virtually
Dan Coley, participated virtually
Bruce Giles, participated virtually

Board Members Absent:

Phillip Combs, Alpha-Talbott Utility District Manager

Staff Present:

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

Counsel Present:

Seth May, Comptroller’s Office

Others present and Addressing the Board

Doug Overbey, Attorney, Owings, Wilson, & Coleman
Steve Southerland, TN Senator
Jean Suh, Audit Review Manager, Comptroller of the Treasury
Mike Dunavant, Senior Counsel, Comptroller of the Treasury
Blair Beaty, Senior Counsel, Department of Environment and Conservation

South Fork Utility District

Mr. Colona gave a brief overview to the board of the current standing of the utility.

Mr. May gave the staff summary and explained staff recommendations: that the Board withdraw its order to commence a contested case hearing and authorize counsel to pursue a dismissal of the matter without prejudice.

Mr. Moss moved to accept staff recommendations. Mr. Coley seconded the motion. Ms. Knotts clarified what the recommendation was repealing on the original order, after which the motion was passed unanimously.

East Sevier County Utility District

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

1. Board staff shall investigate the District to address the financial, technical, and managerial capacity of the entity to comply with the requirements of any applicable federal and state laws or regulations.
2. Board staff shall, with the full authority of the Board, issue subpoenas for the District's manager, governing body, any other necessary staff, to appear in-person before the Board if the District does not comply fully with the Board's investigation.
3. Board staff shall update the Board as to the status of this investigation at its next meeting on December 8, 2022.

Before the motion was moved, Mr. Overbey addressed the board on behalf of his client, Appalachian Resort LLC on English Mountain. Mr. Overbey gave a brief history of the resorts contract and connections with the Utility District. Mr. Overby went on to provide the board with the various issues that his client had faced in trying to obtain consistent service from the utility.

Mr. Moss moved to accept staff recommendations. Mr. Stone seconded the motion which passed unanimously.

Adjournment

Chairman Knotts moved that adjourned the meeting at 9:45 am. Mr. Moss seconded. The motion carried unanimously.

Annual Information Report and Board Case Summary

Board Cases

This information is current as of December 1, 2022. There are 172 entities that fall under the jurisdiction of the Utility Management Review Board. Here is a breakdown of the cases under the WWFB. There are 48 cases under supervision or review, broken down as follows:

- 23 Financial Distress Cases (5 West TN, 5 Middle TN, 13 East TN)
 - 12 Update Cycle
 - 4 Questionnaires Outstanding
 - 1 Questionnaires Received
 - 6 Orders Outstanding
- 26 Water Loss Cases
 - 12 AWWA Submissions Outstanding
 - 14 AWWA Submissions Received
- 3 Training Compliance Cases
- 2 Investigations

Annual Information Report

155 have filed their Annual Information Report (“AIR”). Board staff expects full compliance by the first meeting of 2023. Any entities that are not in compliance by the first meeting of 2023 will be sent Board orders to comply with the statutory requirement of the AIR submission. Board staff is working on a dashboard to visualize the data that is gained from the AIR submissions. Below is some pertinent information that has been gathered so far out of the 244 submissions.

1. 137 Water Systems (26 Entities or 19% have water loss violations)
2. 24 Wastewater Systems
3. 21 Gas Systems
4. 56 Water Systems purchase more than half of the water they sell to customers
5. 29.95% median non-revenue water by volume
6. 3 Entities out of compliance with Training Requirements

Training Violations

In instances of training compliance violations, Board staff sent correspondence to the Entity asking for proof of compliance by December 31, 2022. This correspondence was sent in September 2022. The Comptroller’s office offers free online training for the training requirement. In 2022, the median number of free utility training courses being viewed monthly in was 422 courses per month. In October of 2022, that number spiked to 1699. Board staff believes this is an indicator that utility governing body members are working towards their compliance after receiving the notification of their non-compliance.

Water Loss Violations

The following entities have been referred to the Board for excessive water loss. These entities have since completed the AWWA 6.0 Water Loss Tool through the confirmation of a third party.

Arthur- Shawanee Utility District
Bean Station Utility District
Cherokee Hills Utility District
Claiborne Utility District
Copper Basin Utility District
Cross Anchor Utility District
First Utility District of Hawkins County
Gibson County Municipal Water District
Griffith Creek Utility District
Northwest Dyersburg Utility District
Roan Mountain Utility District
Savannah Valley Utility District
South Carroll Utility District
South Elizabethton Utility District

Staff Recommendation:

The Board should order the following to the above referenced entities:

1. The Entity shall send Board staff an update by February 28th, that details their plan to improve their non-revenue water and validity score. This plan should include any capital improvements that are to be made.
2. The Entity shall remain under Board supervision until the Board releases the Entity from its oversight.



JASON E. MUMPOWER
Comptroller

East Sevier County Utility District

Board Training

East Sevier County Utility District (“ESCUD”) is a water and sewer utility district serving 248 water customers and 838 sewer customers. ESCUD’s Board has three Commissioners, below.

| | Initial Appointment | Most Recent Appt. | Customer of District? |
|------------------------|---------------------|-------------------|-----------------------|
| Roy Ivey, President | February 2012 | June 2021 | No |
| Barbara Darby | December 2010 | June 2022 | Yes |
| Janice Brooks-Headrick | March 2013 | June 2019 | Yes |

Each of the Commissioners completed 12 hours of training in 2018 and in 2021. Board staff believes the Board of Commissioners is compliant with the training hours requirement; however, the Commissioners have not filed annual training statements since at least 2018.

Utility commissioners are required to file annual training statements. This requirement is separate and distinct from the requirement that the commissioners receive training:

“By January 31 of each year, each utility district commissioner shall file with the utility district an annual written statement on a form developed by the comptroller of the treasury that certifies the training and continuing education courses attended by the commissioner during the prior calendar year.” TCA § 7-82-308(f)(4)(A).

Commissioners are ineligible to receive payments from their utility district if they do not file the annual training statement:

“The failure to file the annual written statement pursuant to this subdivision (f)(4) causes a commissioner to be ineligible to receive further payment or benefit as provided in subsection (a) until the annual written statement is filed.” TCA § 7-82-308(f)(4)(E).

Utilities are required to keep annual training statements for 6 years following the calendar year in which the annual statement was filed. ESCUD is unable to provide the training statements as described. Board staff believes the current Board of Commissioners each should repay the District for all payments and benefits paid to each Commissioner.

Alliance Water Resources

ESCUD currently contracts with Alliance Water Resources (“Alliance”) for management of the utility. ESCUD has been contracted with Alliance since October 2017. ESCUD is contracted to pay Alliance \$652,740 (\$54,395 monthly) for labor, materials, supplies, equipment, subcontractor expense, or other operating expenses necessary to operate and maintain the utility. This includes a \$59,750.00 annual repair limit and \$12,200 annual chemical limit. If the annual repair limit or annual chemical limit are less than what is spent in the year, the remainder is returned to the utility. Below is a table exhibiting the costs of the contract since its inception.

| Fiscal Year | Annual Base Fee | Repair Limit | Chemical Limit |
|-------------|-----------------|--------------|----------------|
| 2018 | \$454,589.00 | \$29,000.00 | \$12,200.00 |
| 2019 | \$463,680.00 | \$29,900.00 | \$12,200.00 |
| 2020 | \$487,824.00 | \$39,900.00 | \$12,200.00 |
| 2021 | \$527,184.00 | \$39,900.00 | \$12,200.00 |
| 2022 | \$588,576.00 | \$55,400.00 | \$12,200.00 |
| 2023 | \$652,740.00 | \$59,750.00 | \$12,200.00 |

Board staff has concerns the Board of Commissioners has failed to negotiate a proper contract to ensure optimal service for the cost of the contract since the cost has increased by roughly \$200,000 with the repair limit only increasing by roughly \$30,000. Board staff is unaware of any other justification for such an increase in the annual base fee.

Water Loss

In the most recent information available for 2021, ESCUD reported producing 38 million gallons and selling 14 million gallons resulting in water loss of roughly 63%. Below is a table demonstrating the water loss numbers that have been reported in recent years through the AWWA 5.0 submission.

| | Water Supplied (in million gallons) | Water Sold (in million gallons) | Water Loss % |
|------|-------------------------------------|---------------------------------|--------------|
| 2017 | 27.271 | 14.141 | 48.14% |
| 2018 | 25.111 | 14.083 | 43.91% |
| 2019 | 28.375 | 8.978 | 66.94% |
| 2020 | 32.530 | 12.013 | 63.07% |
| 2021 | 38.614 | 14.025 | 62.90% |

Board staff does not attribute the dramatic increase of water loss from 2018 to 2019 to Alliance’s operation of the system. Instead, Board staff believes Alliance began reporting the water loss numbers more accurately which is the reason for the rise in water loss. However, Board staff is concerned that the severe water loss by volume has not improved.

Failure to Seek Funding for Capital Improvements

ESCUD contends grant funding has not been available for utility districts to improve their water infrastructure. In working with other utility districts, Board staff believes there were opportunities for grants or loans to be obtained to repair aging infrastructure. In its 2020 audit,

ESCUD was awarded a \$443,000 grant through USDA. Board staff was informed this was to address water infrastructure issues. Board staff is not aware of why the Board of Commissioners did not direct any relevant parties to pursue other funding than this grant in this instance.

The Board of Commissioners has not been proactive in seeking capital for the improvement of the system to ensure optimal service to its customers.

Customer Complaints

Board staff has fielded numerous customer complaints regarding the operation of the utility. Customers have been without water service on multiple occasions due to failing infrastructure.

ESCUD uses three wells to supply water to its customers. Customers lose service when storage tanks at the wells are empty, as the tanks refill. The pumps at these wells fail with some frequency, and the wells leak. In addition, Board staff have been advised that one of the wells is at least temporarily out of operation.

Board staff has concerns that the Board of Commissioners has failed to ensure consistent water service by failing to properly maintain and/or upgrade existing infrastructure.

Rates

ESCUD has not had a rate study performed in at least the last five years.

ESCUD currently charges water customers \$53.00 for the first 3,000 gallons, \$3.00 per thousand for every 1,000 gallons to 7,200 gallons, and \$8.00 per thousand in excess of 7,200 gallons.

ESCUD currently charges sewer customers \$49.50 for the first 3,000 gallons, \$3.10 per thousand for every 1,000 gallons to 7,200 gallons, and \$8.80 per thousand in excess of 7,200 gallons. ESCUD also charges subdivisions for sewer services based on the number of bedrooms in each dwelling at a minimum of \$45.00 or maximum of \$195.00.

Board staff has concerns the Board of Commissioners has failed to ensure fair and reasonable rates by conducting a rate study to properly allocate costs across the utility's customers.

Potential Conflict of Interest

ESCUD advised that it has done business with Ivey Excavating. Ivey Excavating is owned by Roy Ivey, the ESCUD Board President.

Board staff was given proof of payment to Roy Ivey for \$5,000 for a poured concrete pad for a storage tank at a well. Board staff does not believe the Board of Commissioners exhausted all options in searching for a disinterested contractor for this work.

Board staff has concerns the Board of Commissioners failed to provide adequate oversight to ensure payments were not made in conflict of interest to other Board Commissioners.

Conclusion

Board staff believes it is in the best interest of the East Sevier County Utility District and its customers that a new Board of Commissioners be seated, to provide adequate oversight and ensure the utility operates in the best interest of its customers.

The currently sitting Commissioners have failed in their fiduciary duty to the district by:

- Conducting business with a party that has a conflict of interest with the district;
- Failing to ensure that the utility's rates are fair and reasonable;
- Failing to seek opportunities to upgrade or replace failing infrastructure, leading to frequent interruptions in service;
- Failing to control and implement a plan to control excessive water loss;
- Failing to negotiate an operating agreement which ensures the best use of the district's funds;
- Failing to comply with state laws regarding training reporting requirements;
- Illegal payments made to Commissioners.

The Commissioners' pattern of behavior amounts to an abdication of their responsibility for oversight of the district's operation, and either the inability or unwillingness to take proactive action in the best interest of the district.

Staff Recommendation

The Board should order Board staff to initiate a contested case to determine whether the current Board of Commissioners of the East Sevier County Utility District should be removed from their positions.

Board staff are authorized to nonsuit or otherwise seek dismissal of this contested case should the members seated as of the date of this order resign or otherwise be removed from office.

ESCUD 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:

1. a review of the capitalization policy, including any recommended modifications;
2. a review of the debt management policy, including any recommended modifications;
3. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
4. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
5. and a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist.



JASON E. MUMPOWER
Comptroller

August 31, 2022

Mr. Tony Sneed
1529 Alpine Drive
Sevierville, TN 37876

Dear Tony:

Please fill out the following questionnaire and include any supporting documents that have been requested. Based on the information provided, more documentation may be requested at a later date upon receipt of the completed questionnaire.

Section 1. Utility Board Information

If any of the pre-filled elected official information is incorrect, please note the changes needed to ensure that we have the correct list of Commissioners for the Utility.

1. Fill out the following table:

| Title | Name | Initial Appointment Month and Year | Most Recent Appointment Month and Year | Is this individual a Water Customer? | Is this individual a Sewer customer? |
|--------------|------------------------|------------------------------------|--|--------------------------------------|--------------------------------------|
| Commissioner | Roy Ivey | FEB 2012 | JUN 2021 | NO | NO |
| Commissioner | Barbara Darby | DEC 2010 | JUN 2022 | YES | YES |
| Commissioner | Janice Brooks-Headrick | MAR 2013 | JUN 2019 | YES | YES |

Note: The initial appointment date is the first appointment date in the commissioners' current line of service history. For example, if someone was appointed in November of 2012, and has consistently been reappointed, please list November of 2012 as their initial appointment month and year. If someone was appointed in November of 2012, was not reappointed in 2016, then was appointed in 2020, please list November 2020 as the initial election month and year.

- Provide all Annual Training Statements filed pursuant to § 7-82-308(f)(4) for Roy Ivey. Label this as Exhibit 1. If this individual is out of compliance with the training requirements or if these documents cannot be provided, please provide a written explanation as Exhibit 1.
- Provide all Annual Training Statements filed pursuant to § 7-82-308(f)(4) for Barbary Darby. Label this as Exhibit 2. If this individual is out of compliance with the training requirements or if these documents cannot be provided, please provide a written explanation as Exhibit 2.
- Provide all Annual Training Statements filed pursuant to § 7-82-308(f)(4) for Janice Brooks-Headrick. Label this as Exhibit 3. If this individual is out of compliance with the training



JASON E. MUMPOWER
Comptroller

requirements or if these documents cannot be provided, please provide a written explanation as Exhibit 3.

Section 2. Utility Rates

1. Provide a written statement as to any future rate increases that are currently planned. If there are no rate increases planned, please indicate so. Label this as Exhibit 4.

Section 3. Policies and Contracts

1. Provide a copy of the District's Capitalization policy. Label this as Exhibit 5.
2. Provide a copy of the District's Purchasing policy. Label this as Exhibit 6.
3. Provide a copy of the District's Debt Management policy. Label this as Exhibit 7.
4. Provide a copy of the District's Leak Adjustment policy. Label this as Exhibit 8.

Section 4. Disbursement and Reimbursements

1. Provide a list of the names of all companies or organizations that members of the District's Board of Commissioners have ownership in or employment of that conduct business with the District. Label this as Exhibit 9.
2. Provide a copy of all disbursements and reimbursements made to these companies since January 2017. Label this as Exhibit 10.
3. Provide a copy of all disbursements and reimbursements made to Alliance Water Resources since January 2017. Label this as Exhibit 11.



JASON E. MUMPOWER
Comptroller

If you need to contact our office, please call 615.747.8831 or email Benjmain.s.johnson@cot.tn.gov. You may also respond to this letter at the following address:

Tennessee Comptroller of the Treasury
Division of Local Government Finance
Cordell Hull Building
425 Rep. John Lewis Way N.
Nashville, TN 37243

Sincerely,

Ben Johnson, Financial Analyst

Roy M. Jvey

*has attended and participated in the
2018 Leadership Conference*

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

Date: 11/7/2018

Location: Gatlinburg

Credit: 12 hours for Commissioner

**Tennessee Association
of Utility Districts**

Vital for Tennessee's future



A handwritten signature in black ink, appearing to read "B. Freudenthal".

Bob Freudenthal, Executive Director

RI4085

Ray Juey

*has attended and participated in the
2021 Leadership Conference*

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

Date: 11/3/2021

Location: Gatlinburg

Credit: 12 hours for Commissioner

**Tennessee Association
of Utility Districts**
Vital for Tennessee's future



Bob Freudenthal

Bob Freudenthal, Executive Director

R14085

Barbara Darby

*has attended and participated in the
2018 Leadership Conference*

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

Date: 11/7/2018

Location: Gatlinburg

Credit: 12 hours for Commissioner

**Tennessee Association
of Utility Districts**

Vital for Tennessee's future



A handwritten signature in black ink, appearing to read 'B. Freudenthal'.

Bob Freudenthal, Executive Director

BD7805

Barbara Darby

*has attended and participated in the
2021 Leadership Conference*

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

Date: 11/3/2021

Location: Gatlinburg

Credit: 12 hours for Commissioner

**Tennessee Association
of Utility Districts**

Vital for Tennessee's future



A handwritten signature in black ink, appearing to read "B. Freudenthal".

Bob Freudenthal, Executive Director

BD7805

Janice Brooks-Headrick

*has attended and participated in the
2018 Leadership Conference*

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

Date: 11/7/2018

Location: Gatlinburg

Credit: 12 hours for Commissioner

**Tennessee Association
of Utility Districts**

Vital for Tennessee's future



A handwritten signature in black ink, appearing to read "B. Freudenthal".

Bob Freudenthal, Executive Director

JB7319

Janice Brooks-Headrick

*has attended and participated in the
2021 Leadership Conference*

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

Date: 11/3/2021

Location: Gatlinburg

Credit: 12 hours for Commissioner

**Tennessee Association
of Utility Districts**

Vital for Tennessee's future



Bob Freudenthal, Executive Director

JB7319

East Sevier County Utility District
1529 Alpine Drive
Sevierville, TN 37876
(865) 453-6704

EXHIBIT 4

Rate changes and plans.

July 2019: Water Rates on the mountain increased \$5/month from \$48/month to \$53/month.

July 2020: Ten percent increase on water and sewer rates for flat rate customers on English Mountain.

Ten percent increase on sewer rates on the mountain. Availability fee increased from \$45/month (including 3,000 gallons) to \$49.50/month.

These increases were due to the USDA Loans for the water filtration units/Alpine main replacement and the wastewater plant upgrade.

The District has no current plans to increase rates. We will assess the rates annually as the budget is evaluated and prepared. We do intend to move the Rehab and Condos to a metered usage rate by FYE 24.

East Sevier County Utility District

1529 Alpine Drive
Sevierville, TN 37876
(865) 453-6704

Presented to board in SEP '22
Expected to become policy OCT '22

Title: FIXED ASSET CAPITALIZATION & DEPRECIATION POLICY

Policy: Asset acquisitions with a useful life expectancy of greater than one year and with a minimum threshold amount as specified by the Board of Commissioners should be capitalized and depreciated.

Purpose: The purpose of this procedure is to delineate the capitalization and depreciation methods for various asset groups.

Scope: All acquisitions for capital assets for the District.

Definitions: Capitalization – Capitalization is the method chosen to record the purchase of a fixed asset on the District’s accounting books. If an asset is capitalized, then it is not expenses in the same year the asset is purchased. Instead, the asset is generally recorded on the balance sheet and individually on an asset schedule. Examples of capital expenditures are purchases of land, buildings, machinery, office equipment, leasehold improvements and vehicles.

Depreciation – Depreciation is an expense deduction that allows the write-down or write-off of the cost of the asset over its estimated useful life to recover the cost or other basis of certain property over the time the property is used. It is an allowance expense for the wear and tear, age, deterioration, or obsolescence of the property.

As an asset ages and is used by the District, its value declines. It, in effect, becomes worth less and less over time. The declining value or usefulness of the asset over time is represented as a discount that is applied to the original purchase price. At the end of the asset’s depreciation period, (and/or useful life), its value on the balance sheet will be zero, or fully-depreciated. At the same time, the individual depreciation expenses will have all been recorded on the income statement.

Note: Land is not depreciated because land does not wear out, become obsolete, or get used up. However, the building on the land is depreciated. Land is generally viewed as an appreciating asset while all other capital assets are generally viewed as depreciating over time, with use. Unlike depreciation, an asset’s appreciation is not recorded on the books until the asset is sold.

Note: Construction work-in-progress is not depreciated until the project is completed.

Cost basis – The total amount paid for the asset, in cash or kind, is considered the “cost-basis”. This should include all charges relating to the purchase, such as the

East Sevier County Utility District
1529 Alpine Drive
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purchase price, freight charges, and installation, if applicable. The cost basis is not the market value or list price of the asset. It is the total amount invested in the purchase or the total amount paid. Donated capital assets are recorded at their estimated fair value at the date of donation.

Procedure:

1.0

Capitalization

- 1.1 All assets with a useful life greater than one year and costing more than \$1,000 will be capitalized. A group purchase of assets will be capitalized if the group purchase cost significantly exceeds the capitalization minimum threshold even if the individual assets in the group are less than the capitalization minimum threshold. Any asset that does not meet the above criteria will be expensed such as small tools and equipment or repairs and maintenance.
- 1.2 The cost basis of furniture and equipment assets will include all charges relating to the purchase of the asset including the purchase price, freight charges and installation if applicable.
- 1.3 Leasehold improvements including painting are to be capitalized if they relate to the occupancy of a new office or a major renovation of an existing office. Expenditures incurred in connection with maintaining an existing facility in good working order should be expenses as a repair.
- 1.4 The cost of buildings should include all expenditures related directly to its acquisition or construction. This cost includes materials, labor and overhead incurred during construction, and fees, such as attorney's, architect's, and building permits.

2.0

Depreciation

- 2.1 The depreciation method/lives for assets must be selected at the time the asset is first placed into service in order to ensure consistent financial reporting. Such method should be justified based on the expected useful life of the asset.
- 2.2 Assets will be depreciated using the straight-line method over their estimated useful lives as outlined below.

| <u>Asset</u> | <u>Useful Life (years)</u> |
|------------------------------|----------------------------|
| Supply & Distribution System | 10-50 |
| Office Building | 30 |
| Office improvements | 5-15 |
| Vehicles | 5 |
| Furniture and Equipment | 5-10 |

**A RESOLUTION ADOPTING A PURCHASING POLICY FOR
EAST SEVIER COUNTY UTILITY DISTRICT**

BE IT RESOLVED, by the Board of Commissioners of East Sevier County Utility District as follows:

Section 1: Purchasing Agent Designated. The Purchasing Agent shall be the Manager of East Sevier County Utility District (hereinafter the “District”) unless the President of the Board of Commissioners, with the approval of a majority of the members of the Commission, shall appoint some other person.

Section 2: Duties. The Purchasing Agent shall:

- a) act to procure for the District the highest quality in supplies and contractual services at the least expense to the District;
- b) prepare and adopt written specifications for all supplies and services;
- c) discourage uniform bidding and endeavor to obtain as full and open competition as possible on all purchases and sales;
- d) keep informed of current developments in the field of purchasing, prices, market conditions and new products, and secure for the District the benefits of research done in the field of purchasing by other governmental jurisdictions, national technical societies, trade associations, and by private businesses and organizations;
- e) prescribe and maintain such forms necessary for the operation of the purchasing function;
- f) exploit the possibilities of buying in bulk so as to take full advantage of discounts;
- g) act so as to procure for the District all federal and state tax exemptions to which it is entitled;
- h) inspect or supervise the inspection of all deliveries with regard to quantity, quality and conformance to specifications; and
- i) pursue all appropriate claims against the supplier, shipper or carrier.

Section 3: Gifts and Other Rebates. The Purchasing Agent and every other officer are expressly prohibited from accepting, directly or indirectly, from any person, company, firm or corporation to which any purchase or contract is or might be awarded, any rebate, gift, money or anything of value in excess of \$100.00, except when given for the use and benefit of the District.

Section 4: Competitive Bidding. When the District negotiates any purchase, sale or other contract, there shall be provided ample opportunity for competitive bidding in the following manner:

- a) If the consideration is more than \$1,000.00, bids shall be solicited in the most expedient manner with due regard for competitive prices and quality.
- b) If the consideration is for more than \$1,000.00 but less than \$2,500.00, at least three (3) bids shall be solicited by mail, email or telephone request from three (3) prospective vendors, from which the lowest and best bid with proper qualifications shall be accepted. A record of quotations shall be maintained. The purchase shall be approved by the Purchasing Agent.
- c) If the consideration is for more than \$2,500.00 but less than \$5,000.00, three (3) written bids shall be solicited from which the lowest and best bid with proper qualifications shall be accepted. The purchase shall be approved by the Purchasing Agent.
- d) All supplies and contractual services estimated to cost in excess of \$5,000.00 shall be purchased by Purchase Order from the lowest responsible bidder, after due notice inviting proposals. Whenever possible, at least three (3) bids should be obtained from prospective, qualified vendors. The Board of Commissioners shall award the contract or purchase.
- e) Individual contracts, purchases or sales, be they for goods, supplies, commodities or services, shall not be subdivided for the purpose of evading the requirements of competitive bidding.

Section 5: Notice Defined. The notice required by the preceding Section shall consist of the following:

- a) Notice inviting bids shall be published once in at least one official newspaper of the District at least five (5) days preceding the last day set for the receipt of proposals. The newspaper notice shall include a general description of the articles to be purchased or sold, shall state where bid forms and specifications may be secured, and the date, time and place for opening bids.
- b) The Purchasing Agent shall also solicit bids from all responsible perspective suppliers by sending them a copy of such newspaper notice or such other notice as will acquaint them with the proposed purchase or sale. In any case, invitations sent to the vendors shall be limited to commodities that are similar in character and ordinarily handled by the trade group to which the invitations are sent.
- c) The Purchasing Agent shall also advertise all pending purchase or sales by notice on the public bulletin board at the District's office.

- d) The Purchasing Agent shall also solicit sealed bids by direct mail request or email to prospective vendors and by telephone as may seem to be in the best interest of the District.

Section 6: Bid Opening Procedure. Bids shall be submitted sealed or via email to the Purchasing Agent and shall be identified as bids on the envelope or subject line. A tabulation of all bids received shall be posted for public inspection and a tabulation report forwarded to the Board of Commissioners.

Section 7: Lowest Responsible Bidder. The District reserves the right to reject any or all bids. Contracts shall be awarded to the lowest responsible bidder. Bids shall not be accepted from, nor contract awarded to, a contractor who is in default on the payment of any monies to the District. In determining “lowest responsible bidder”, in addition to price, the following shall be considered:

- a) the ability, capacity and skill of the bidder to perform the contract or provide the service required;
- b) whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference;
- c) the character, integrity, reputation, judgment, experience and efficiency of the bidder;
- d) the quality or performance of previous contracts or services;
- e) the previous and existing compliance by the bidder with the laws relating to the contract or services;
- f) the sufficiency of the financial resources and ability of the bidder to perform the contract or provide the services;
- g) the quality, availability and adaptability of the supplies or contractual services to the particular use required;
- h) the ability of the bidder to provide future maintenance and service for the use of the subject of the contract;
- i) the number and scope of conditions attached to the bid; and
- j) any other factor which the Board of Commissioners deems relevant to the decision.

Section 8: Open Market Procedure. All purchases of supplies and contractual services, and all sales of personal property that have become obsolete and unusable for this competitive bidding are not required by Section 4 of this policy shall be made in the open market, without

newspaper advertisement and without observing the procedure described by Sections 5 and 6 for the award of formal contracts.

- a) All open market purchases shall, whenever possible, be based on at least three competitive bids, and shall be awarded to the lowest responsible bidder in accordance with the standards set forth in Section 7.
- b) The District shall solicit bids by:
 - a. direct mail or email request to prospective vendors;
 - b. by telephone; and
 - c. by public notice posted on the bulletin board at the District office.
- c) The Purchasing Agent shall keep a record of all open market orders and the bids submitted in competition thereon, and such records shall be open to public inspection.

Section 9: Emergency Purchases. In case of an apparent emergency that requires immediate purchase of supplies or contractual services, and time is of the essence, the President or Purchasing Agent may authorize the purchase, at the lowest obtainable price, of any supplies or contractual services. A full explanation of the circumstances of an emergency purchase shall be reported to the full Board of Commissioners at the next regular meeting of the Board. This section shall only apply to any natural disaster or civil emergency requiring an immediate response on the part of the District.

Section 10: Cooperative Procurement. The Purchasing Agent shall have the authority to join with other units of government in cooperative purchasing plans when the best interest of the District would be served and after approval of the Board of Commissioners.

Section 11: Exclusive Service. In the event that there is only one (1) firm or company or individual capable of providing a particular service or commodity and said services or commodities cannot be secured from other persons or companies, then the bidding requirements contained above shall not be applicable and the Purchasing Agent is authorized to proceed with the purchase of such services or commodities as are required by the District, but cannot be secured through the normal bidding process. Exclusive service purchases for amounts exceeding \$5,000.00 must be pre-approved by the Board of Commissioners.

Section 12: Professional Services. The competitive bidding requirements of this Policy shall not apply to professional services, and the requirements herein shall not be required in the employment of professional services including, but not limited to, attorneys, engineers, certified public accountants or financial advisers.

Adopted this _____ day of _____, 20__ by the Board of Commissioners of East Sevier County Utility District.

ATTEST: _____
Barbara Darby, Clerk

Roy Ivey, President

East Sevier County Utility District
1529 Alpine Drive
Sevierville, TN 37876
(865) 453-6704

Debt Management Policy

The Board directs Alliance Water Resources, Inc. to:

- In the preparation of the budget, maintain three months of operating expenses in unrestricted reserve.
- Provide monthly balance sheet, profit and loss and income / expense statements for review as well as water sales (loss), connection growth (shrinkage), etc.
- Review water user rates and formally consider adjustment, no less frequent than annually (as part of the budgeting process).
- Provide reports on Debt Service and Coverage as part of the annual budget.
- Ensure that the District's budgeted revenue covers all projected expenditures.

Rule #6. Water Rates and Charges (continued)

- G.** Water meters will be owned and maintained by the District. The District will keep meters in proper operating condition. Meter damaged or destroyed through tampering or abuse will be repaired or replaced at the customers' expense. Meters that fail or are replaced due to routine use and wear will be repaired or replaced at the District's expense.
- H.** Meter tests will be performed from time to time to determine accuracy and meters may be replaced from time to time to ensure accuracy. Meter tests will be performed as deemed necessary by the District at no charge to the customer. Meter tests requested by the customer that are deemed unnecessary in advance by the District will result in a \$50.00 testing charge to the customer, unless the meter registers outside of the 98 to 102 percent accuracy level in which no charge will incur.
- I.** The District reserves the option, at the District's sole discretion, to grant a customer a one-time leak adjustment in any 12 month period, provided the customer can prove by providing written documentation and justification that a leak occurred and was promptly repaired at time of discovery and after considering staff's recommendation. Leak adjustments will be based on average water usage over the previous three (3), six (6) or twelve (12) month period or as however deemed appropriate by the District. Leak adjustments will not be granted to customers who do not promptly repair leaks after notification by District personnel. Any leak adjustment will be calculated at the rate of 50% of the excess water billed to the customer over and above the average usage. The customer will not be charged any additional sewage fee if the water leak did not enter the sewer system. Any leak adjustment under this policy, which exceeds \$250, requires specific Board approval.
- J.** The District expressly prohibits all non-district and unauthorized personnel from accessing or entering district-owned facilities, including meter pits and grinder stations, for any reason. No person, other than authorized District staff or its representatives or authorized agents shall be permitted access to the interior of the meter pits. Unauthorized access shall be considered tampering and shall be subject to a tampering charge of up to \$500 per occurrence. All charges and any outstanding penalties and balances are to be paid in full prior to restoring services. Each day shall count as a separate occurrence.

Approved: *Roy Juey, President* Effective Date: 07/01/2021

East Sevier County Utility District
1529 Alpine Drive
Sevierville, TN 37876
(865) 453-6704

EXHIBIT 9

Provide a list of the names of all companies or organizations that members of the District's Board of Commissioners have ownership in or employment of that conduct business with the District.

Ivey Excavation – Owned by Roy Ivey

Payments made to Roy Ivey 7/1/2021 to 7/31/2022 in Dynamics 365 Business Central

| Posting Date | Document Type | Document No. | Vendor No. | Vendor Name | Payment Method | Original Amount | Column1 |
|--------------|---------------|--------------|------------|-------------|----------------|-----------------|--|
| 6/9/2022 | Payment | 19423 | V00011 | Roy Ivey | CHECK | 616.05 | Board Member compensation |
| 4/14/2022 | Payment | 19379 | V00011 | Roy Ivey | CHECK | 350.00 | Board Member compensation |
| 4/14/2022 | Payment | 19376 | V00011 | Roy Ivey | CHECK | 266.05 | Board Member compensation |
| 3/10/2022 | Payment | 19354 | V00011 | Roy Ivey | CHECK | 350.00 | Board Member compensation |
| 3/10/2022 | Payment | 19351 | V00011 | Roy Ivey | CHECK | 266.05 | Board Member compensation |
| 2/10/2022 | Payment | 19333 | V00011 | Roy Ivey | CHECK | 350.00 | Board Member compensation |
| 2/10/2022 | Payment | 19330 | V00011 | Roy Ivey | CHECK | 266.05 | Board Member compensation |
| 1/20/2022 | Payment | 19307 | V00011 | Roy Ivey | CHECK | 350.00 | Board Member compensation |
| 1/20/2022 | Payment | 19304 | V00011 | Roy Ivey | CHECK | 266.05 | Board Member compensation |
| 12/9/2021 | Payment | 19283 | V00011 | Roy Ivey | CHECK | 350.00 | Board Member compensation |
| 12/9/2021 | Payment | 19280 | V00011 | Roy Ivey | CHECK | 266.05 | Board Member compensation |
| 11/11/2021 | Payment | 19264 | V00011 | Roy Ivey | CHECK | 350.00 | Board Member compensation |
| 11/11/2021 | Payment | 19261 | V00011 | Roy Ivey | CHECK | 266.05 | Board Member compensation |
| 10/21/2021 | Payment | 19242 | V00011 | Roy Ivey | CHECK | 5,000.00 | Poured Pad for Storage Tank at Well D, Sep21, Work completed, GL Code 1350 Construction Work in Progress |
| 10/21/2021 | Payment | 19228 | V00011 | Roy Ivey | CHECK | 350.00 | Board Member compensation |
| 10/21/2021 | Payment | 19225 | V00011 | Roy Ivey | CHECK | 266.05 | Board Member compensation |
| 9/9/2021 | Payment | 19200 | V00011 | Roy Ivey | CHECK | 350.00 | Board Member compensation |
| 9/9/2021 | Payment | 19197 | V00011 | Roy Ivey | CHECK | 266.05 | Board Member compensation |
| 8/12/2021 | Payment | 19169 | V00011 | Roy Ivey | CHECK | 350.00 | Board Member compensation |
| 8/12/2021 | Payment | 19166 | V00011 | Roy Ivey | CHECK | 266.05 | Board Member compensation |
| 7/8/2021 | Payment | 19142 | V00011 | Roy Ivey | CHECK | 350.00 | Board Member compensation |
| 7/8/2021 | Payment | 19139 | V00011 | Roy Ivey | CHECK | 266.05 | Board Member compensation |
| 7/14/2022 | Payment | 19465 | V00052 | Roy Ivey | CHECK | 627.05 | Board Member compensation |
| 5/12/2022 | Payment | 19409 | V00052 | Roy Ivey | CHECK | 616.05 | Board Member compensation |

Date: Friday, August 12, 2022
 Time: 11:20AM
 User: ACOTTEN

East Sevier County Utility Dis
Vendor History - Standard
 Period: 12-21 As of: 8/12/2022

Page: 1 of 2
 Report: 03671.rpt
 Company: ESCUD

| Vendor Name | Beginning Balance | Period | Purchases | Payments | Debit Adjustments | Credit Adjustments | Discounts Taken | Backup Withholding | YTD Balance |
|-----------------------|-------------------|----------------------|-----------------|-----------------|-------------------|--------------------|-----------------|--------------------|-------------|
| Company: ESCUD | | | | | | | | | |
| 1020 | | | | | | | | | |
| Roy Ivey (W-2) | 0.00 | 1 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 2 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 3 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 4 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fiscal Year: 2021 | | 5 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 6 | 616.05 | 0.00 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 7 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 8 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 9 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 10 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 11 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 12 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 13 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | Vendor Totals | 7,392.60 | 6,776.55 | 616.05 | 0.00 | 0.00 | 0.00 | |
| 1020 | | | | | | | | | |
| Roy Ivey (W-2) | 0.00 | 1 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 2 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 3 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 4 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fiscal Year: 2020 | | 5 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 6 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 7 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 8 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 9 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 10 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 11 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 12 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 13 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | Vendor Totals | 7,392.60 | 7,392.60 | 0.00 | 0.00 | 0.00 | 0.00 | |

Date: Friday, August 12, 2022
 Time: 11:20AM
 User: ACOTTEN

East Sevier County Utility Dis
Vendor History - Standard
 Period: 12-21 As of: 8/12/2022

Page: 2 of 2
 Report: 03671.rpt
 Company: ESCUD

| Vendor Name | Beginning Balance | Period | Purchases | Payments | Debit Adjustments | Credit Adjustments | Discounts Taken | Backup Withholding | YTD Balance |
|-----------------------|-------------------|----------------------|------------------|------------------|-------------------|--------------------|-----------------|--------------------|-------------|
| 1020 | | | | | | | | | |
| Roy Ivey (W-2) | 0.00 | 1 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 2 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 3 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 4 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fiscal Year: 2019 | | 5 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 6 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 7 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 8 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 9 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 10 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 11 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 12 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 13 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | Vendor Totals | 7,392.60 | 7,392.60 | 0.00 | 0.00 | 0.00 | 0.00 | |
| 1020 | | | | | | | | | |
| Roy Ivey (W-2) | 0.00 | 1 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 2 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 3 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 4 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fiscal Year: 2018 | | 5 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 6 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 7 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 8 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 9 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 10 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 11 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 12 | 616.05 | 616.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 13 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | Vendor Totals | 6,776.55 | 6,776.55 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Company Totals | | | 28,954.35 | 28,338.30 | 616.05 | 0.00 | 0.00 | 0.00 | |

Date: Wednesday, September 7, 202
 Time: 02:25PM
 User: ACOTTEN

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| Check Nbr | Check Type | Check Date | Vendor ID | Vendor Name | Period To Post | Ref Nbr | Doc Type | Invoice Number | Invoice Date | Discount Taken | Amount Paid |
|-----------------------|------------|------------|-----------|--------------------------------|----------------|---------|----------|----------------|--------------|----------------|-------------|
| Company: ESCUD | | | | | | | | | | | |
| 006005 | HC | 6/30/2019 | 1000 | Alliance Water Resources, Inc. | 12-19 | 000623 | VO | 6005 | 6/30/2019 | 0.00 | 38,640.00 |
| <u>18639</u> | | | | | | | | | | | |
| 006006 | HC | 10/15/2020 | 1000 | Missing | 04-21 | 000867 | VO | 16945 | 10/15/2020 | 0.00 | 60,323.31 |
| <u>046946</u> | | | | | | | | | | | |
| 016946 | HC | 10/3/2017 | 1000 | Missing | 04-18 | 000210 | VO | 18166 | 10/3/2017 | 0.00 | 28,645.33 |
| 018166 | HC | 10/3/2017 | 1000 | Alliance Water Resources, Inc. | 04-18 | 000210 | VO | 18166 | 10/3/2017 | 0.00 | 28,645.33 |
| 018167 | HC | 11/14/2017 | 1000 | Missing | 05-18 | 000295 | VO | 18252 | 11/14/2017 | 0.00 | 37,882.41 |
| 018252 | HC | 11/14/2017 | 1000 | Alliance Water Resources, Inc. | 05-18 | 000295 | VO | 18252 | 11/14/2017 | 0.00 | 37,882.41 |
| 018253 | HC | 12/12/2017 | 1000 | Missing | 06-18 | 000349 | VO | 18307 | 12/12/2017 | 0.00 | 37,882.41 |
| 018307 | HC | 12/12/2017 | 1000 | Alliance Water Resources, Inc. | 06-18 | 000349 | VO | 18307 | 12/12/2017 | 0.00 | 37,882.41 |
| 018308 | HC | 1/11/2018 | 1000 | Missing | 07-18 | 000373 | VO | 18348 | 1/11/2018 | 0.00 | 37,882.41 |
| 018348 | HC | 1/11/2018 | 1000 | Alliance Water Resources, Inc. | 07-18 | 000373 | VO | 18348 | 1/11/2018 | 0.00 | 37,882.41 |
| 018349 | HC | 2/8/2018 | 1000 | Missing | 08-18 | 000381 | VO | 18359 | 2/8/2018 | 0.00 | 38,407.75 |
| 018359 | HC | 2/8/2018 | 1000 | Alliance Water Resources, Inc. | 08-18 | 000381 | VO | 18359 | 2/8/2018 | 0.00 | 38,407.75 |
| 018360 | HC | 3/5/2018 | 1000 | Missing | 09-18 | 000398 | VO | 18376 | 3/5/2018 | 0.00 | 41,691.56 |
| 018376 | HC | 3/5/2018 | 1000 | Alliance Water Resources, Inc. | 09-18 | 000398 | VO | 18376 | 3/5/2018 | 0.00 | 41,691.56 |
| 018377 | HC | 4/30/2018 | 1000 | Missing | 10-18 | 000415 | VO | 18392 | 4/30/2018 | 0.00 | 37,882.41 |
| 018392 | HC | 4/30/2018 | 1000 | Alliance Water Resources, Inc. | 10-18 | 000415 | VO | 18392 | 4/30/2018 | 0.00 | 37,882.41 |
| 018393 | HC | 5/31/2018 | 1000 | Missing | 11-18 | 000432 | VO | 18411 | 5/31/2018 | 0.00 | 37,882.41 |
| 018411 | HC | 5/31/2018 | 1000 | Alliance Water Resources, Inc. | 11-18 | 000432 | VO | 18411 | 5/31/2018 | 0.00 | 37,882.41 |

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 Time: 02:29PM
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 Company: ESCUD

| Check Nbr | Check Type | Check Date | Vendor ID | Vendor Name | Period To Post | Ref Nbr | Doc Type | Invoice Number | Invoice Date | Discount Taken | Amount Paid |
|-----------|------------|------------|-----------|--------------------------------|----------------|---------|----------|----------------|--------------|----------------|-------------|
| 018412 | - | 018429 | | Missing | | | | | | | |
| 018430 | HC | 6/30/2018 | 1000 | Alliance Water Resources, Inc. | 12-18 | 000450 | VO | 18430 | 6/30/2018 | 0.00 | 37,882.41 |
| 018431 | - | 018443 | | Missing | | | | | | | |
| 018444 | HC | 7/12/2018 | 1000 | Alliance Water Resources, Inc. | 01-19 | 000464 | VO | 18444 | 7/12/2018 | 0.00 | 37,805.41 |
| 018445 | - | 018461 | | Missing | | | | | | | |
| 018462 | HC | 8/31/2018 | 1000 | Alliance Water Resources, Inc. | 02-19 | 000481 | VO | 18462 | 8/31/2018 | 0.00 | 39,397.59 |
| 018463 | - | 018478 | | Missing | | | | | | | |
| 018479 | HC | 9/30/2018 | 1000 | Alliance Water Resources, Inc. | 03-19 | 000494 | VO | 18479 | 9/30/2018 | 0.00 | 38,640.00 |
| 018480 | - | 018495 | | Missing | | | | | | | |
| 018496 | HC | 10/31/2018 | 1000 | Alliance Water Resources, Inc. | 04-19 | 000511 | VO | 18496 | 10/31/2018 | 0.00 | 35,728.00 |
| 018497 | - | 018515 | | Missing | | | | | | | |
| 018516 | HC | 11/30/2018 | 1000 | Alliance Water Resources, Inc. | 05-19 | 000523 | VO | 18516 | 11/30/2018 | 0.00 | 38,640.00 |
| 018517 | - | 018530 | | Missing | | | | | | | |
| 018531 | HC | 12/31/2018 | 1000 | Alliance Water Resources, Inc. | 06-19 | 000535 | VO | 18531 | 12/31/2018 | 0.00 | 38,640.00 |
| 018532 | - | 018548 | | Missing | | | | | | | |
| 018549 | HC | 1/31/2019 | 1000 | Alliance Water Resources, Inc. | 07-19 | 000550 | VO | 18549 | 1/31/2019 | 0.00 | 38,640.00 |
| 018550 | - | 018565 | | Missing | | | | | | | |
| 018566 | HC | 2/28/2019 | 1000 | Alliance Water Resources, Inc. | 08-19 | 000563 | VO | 18566 | 2/28/2019 | 0.00 | 38,640.00 |
| 018567 | - | 018582 | | Missing | | | | | | | |
| 018583 | HC | 3/31/2019 | 1000 | Alliance Water Resources, Inc. | 09-19 | 000578 | VO | 18583 | 3/31/2019 | 0.00 | 39,014.64 |
| 018584 | - | 018599 | | Missing | | | | | | | |

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 Time: 02:25PM
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| Check Nbr | Check Type | Check Date | Vendor ID | Vendor Name | Period To Post | Period Closed | Ref Nbr | Doc Type | Invoice Number | Invoice Date | Discount Taken | Amount Paid |
|---------------|------------|------------|-----------|--------------------------------|----------------|---------------|---------|----------|----------------|--------------|----------------|-------------|
| <u>018600</u> | HC | 4/30/2019 | 1000 | Alliance Water Resources, Inc. | 10-19 | 10-19 | 000593 | VO | 18600 | 4/30/2019 | 0.00 | 38,640.00 |
| <u>018601</u> | - | 018615 | | Missing | | | | | | | | |
| <u>018616</u> | HC | 5/31/2019 | 1000 | Alliance Water Resources, Inc. | 11-19 | 11-19 | 000607 | VO | 18616 | 5/31/2019 | 0.00 | 38,640.00 |
| <u>018617</u> | - | 018661 | | Missing | | | | | | | | |
| <u>018662</u> | HC | 7/18/2019 | 1000 | Alliance Water Resources, Inc. | 01-20 | 01-20 | 000647 | VO | 18662 | 7/18/2019 | 0.00 | 38,640.00 |
| <u>018663</u> | - | 018688 | | Missing | | | | | | | | |
| <u>018689</u> | HC | 8/15/2019 | 1000 | Alliance Water Resources, Inc. | 02-20 | 02-20 | 000671 | VO | 18689 | 8/15/2019 | 0.00 | 42,664.00 |
| <u>018690</u> | - | 018704 | | Missing | | | | | | | | |
| <u>018705</u> | HC | 10/24/2019 | 1000 | Alliance Water Resources, Inc. | 03-20 | 03-20 | 000681 | VO | 018705 | 10/24/2019 | 0.00 | 41,522.99 |
| <u>018706</u> | - | 018721 | | Missing | | | | | | | | |
| <u>018722</u> | HC | 11/19/2019 | 1000 | Alliance Water Resources, Inc. | 04-20 | 04-20 | 000696 | VO | 018722 | 11/19/2019 | 0.00 | 44,324.88 |
| <u>018723</u> | - | 018739 | | Missing | | | | | | | | |
| <u>018740</u> | HC | 11/14/2019 | 1000 | Alliance Water Resources, Inc. | 05-20 | 05-20 | 000709 | VO | 18740 | 11/14/2019 | 0.00 | 40,652.00 |
| <u>018741</u> | - | 018763 | | Missing | | | | | | | | |
| <u>018764</u> | HC | 12/12/2019 | 1000 | Alliance Water Resources, Inc. | 06-20 | 06-20 | 000722 | VO | 18764 | 12/12/2019 | 0.00 | 40,652.00 |
| <u>018765</u> | - | 018781 | | Missing | | | | | | | | |
| <u>018782</u> | HC | 1/9/2020 | 1000 | Alliance Water Resources, Inc. | 07-20 | 07-20 | 000738 | VO | 18782 | 1/9/2020 | 0.00 | 40,652.00 |
| <u>018783</u> | - | 018794 | | Missing | | | | | | | | |
| <u>018795</u> | HC | 2/13/2020 | 1000 | Alliance Water Resources, Inc. | 08-20 | 08-20 | 000750 | VO | 18795 | 2/13/2020 | 0.00 | 40,652.00 |
| <u>018796</u> | - | 018807 | | Missing | | | | | | | | |
| <u>018808</u> | HC | 3/12/2020 | 1000 | Alliance Water Resources, Inc. | 09-20 | 09-20 | 000766 | VO | 18808 | 3/12/2020 | 0.00 | 40,652.00 |

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| Check Nbr | Check Type | Check Date | Vendor ID | Vendor Name | Period To Post | Ref Nbr | Doc Type | Invoice Number | Invoice Date | Discount Taken | Amount Paid |
|------------------|------------|------------|-----------|--------------------------------|----------------|---------|----------|----------------|--------------|----------------|-------------|
| 018809 018824 | HC | 4/9/2020 | 1000 | Alliance Water Resources, Inc. | 10-20 | 000776 | VO | 18824 | 4/9/2020 | 0.00 | 40,652.00 |
| 018825 018842 | HC | 5/14/2020 | 1000 | Alliance Water Resources, Inc. | 11-20 | 000790 | VO | 18842 | 5/14/2020 | 0.00 | 40,652.00 |
| 018843 018863 | HC | 6/11/2020 | 1000 | Alliance Water Resources, Inc. | 12-20 | 000806 | VO | 18863 | 6/11/2020 | 0.00 | 40,652.00 |
| 018864 018882 | HC | 7/9/2020 | 1000 | Alliance Water Resources, Inc. | 01-21 | 000821 | VO | 18882 | 7/9/2020 | 0.00 | 41,451.00 |
| 018883 018900 | HC | 8/13/2020 | 1000 | Alliance Water Resources, Inc. | 02-21 | 000836 | VO | 18900 | 8/13/2020 | 0.00 | 47,212.00 |
| 018901 018926 | HC | 9/10/2020 | 1000 | Alliance Water Resources, Inc. | 03-21 | 000854 | VO | 18926 | 9/10/2020 | 0.00 | 43,932.00 |
| 018927 018975 | HC | 11/12/2020 | 1000 | Alliance Water Resources, Inc. | 05-21 | 000887 | VO | 18975 | 11/12/2020 | 0.00 | 43,932.00 |
| 018976 018996 | HC | 12/17/2020 | 1000 | Alliance Water Resources, Inc. | 06-21 | 000904 | VO | 18996 | 12/17/2020 | 0.00 | 43,932.00 |
| 018997 019018 | HC | 1/14/2021 | 1000 | Alliance Water Resources, Inc. | 07-21 | 000921 | VO | 19018 | 1/14/2021 | 0.00 | 43,932.00 |
| 019019 019039 | HC | 2/11/2021 | 1000 | Alliance Water Resources, Inc. | 08-21 | 000936 | VO | 19039 | 2/11/2021 | 0.00 | 45,976.20 |

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| Check Nbr | Check Type | Check Date | Check Nbr | Vendor ID | Vendor Name | Period To Post | Period Closed | Ref Nbr | Doc Type | Invoice Number | Invoice Date | Discount Taken | Amount Paid |
|-----------|------------|------------|-----------|-----------|--------------------------------|----------------|---------------|---------|----------|----------------|--------------|----------------|-------------|
| 019040 | | | 019059 | | Missing | 09-21 | 09-21 | 000954 | VO | 19060 | 3/11/2021 | 0.00 | 43,932.00 |
| 019060 | HC | 3/11/2021 | | 1000 | Alliance Water Resources, Inc. | | | | | | | | |
| 019061 | | | 019082 | | Missing | 10-21 | 10-21 | 000972 | VO | 19083 | 4/8/2021 | 0.00 | 43,932.00 |
| 019083 | HC | 4/8/2021 | | 1000 | Alliance Water Resources, Inc. | | | | | | | | |
| 019084 | | | 019101 | | Missing | 11-21 | 11-21 | 000986 | VO | 19102 | 5/13/2021 | 0.00 | 43,832.00 |
| 019102 | HC | 5/13/2021 | | 1000 | Alliance Water Resources, Inc. | | | | | | | | |
| 019103 | | | 019118 | | Missing | 12-21 | 12-21 | 000998 | VO | 19119 | 6/10/2021 | 0.00 | 43,932.00 |
| 019119 | HC | 6/10/2021 | | 1000 | Alliance Water Resources, Inc. | | | | | | | | |

Check Count: 45

Acct Sub Total: 1,835,791.12

| Check Type | Count | Amount Paid |
|--------------------|-----------|---------------------|
| Regular | 0 | 0.00 |
| Hand | 45 | 1,835,791.12 |
| Electronic Payment | 0 | 0.00 |
| Void | 0 | 0.00 |
| Stub | 0 | 0.00 |
| Zero | 0 | 0.00 |
| Mask | 0 | 0.00 |
| Total: | 45 | 1,835,791.12 |

Company Disc Total 0.00 Company Total 1,835,791.12

| Posting Date | Document Type | Document | Vendor No. | Vendor Name | Subaccount Code | Payment | Original Amount |
|--------------|---------------|----------|------------|-------------------------------|-----------------|---------|-----------------|
| 8/12/2022 | Payment | 19476 | V00013 | Alliance Water Resources, Inc | 00 | CHECK | 63,456.62 |
| 7/14/2022 | Payment | 19459 | V00013 | Alliance Water Resources, Inc | 00 | CHECK | 49,048.00 |
| 6/9/2022 | Payment | 19425 | V00013 | Alliance Water Resources, Inc | 00 | CHECK | 49,048.00 |
| 5/12/2022 | Payment | 19402 | V00013 | Alliance Water Resources, Inc | 00 | CHECK | 49,048.00 |
| 4/14/2022 | Payment | 19380 | V00013 | Alliance Water Resources, Inc | 00 | CHECK | 49,048.00 |
| 3/10/2022 | Payment | 19355 | V00013 | Alliance Water Resources, Inc | 00 | CHECK | 49,048.00 |
| 2/10/2022 | Payment | 19334 | V00013 | Alliance Water Resources, Inc | 00 | CHECK | 49,048.00 |
| 1/20/2022 | Payment | 19308 | V00013 | Alliance Water Resources, Inc | 00 | CHECK | 50,002.68 |
| 12/9/2021 | Payment | 19284 | V00013 | Alliance Water Resources, Inc | 00 | CHECK | 49,048.00 |
| 11/11/2021 | Payment | 19265 | V00013 | Alliance Water Resources, Inc | 00 | CHECK | 50,464.59 |
| 10/21/2021 | Payment | 19229 | V00013 | Alliance Water Resources, Inc | 00 | CHECK | 67,238.00 |
| 9/9/2021 | Payment | 19201 | V00013 | Alliance Water Resources, Inc | 00 | CHECK | 49,048.00 |
| 8/12/2021 | Payment | 19170 | V00013 | Alliance Water Resources, Inc | 00 | CHECK | 54,164.00 |
| 7/8/2021 | Payment | 19143 | V00013 | Alliance Water Resources, Inc | 00 | CHECK | 43,932.00 |

Checks Printed 7/1/2021 to 9/7/2022 since move to Business Central Software

721,641.89

For the Board insurance premiums each board member is paid the net of \$350 each month which breaks down to the following amounts for the year.

| | | | | |
|-------------------------|------------------------|--------------------------------|-------------------------|--------------|
| Barbara Darby | Gross \$401.74 | FICA (30.74) | Addl Fed Tax W/H (\$21) | Annual Gross |
| Amount \$4,820.88 | Annual FICA (\$368.88) | Annual Addl Fed Tax (\$252.00) | | Annual |
| Net \$4,200.00 | | | | |
| Roy Ivey | Gross \$401.74 | FICA (30.74) | Addl Fed Tax W/H (\$21) | Annual Gross |
| Amount \$4,820.88 | Annual FICA (\$368.88) | Annual Addl Fed Tax (\$252.00) | | Annual |
| Net \$4,200.00 | | | | |
| Janice Brooks-Headrick | Gross \$378.99 | FICA (28.99) | | Annual |
| Gross Amount \$4,547.88 | Annual FICA | | | |
| (\$347.88) | | Annual Net | \$4,200.00 | |

EXHIBIT 4

**PROFESSIONAL OPERATING SERVICES
AND MANAGEMENT AGREEMENT**

THIS AGREEMENT made and entered into as of this 12 day of Sept 2017 by and between East Sevier County Utility District (hereinafter referred to as "Utility") and ALLIANCE WATER RESOURCES, INC., a Missouri corporation (hereinafter referred to as "Alliance").

To begin Oct 9th
of 2017
Ym R.M.D.

WITNESSETH:

WHEREAS, Alliance is engaged in the business of providing management, operation and maintenance services for public water supply, treatment plant and distribution systems and wastewater collection and treatment systems; and

WHEREAS, Utility owns a public utility system and is engaged in providing water and sewer service in certain areas in Sevier County, Tennessee; and

WHEREAS, Utility is desirous of retaining Alliance to perform management, operation and maintenance services in accordance with the terms and conditions of this Agreement;

NOW, THEREFORE, for and in consideration of the mutual promises herein contained and for other good and valuable consideration, the receipt of which hereby is acknowledged, Utility and Alliance hereby agree as follows:

1. INTRODUCTION

- 1.1 The foregoing recitals are adopted as part of this Agreement.
- 1.2 This Agreement shall supersede and nullify, as of the effective date hereof, any and all prior agreements, amendments to agreements offers, service fees, quotations, and estimates between the parties with respect to the management, operation and maintenance of Utility's System (as that term is defined herein).
- 1.3 This Agreement, including any and all Appendices, Addenda, and Amendments hereto, constitute the entire Agreement between Utility and Alliance with respect to the management, operation and maintenance of Utility's System.

2. DEFINITIONS

- 2.1 "Benefit Plans" shall mean employee benefit programs such as health insurance, group life insurance, and paid vacation periods normally included as part of Alliance's employees' overall compensation package.
- 2.2 "Duly Authorized Representative" shall mean such person, designated by either party by written notice to the other, as specific representative of the designating party in connection with performance of this Agreement.
- 2.3 "Certified Operators" shall mean water and/or wastewater systems operation personnel who have met the applicable licensing requirements of the State of Tennessee.
- 2.4 "Capital Expenditures" shall mean any expenditure for plant or equipment items, the installation of which materially extends service life, or for replacements, or which are considered capital expenditures in accordance with generally accepted accounting principles, or which are non-routine types of expenditures on an annual basis, or expenditures which the Utility has planned or budgeted as capital expenditures.
- 2.5 "Operating Expenses" shall mean costs of every kind and nature that Alliance shall determine necessary to pay or to become obligated to pay because of, or in connection with, the management, operation and maintenance of the Utility System.
- 2.6 "Maintenance Expenditures" shall mean those Operating Expenditures incurred by Alliance to perform routine or repetitive activities required or recommended by the equipment or plant item manufacturer, or Alliance, to maximize the service life of the equipment or plant item.
- 2.7 "Equipment, Vehicle or Facility Repair Expenditures" shall mean those Operating Expenditures for labor, materials and subcontractors incurred by Alliance to perform those non-routine or non-repetitive activities required for operational continuity, safety and performance and which generally arise upon failure of equipment, a vehicle, or the facility, or some component thereof.

- 2.8 "Base Fee" shall mean direct cost plus administrative overhead expense where direct cost shall include labor, materials, supplies, equipment, subcontractor expense or operating expense of any kind necessary to operate and maintain the Utility System in accordance with the Scope of Services as defined in this Agreement.
- 2.9 "Repair Limit" is defined as the total dollar amount that Alliance will be responsible for in a twelve month period relating to Maintenance Expenditures and Equipment, Vehicle or Facility Repair Expenditures. Utility is responsible for all such expenditures that exceed the Repair Limit. If repair costs are less than the annual Repair Limit, Alliance will refund to the Utility the difference.
- 2.10 "Chemical Limit" is defined as the total dollar amount that Alliance will be responsible for in a twelve month period relating to Chemical Expenditures. Utility is responsible for all such expenditures that exceed the Chemical Limit. If chemical costs are less than the annual Chemical Limit, Alliance will refund to the Utility the difference.
- 2.11 "Utility System" shall mean the facilities owned by Utility including additions, replacements and improvements to such systems as described in Section 3 Utility System of this Agreement.
- 2.12 "Customer" is defined as any person, persons, firm, corporation or partnership using or allowing the use of water and/or sewer service(s) provided by Utility.
- 2.13 "Utility Services" means the provision by Utility of water and/or sewer services to its customers.

3. UTILITY SYSTEM

- 3.1 The Utility System to be managed, operated and maintained by Alliance shall consist of the water treatment, wastewater treatment, sewer collection, and water distribution facilities owned by the Utility including but not limited to water treatment wells, wastewater treatment plant(s), water distribution lines, collection system and lift stations. It shall include additions, replacements and improvements to such systems.

- 3.2 Utility System shall include all physical property, whether real, personal or mixed, comprising such systems, the land thereunder owned or leased by Utility or other city or municipal owned water or wastewater system contracting with Utility for services and easements and rights of way.

4. OWNERSHIP

- 4.1 Utility System shall remain the property of Utility.
- 4.2 All additions, replacements and improvements to Utility System, and extensions thereof, shall be and remain the property of Utility as installed.

5. SCOPE OF SERVICES

- 5.1 Subject to the terms and conditions of this Agreement, Alliance shall provide all management, operation and maintenance services and shall bear the cost of such operating services as necessary to enable Utility to provide adequate Utility Services to its customers, to bill and collect its charges for such service, to provide for general bookkeeping, record maintenance and reporting, to operate the Utility System, conduct meter testing, to tap water mains and connect water services lines, to perform line and utility locations in accordance with Tennessee One Call requests, to perform engineering review services and related inspections and to conduct the general business of Utility.
- 5.2 Within the design capacity and capability of the Utility System, Alliance shall operate and maintain the Utility System to meet the requirements of the Tennessee Department of Environment & Conservation., and any other governmental entity or agency having regulatory control over the Utility System.
- 5.3 All services hereunder shall be in accordance with sound management, accounting and engineering principles and the law.
- 5.4 Alliance shall not be responsible for payment of extraordinary utility system and equipment maintenance, repair or replacement expenses.

Extraordinary expenses shall be defined as costs in excess of the maximum annual Repair Limit and Chemical limit as specified herein. In addition, any individual project repair costs in excess of \$700 shall be considered extraordinary.

In the event that any extraordinary expenses should occur, Utility shall be promptly notified and shall be provided with an accounting of such expenses. Any extraordinary expenses must be approved by Utility in advance and payment thereof shall be the responsibility of Utility.

- 5.5 Alliance shall maintain documentation of routine maintenance to how that such maintenance was performed in accordance with manufacturer's specifications. A duly authorized representative of Utility shall have the right to inspect these records during regular business hours. Maintenance shall not include repair resulting from flood, fire or other extraordinary occurrences customarily not encountered in the operation and maintenance of the Utility System.
- 5.6 Except as stated in Section 5.7, Capital Expenditures are not included in the scope of Alliance's services under this Agreement. All capital expenditures shall be the responsibility of Utility, and if to be performed by Alliance, shall be the subject of a separate agreement and paid for by Utility.
- 5.7 Notwithstanding Section 5.6, Alliance shall make emergency Capital Expenditures if such expenditures are necessary to continue operation of the Utility System so as to provide adequate service, and prior approval of Utility reasonably cannot be obtained. Utility shall reimburse Alliance for such emergency Capital Expenditures in accordance with Section 7.
- 5.8 Alliance shall not be responsible for payment of any commissioners or directors' compensation.
- 5.9 The following expenditures are specifically excluded from Alliance's scope of work and payment obligations:
 - a. Capital Expenditures, except those described in Section 5.7

- b. Changes in scope of work which would have the effect of increasing Alliance's payment obligations, except as otherwise mutually agreed upon by Alliance and Utility.
- c. Flood and fire damages.
- d. Property damage, liability and commissioner or directors liability insurance.
- e. Utility expenses including electric, gas, telephone, water and sewer, SCADA, circuit communications and alarm expenses. (Cell phone and internet expenses excluding those related to SCADA are included in Alliance's Base Fee.)
- f. Excavations and repairs made by contractors for extraordinary or routine maintenance of mains and appurtenances.
- g. Professional services including but not limited to legal, accounting and design engineering services.
- h. Extraordinary maintenance and repair services necessary to restore newly acquired facilities to reasonable operating condition.
- i. Personal property or other taxes.
- j. Extraordinary maintenance repair or equipment replacement expense as specified in Section 5.4 or as otherwise provided for in the annual utility budget.
- k. Wholesale wastewater treatment charges or water purchase expenses.
- l. All office and field services building expense including but not limited to rent, utilities and maintenance expense.

5.10 Alliance shall provide all customer meter reading, billing, bookkeeping and collection services required by Utility in the ordinary course of the Utility's business.

- 5.11 Alliance will staff Utility System with sufficient numbers of State water and wastewater Certified Operators experienced in Utility System operation and maintenance to meet regulatory requirements.
- 5.12 Alliance has the right to use subcontractors and consultants to satisfy its obligations under this Agreement, subject to Utility's approval except in the case of an emergency.
- 5.13 Utility at any time may request Alliance to perform additional services which are outside the Scope of Services under this Agreement. Alliance shall invoice such services to Utility at actual cost plus 10%. Utility shall pay such invoices in accordance with Section 7.
- 5.14 Alliance shall prepare and provide financial and record keeping reports to Utility's auditors, meet and discuss reports with the Utility's Auditors for the purposes of streamlining and cooperating with the Auditor's work.
- 5.15 Alliance shall prepare and provide reports to the Utility's Financial Advisor and/or Bond Counsel as needed or desired by the Utility and develop special customer information and other reports as needed or requested during each fiscal year.
- 5.16 Alliance shall develop, prepare, print, mail and distribute Consumer Confidence Reports to customers in accordance with regulations, provide other Utility info and/or publications to customers as needed.
- 5.17 Alliance shall work cooperatively with and provide records and all other necessary pertinent information to Utility' Legal Counsel.
- 5.18 Alliance shall direct the work of any of the Utility's real estate and easement acquisition agents, work cooperatively with the Utility's engineers and Legal Counsel for the purposes of obtaining water and sewer easements, property acquisitions and other real estate needs as determined necessary by Utility.
- 5.19 Alliance shall develop and prepare annual budgetary proposals and recommendations for Utility's consideration and perform other financial work as directed by Utility.

- 5.20 Alliance shall prepare or assist in the preparation of governmental, official and customer correspondence including monthly, quarterly or annual reports, develop and prepare press releases, provide other information and educational materials as deemed necessary or appropriate to help perform Utility's public purpose.

6. COMPENSATION

- 6.1 Utility shall pay Alliance a Base Fee of \$ 454,589.00 (\$ 37,882.41 per month) for services rendered as described in the Agreement for the first year of service.

This monthly base fee is a fixed monthly base fee for the first year of service and includes a \$ 29,000.00 Repair Limit and a \$ 12,200.00 Chemical Limit as described in this agreement.

- 6.2 The Base Fee, Repair Limit, and Chemical Limit shall be subject to renegotiation at the end of the first year of service and annually thereafter and thus may be revised with the written consent of both parties. In the event that the parties fail to agree, the Base Fee, Repair Limit, and Chemical Limit shall be adjusted in proportion to the change in the Consumer Price Index for all urban consumers (U.S. City Average) in the most recent twelve (12) month period prior to the time of renegotiation as published by the U.S. Department of Labor. Such increase shall not be less than 3% and not more than 8% unless otherwise agreed upon.
- 6.3 The Base Fee, Repair Limit, and Chemical Limit shall be subject to renegotiation due to any substantial change in the costs of Utility System operation and maintenance, including but not limited to changes in flow, customer accounts, monitoring or reporting requirements, personnel or staffing requirements, or increased costs due to Force Majeure occurrences.
- 6.4 In the event that a change in the Scope of Service provided by Alliance occurs, and is mutually agreed upon with Utility, Alliance and Utility will negotiate a commensurate adjustment in compensation. All compensation adjustments resulting from changes in the Scope

of Services provided by Alliance shall be retroactive to the date the new or increased level of service is first provided.

7. PAYMENT OF COMPENSATION

- 7.1 The compensation described in Section 6 shall be payable monthly and shall be due and payable on the first of the month for which services were rendered.
- 7.2 All other compensation due Alliance from Utility shall be due upon receipt of Alliance's invoice and payable within thirty (30) days.
- 7.3 Utility shall pay interest at the rate of nine percent (9%) per annum on compensation not paid when due, or payments of invoices not paid within thirty (30) calendar days. Interest shall commence on the due date.

8. INDEMNITY, LIABILITY AND INSURANCE

- 8.1 Alliance shall indemnify, save harmless and defend Utility from any and all claims, liabilities, penalties, fines, forfeitures, suits and costs and expenses incident thereto, including reasonable attorneys' fees, which Utility may incur, pay in settlement, or become responsible for as result of death or bodily injury to any person, damage to any property, adverse effects on the environment, or violation of any law arising out of or relating to Alliance's material breach of any term of this Agreement, or any negligent or willful act or omission of Alliance, its employees, or subcontractors in the performance of this Agreement.

Utility shall indemnify, save harmless and defend Alliance from any and all claims, liabilities, penalties, fines, forfeitures, suits and costs and expenses incident thereto, including reasonable attorney's fees, which Alliance may incur, pay in settlement, or becoming responsible for as a result of death or bodily injury to any person, damage to any property, adverse effects on the environment, or violation of any law arising out of or relating to Utility's material breach of any term of this Agreement, or any negligent or willful act or omission of Utility, its employees, or subcontractors in the performance of this Agreement.

Utility and Alliance shall each provide the other with prompt and timely written notice of any event or proceeding of which either acquires knowledge and for which indemnification may be sought so that each shall have any opportunity which exists to take such actions as may be desirable to contain or minimize the consequences of any such event or proceeding and to defend or settle at such party's expense any such proceeding.

- 8.2 Alliance shall be liable for fines or civil penalties imposed by regulatory agencies for violation of the Utility's NPDES permits or rules or regulations of the Tennessee Department of Environment & Conservation or the United States Environmental Protection Agency which occur during the term of this Agreement and which were caused by Alliance negligence or willful conduct. Alliance shall be given full authority to contest such violations and Utility shall assist Alliance in such proceedings. Except to the extent caused by Alliance's negligence, willful conduct, or breach of its obligations under this Agreement, Alliance shall not be responsible for fines or penalties or any other liability if influent characteristics exceed Facility design parameters, influent contains biologically toxic substances, source water contains non-treatable substances or the Facility is inoperable due to circumstances beyond Alliance's control (See Exhibit B).
- 8.3 Alliance's liability under this Agreement specifically excludes any and all indirect or consequential damages arising from the operation, maintenance, and management of the Facility. Alliance shall not be responsible for damages caused by any defects or flaws inherent in the Utility System as it exists prior to Alliance beginning operations. Additionally, Alliance shall not be responsible for such damages in the event that Alliance has notified Utility of any defects and Utility fails to authorize appropriate corrective action. Alliance and the Utility agree that throughout the life of this Agreement any and all damage claims related to the Utility System shall continue to be processed and resolved in accord with current Utility practice.
- 8.4 Each party shall obtain and maintain insurance coverage of a type and in amounts described in Exhibit A. Each party, to the extent permitted by law, shall name the other party as an additional insured on all insurance policies covering the Facility and shall provide the other party with satisfactory proof of insurance upon written request.

9. TERM AND TERMINATION

9.1 This Agreement shall become effective on the 9th day of Oct 20 17 and shall remain in effect through the thirtieth (30) day of Sept, 20 18, subject to annual appropriation of funds by Utility. If Utility appropriates funds for operation and/or maintenance of the Utility System this Agreement shall remain in force and effect.

9.2 This Agreement shall be automatically renewed for successive terms of Three (3) years each unless notice of cancellation is given by either party no less than ninety (90) days prior to date of expiration

9.3 This Agreement may be terminated by either party for breach of contract terms by the other. Such right of termination shall be in addition to any other claims or remedies either party may have against the other at law or in equity.

9.4 Such termination shall be effected as follows: The party declaring a breach shall give the other written notice of the breach and sixty (60) days from the date of notice to cure. In the event the other party fails to cure within that period, the party serving notice may elect to terminate and shall give written notice of its election to terminate effective not more than ninety (90) days after the date of the notice of election to terminate.

9.4 If a breach is claimed by Alliance over a disputed invoice or payment, Alliance will, at Utility's option, continue to perform under the Agreement subject to resolution of the dispute by a court or agency of competent jurisdiction, provided either party initiates such action within the sixty (60) day cure period.

10. LABOR DISPUTES

10.1 In the event labor stoppages by employee groups or unions (i.e., picketing) cause a disruption in Alliance's employees entering and working on the Utility System, Alliance, at its own option, may seek appropriate injunctive court orders or temporary, additional, qualified personnel. During the labor dispute, Alliance shall operate the Utility System on a best efforts basis until labor relations are normalized.

11. EXTRAORDINARY CIRCUMSTANCES

- 11.1 Neither party shall be liable for its failure to perform its obligations under this Agreement if performance is made extraordinarily difficult, or costly, due to any unforeseeable occurrences beyond its reasonable control, including, but not limited to, fire, abnormal flooding, riot, war, sabotage, governmental laws, ordinances, rules or regulations, except that Alliance will be responsible for failure to perform as a result of governmental action based on Alliance's failure to comply with rules, regulations and laws pertaining to the Utility System; inability to obtain electricity or other type of power, cessation of transportation, and other similar contingencies.
- 11.2 The party claiming inability to perform hereunder shall notify the other party immediately by verbal communication and in writing by certified mail, return receipt requested, of the nature and extent of the contingency within fourteen (14) days after its occurrence.
- 11.3 A declaration of inability to perform under this contract by either party does not relieve the parties from obligations not affected by the conditions claiming inability under this provision of the Agreement.

12. FUTURE CONSTRUCTION

- 12.1 Alliance, along with Utility and Utility's designated Consulting Engineering firm, will work together to maintain accessibility and minimize disruption and outages to the existing Utility System when future improvements are under construction.
- 12.2 Alliance will work with Utility and Utility's consulting engineer(s) and contractor(s) to coordinate activities. In the event a critical piece of equipment or plant must be taken out of service, a plan shall be developed and approved by all parties ten (10) working days prior to the scheduled outage, and addressing the impact on plant operations, length of outage, and methods of removing and reactivating the equipment to full service. Utility shall pay all extra costs associated with said equipment outage. Alliance shall not be responsible for regulatory violations due to such interruptions.

12.3 In the event Utility's contractor or subcontractor causes damage to the Utility System, Alliance shall immediately notify Utility's duly authorized representative and shall take all actions necessary to minimize further damage.

12.4 Utility, or Alliance on behalf of Utility, shall direct the contractor to complete all repairs within a reasonable time. In the event that contractor does not make the repairs in a timely and reasonable manner, Alliance shall notify contractor and Utility of such failure to repair, and if work is not initiated immediately to effectuate such repair, within forty-eight (48) hours of such notice, Alliance shall, with Utility's consent, make said repairs, and recover costs of the repairs from Utility.

13. AMENDMENTS

13.1 This Agreement may be modified only by written amendment signed by both parties.

14. WAIVER

14.1 A waiver on the part of either party of any term, provision, or condition of this Agreement shall not constitute precedent, nor bind either party to a waiver of any succeeding breach of the same or any other term, provision, or condition of this Agreement.

15. APPLICABLE LAW

15.1 This Agreement shall be governed by and interpreted in accordance with the laws of the State of Tennessee.

16. ASSIGNMENT

16.1 This Agreement shall be binding upon and enure to the benefit of the respective successors and assigns of each of the parties hereof.

17. HEADINGS

17.1 Section headings used in this Agreement are inserted for convenience of reference only and shall not affect the content of its various provisions.

18. NOTICE

18.1 All notices shall be in writing and delivered in person or transmitted by certified mail, return receipt requested, postage prepaid, as follows:

On Utility: East Sevier County Utility District
1529 Alpine Drive
Sevierville, TN 37876

On Alliance: Alliance Water Resources, Inc.
206 South Keene Street
Columbia, MO 65201

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized and their respective corporate seals to be herewith affixed and attested by their respective officers having custody thereof the day and year first above written.

UTILITY:

Janice Brooks Hendrick
Commissioner
Barbara Darby
Commissioner

BY: *Roy Inez*

TITLE: *president*
(SEAL)

ATTEST:

Clerk

ALLIANCE WATER RESOURCES, INC.

BY: *Deborah Wagner*

TITLE: *President*

(SEAL)

ATTEST:

Mary Ann Parkin
Secretary

EXHIBIT A

Alliance shall maintain:

1. Statutory Worker's Compensation Insurance for all Alliance employees at the Utility as required by law.
2. Comprehensive or commercial general liability insurance for bodily injury and/or property damage as follows:

| | |
|-----------------------|-------------|
| General Aggregate | \$3,000,000 |
| Each Occurrence Limit | \$1,000,000 |
| Umbrella Aggregate | \$4,000,000 |

Each Party:

1. Shall maintain adequate property insurance for its equipment and real and personal property, including but not limited to extended coverage.
2. Shall provide, with respect to its owned vehicles, Commercial Automobile Liability Insurance for bodily injury and/or property damage with \$1,000,000 per occurrence.

Utility agrees:

1. to file sewer backup claims with their insurance carrier.
2. Alliance will assist the Utility to provide information and documentation to support or deny the settlement of claims by the Utility's insurance carrier.

EXHIBIT B

FACILITY CHARACTERISTICS

WATER TREATMENT FACILITY

- A.1 Alliance shall not be responsible for fines or penalties or any other liability if there are limitations with the water treatment facility which limit adequate treatment, or the Utility System is inoperable due to circumstances beyond Alliance's control.
- A.2 In the event that water quality requirements are revised in the future, Alliance shall have the right to renegotiate the terms of Sections 5 and 6 in the Agreement by giving notice to the Utility of the revised water quality requirements.

WASTEWATER TREATMENT FACILITY

- A.3 Alliance shall not be responsible for fines or penalties or any other liability if there are limitations in the collection system design or plant design which limit adequate collection or treatment, or if the wastewater influent exceeds facility design parameters including maximum daily and instantaneous flow, does not contain adequate nutrients, contains biologically toxic substances, or the Facility is inoperable due to circumstances beyond Alliance's control.
- A.4 Alliance liability regarding payment of fines, penalties or any other related liability is restricted to effluent limitations. In the event that effluent limitations are revised in subsequent NPDES permits, Alliance shall have the right to renegotiate the terms of Sections 5 and 6 in the Agreement by giving notice to the Utility within forty-five (45) days after the effective date of the revised permit.

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement has been entered into this 14th day of June, 2018 by and between the East Sevier County Utility District, (hereinafter referred to as "Utility"), and Alliance Water Resources, Inc., (hereinafter referred to as "Alliance").

This Memorandum of Agreement has as its purpose to modify a Certain Professional Operating Services Agreement dated 12 September, 2017 between the East Sevier County Utility District and Alliance.

Pursuant to Section 13.1, the Service Agreement is modified under the following sections:

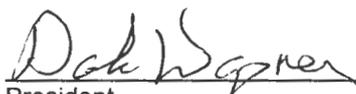
6.1 Utility shall pay Alliance a Base Fee of \$463,680.00 (\$38,640/month) for services rendered as described on the agreement.

The monthly base fee is a fixed monthly base fee and includes a \$29,900.00 Repair Limit and a \$12,200 Chemical Limit as described in the agreement.

9.1 This Agreement shall become effective on 1st day of July, 2018 and shall remain in effect through the 30th day of June, 2021, subject to annual appropriation of funds by Utility. If Utility appropriates funds for operation and/or maintenance of the Utility System this Agreement shall remain in force and effect.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the first date written above. Both parties indicate their approval of this Agreement by their signatures below.

Authorized Signature

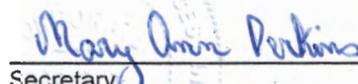


 President
 Alliance Water Resources

6-25-18

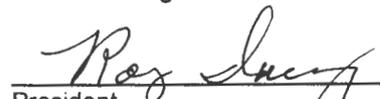
 Date

ATTEST:



 Secretary

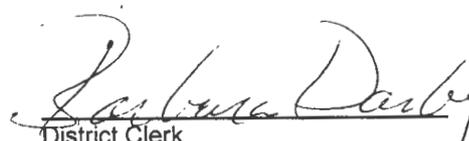
Authorized Signature



 President
 East Sevier County Utility District

June 14, 2018

 Date



 District Clerk

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement has been entered into this 13th day of June, 2019 by and between the East Sevier County Utility District, (hereinafter referred to as "Utility"), and Alliance Water Resources, Inc., (hereinafter referred to as "Alliance").

This Memorandum of Agreement has as its purpose to modify a Certain Professional Operating Services Agreement dated 12 September 2017 between the East Sevier County Utility District and Alliance.

Pursuant to Section 13.1, the Service Agreement is modified under the following sections:

5.4 In addition, any individual project repair costs in excess of \$1,500 shall be considered extraordinary.

6.1 Utility shall pay Alliance a Base Fee of \$487,824.00 (\$40,652/month) for services rendered as described on the agreement.

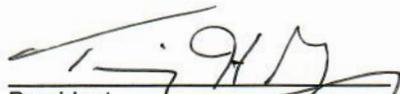
The monthly base fee is a fixed monthly base fee and includes a \$39,900.00 Repair Limit and a \$12,200 Chemical Limit as described in the agreement.

9.1 This Agreement shall become effective on 1st day of July, 2019 and shall remain in effect through the 30th day of June 2026, subject to annual appropriation of funds by Utility. If Utility appropriates funds for operation and/or maintenance of the Utility System this Agreement shall remain in force and effect.

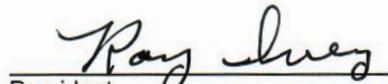
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the first date written above. Both parties indicate their approval of this Agreement by their signatures below.

Authorized Signature

Authorized Signature



President
Alliance Water Resources



President
East Sevier County Utility District

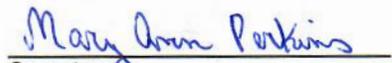
7/22/2019

Date

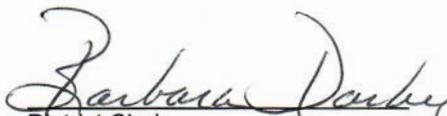
6-13-19

Date

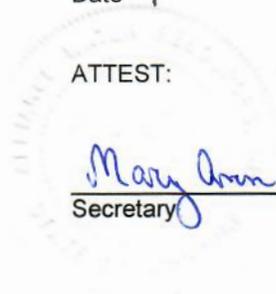
ATTEST:



Secretary



District Clerk



MEMORANDUM OF AGREEMENT

This Memorandum of Agreement has been entered into this 11th day of June, 2020 by and between the East Sevier County Utility District, (hereinafter referred to as "Utility"), and Alliance Water Resources, Inc., (hereinafter referred to as "Alliance").

This Memorandum of Agreement has as its purpose to modify a Certain Professional Operating Services Agreement dated 12 September 2017 between the East Sevier County Utility District and Alliance.

Pursuant to Section 13.1, the Service Agreement is modified under the following sections:

6.1 Utility shall pay Alliance a Base Fee of \$527,184.00 (\$43,932/month) for services rendered as described on the agreement.

The monthly base fee is a fixed monthly base fee and includes a \$39,900.00 Repair Limit and a \$12,200 Chemical Limit as described in the agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the first date written above. Both parties indicate their approval of this Agreement by their signatures below.

Authorized Signature

Authorized Signature

[Signature]
President
Alliance Water Resources

[Signature]
President
East Sevier County Utility District

6/24/2020
Date

6/11/2020
Date

ATTEST:

[Signature]
Secretary

[Signature]
District Clerk



MEMORANDUM OF AGREEMENT

This Memorandum of Agreement has been entered into this 10th day of June, 2021 by and between the East Sevier County Utility District, (hereinafter referred to as "Utility"), and Alliance Water Resources, Inc., (hereinafter referred to as "Alliance").

This Memorandum of Agreement has as its purpose to modify a Certain Professional Operating Services Agreement dated 12 September 2017 between the East Sevier County Utility District and Alliance.

Pursuant to Section 13.1, the Service Agreement is modified under the following sections:

6.1 Utility shall pay Alliance a Base Fee of \$588,576.00 (\$49,048/month) for services rendered as described on the agreement.

The monthly base fee is a fixed monthly base fee and includes a \$55,400.00 Repair Limit and a \$12,200 Chemical Limit as described in the agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the first date written above. Both parties indicate their approval of this Agreement by their signatures below.

Authorized Signature

Authorized Signature



President
Alliance Water Resources



President
East Sevier County Utility District

6/23/2021

Date

6/10/21

Date

ATTEST:



Secretary



District Clerk



MEMORANDUM OF AGREEMENT

This Memorandum of Agreement has been entered into this 9th day of June, 2022 by and between the East Sevier County Utility District, (hereinafter referred to as "Utility"), and Alliance Water Resources, Inc. (hereinafter referred to as "Alliance").

This Memorandum of Agreement has as its purpose to modify a Certain Professional Operating Services Agreement dated 12 September 2017 between the East Sevier County Utility District and Alliance.

Pursuant to Section 13.1, the Service Agreement is modified under the following sections:

6.1 Utility shall pay Alliance a Base Fee of \$652,740.00 (\$54,395.00 month) for services rendered as described on the agreement.

The monthly base fee is a fixed monthly base fee and includes a \$59,750.00 Repair Limit and a \$12,200 Chemical Limit as described in the agreement.

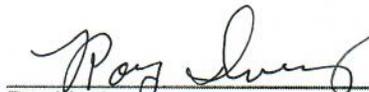
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the first date written above. Both parties indicate their approval of this Agreement by their signatures below.

Authorized Signature

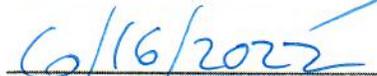
Authorized Signature



President
Alliance Water Resources



President
East Sevier County Utility District



Date



Date

ATTEST:



Secretary



District Clerk

ESCLD
depreciation schedule
6/30/2022

| | COST | A/D | Jun-22 | TOTAL A/C | BOOK VALUE |
|------------------------------------|------------------|------------------|-----------------|------------------|-------------------|
| Building | 69,235.68 | 25,105.03 | 2,377.88 | 27,482.91 | 41,752.77 |
| Door Well C Booster Station | 1,548.92 | | 38.72 | 38.72 | 1,510.20 |
| G/L #1320 | 70,784.60 | | 2,416.60 | 27,521.63 | 43,262.97 |
| | | | | | |
| | | | 2022 | | |
| DISTRIBUTION SYSTEM | | | | | |
| PLANT | 104,000.00 | 82,225.00 | 2,925.00 | 85,150.00 | 18,850.00 |
| PLANT LINES | 14,532.19 | 7,014.86 | 261.58 | 7,276.44 | 7,255.75 |
| PUMP HOUSE | 3,613.33 | 1,645.68 | 65.04 | 1,710.72 | 1,902.61 |
| WELLS, PUMPS | 29,755.94 | 28,009.17 | 1,339.01 | 29,348.18 | 407.76 |
| PUMPS AND OTHER | 26,886.67 | 24,198.00 | | 24,198.00 | 2,688.67 |
| PUMPS AND OTHER | 19,985.52 | 19,779.11 | 896.07 | 20,675.18 | (689.66) |
| PUMPS AND OTHER | 11,589.00 | 10,888.67 | 521.51 | 11,410.18 | 178.82 |
| PUMPS AND OTHER | 32,008.00 | 28,486.12 | 1,440.36 | 29,926.48 | 2,081.52 |
| PLANT LINES | 11,286.68 | 3,792.72 | 203.16 | 3,995.88 | 7,290.80 |
| PLANT | 90,000.00 | 71,161.25 | 2,531.25 | 73,692.50 | 16,307.50 |
| SEWER LINE | 12,521.65 | 5,706.63 | 225.39 | 5,932.02 | 6,589.63 |
| SEWER LINE | 46,812.74 | 18,068.71 | 842.63 | 18,911.34 | 27,901.40 |
| SEWER LINE | 44,474.00 | 16,745.01 | 800.53 | 17,545.54 | 26,928.46 |
| SEWER LINE | 82,718.00 | 29,446.64 | 1,488.92 | 30,935.56 | 51,782.44 |
| PUMP | 1,346.00 | 1,177.45 | 67.30 | 1,244.75 | 101.25 |
| PLANT ADDITIONS | 26,941.00 | 9,429.35 | 538.82 | 9,968.17 | 16,972.83 |
| 2 HOMA PUMPS | 1,778.86 | 1,497.16 | 88.94 | 1,586.10 | 192.76 |
| GOULDS AQUAVAR PUMP | 2,635.00 | 2,195.83 | 131.75 | 2,327.58 | 307.42 |
| PIPE | 3,800.60 | 1,266.83 | 76.01 | 1,342.84 | 2,457.76 |
| CONSULTING | 2,500.00 | 2,500.00 | - | 2,500.00 | - |
| PIPE | 2,389.71 | 764.64 | 47.79 | 812.43 | 1,577.28 |
| WATER INSTALLATION | 6,150.00 | 1,968.00 | 123.00 | 2,091.00 | 4,059.00 |
| FLOW MONITORING | 5,853.00 | 4,633.63 | 292.65 | 4,926.28 | 926.72 |
| WATER LINE | 6,407.83 | 2,018.52 | 128.16 | 2,146.68 | 4,261.15 |
| WATER LINE | 5,076.11 | 1,598.94 | 101.52 | 1,700.46 | 3,375.65 |
| BUILDING | 1,599.00 | 1,599.00 | - | 1,599.00 | - |
| WATER PUMP | 4,854.15 | 3,802.45 | 242.71 | 4,045.16 | 808.99 |
| WELL CASING | 11,120.00 | 8,710.67 | 556.00 | 9,266.67 | 1,853.33 |
| WATER PUMP | 5,420.00 | 4,200.50 | 271.00 | 4,471.50 | 948.50 |
| WATER LINE | 7,965.00 | 2,389.50 | 159.30 | 2,548.80 | 5,416.20 |
| WATER PUMP | 6,200.00 | 4,650.00 | 310.00 | 4,960.00 | 1,240.00 |
| WATER LINE | 8,943.45 | 2,668.14 | 178.87 | 2,847.01 | 6,096.44 |
| EONE STATION | 2,150.00 | 634.25 | 43.00 | 677.25 | 1,472.75 |
| PLANT DOOR | 1,175.00 | 856.77 | 58.75 | 915.52 | 259.48 |
| 4 HOMA PUMPS | 3,964.39 | 2,808.12 | 198.22 | 3,006.34 | 958.05 |
| PUMP | 730.10 | 517.22 | 36.51 | 553.73 | 176.37 |
| 2 PUMPS | 4,845.77 | 3,432.44 | 242.29 | 3,674.73 | 1,171.04 |
| 2 HOMA PUMPS | 1,978.84 | 1,385.16 | 98.94 | 1,484.10 | 494.74 |

ESCUD
depreciation schedule
6/30/2022

| | | <u>COST</u> | <u>A/D</u> | <u>Jun-22</u> | <u>TOTAL A/C</u> | <u>BOOK VALUE</u> |
|----------------------------|------------------|--------------------|-------------------|----------------------|-------------------------|--------------------------|
| 2 1/2 HP 10GPM SIMPLE | 7/3/2007 | 3,600.00 | 2,520.00 | 180.00 | 2,700.00 | 900.00 |
| 2 UASSEMBLE PUMPS | 7/5/2007 | 4,810.25 | 3,367.14 | 240.51 | 3,607.65 | 1,202.60 |
| 2 ULTRAVIOLET LAMPS | 7/27/2007 | | - | | - | |
| 24X10 PLANEL ROOF | 7/27/2007 | 805.72 | 249.11 | 17.90 | 267.01 | 538.71 |
| 3 ORENCO SYST PUMP | 8/1/2007 | 882.98 | 614.42 | 44.15 | 658.57 | 224.41 |
| BIOSYSTEMS | 9/26/2007 | 695.00 | 695.00 | - | 695.00 | - |
| 150 SINGLE PORT METER | 11/2/2007 | 16,900.00 | 11,548.33 | 845.00 | 12,393.33 | 4,506.67 |
| VANTAGE 2210 ULTRA | 11/9/2007 | 1,804.75 | 1,233.28 | 90.24 | 1,323.52 | 481.23 |
| 75 METERS | 11/19/2007 | 6,150.00 | 4,176.88 | 307.50 | 4,484.38 | 1,665.62 |
| 2 SIGMA 900 REFRIG | 11/26/2007 | 8,038.00 | 5,459.14 | 401.90 | 5,861.04 | 2,176.96 |
| 6" FLUME WITH PIPE | 12/5/2007 | 1,070.00 | 726.71 | 53.50 | 780.21 | 289.79 |
| 75 METERS 5/8 | 12/6/2007 | 4,500.00 | 3,056.25 | 225.00 | 3,281.25 | 1,218.75 |
| ORENCO SY PUMP | 12/6/2007 | 441.00 | 299.51 | 22.05 | 321.56 | 119.44 |
| 4 REGULATORS | 1/10/2008 | 272.00 | 183.60 | 13.60 | 197.20 | 74.80 |
| 54 SINGLE PORT METER | 1/22/2008 | 5,940.00 | 3,984.75 | 297.00 | 4,281.75 | 1,658.25 |
| ION2 METER | 1/25/2008 | 590.60 | 396.19 | 29.53 | 425.72 | 164.88 |
| 50 METERS | 2/6/2008 | 3,000.00 | 2,012.50 | 150.00 | 2,162.50 | 837.50 |
| HOUSING ONLY CARTI | 3/11/2008 | 1,499.95 | 1,000.00 | 75.00 | 1,075.00 | 424.95 |
| 50 METERS | 4/10/2008 | 3,000.00 | 1,987.50 | 150.00 | 2,137.50 | 862.50 |
| MICRO TOL | 4/16/2008 | 1,927.79 | 1,269.43 | 96.69 | 1,366.12 | 561.67 |
| 54 SINGLE PORT METER | 5/6/2008 | 6,102.00 | 4,017.15 | 305.10 | 4,322.25 | 1,779.75 |
| FLOWMETER | 7/21/2008 | 1,908.34 | 1,232.51 | 95.42 | 1,327.93 | 580.41 |
| 2010 061 ONE STATION | 9/10/2008 | 2,290.00 | 1,469.42 | 114.50 | 1,583.92 | 706.08 |
| EFFLUENT PUMP | 9/22/2008 | 680.00 | 433.50 | 34.00 | 467.50 | 212.50 |
| METERS | 11/30/2008 | 1,474.13 | 927.52 | 73.71 | 1,001.23 | 472.90 |
| 70 FT THREADED PIPE | 11/30/2008 | 1,560.00 | 981.50 | 78.00 | 1,059.50 | 500.50 |
| MOTOR | 8/25/2009 | 1,376.00 | 814.13 | 68.80 | 882.93 | 493.07 |
| SUTORBUILT BLOWER | 9/30/2009 | 1,549.55 | 910.39 | 77.48 | 987.87 | 561.68 |
| PLANT FENCE | 10/2/2009 | 4,360.00 | 1,707.63 | 145.33 | 1,852.96 | 2,507.04 |
| WELL BUILDING | 11/18/2009 | 1,259.00 | 729.17 | 62.95 | 792.12 | 466.88 |
| MOTORS, MONIITORS | 1/31/2010 | 2,970.97 | 1,695.95 | 148.55 | 1,844.50 | 1,126.47 |
| PRESSURE REDUCING | 8/30/2010 | 4,295.95 | 4,654.00 | (358.05) | 4,295.95 | - |
| 2 SO IIII PUMPS | 9/1/2010 | 4,946.02 | 5,358.17 | (412.15) | 4,946.02 | - |
| ORENCO SY PUMP | 9/1/2010 | 2,800.00 | 3,033.33 | (233.33) | 2,800.00 | - |
| WELL F PAD | 3/18/2011 | 1,257.15 | 1,288.63 | (31.48) | 1,257.15 | - |
| PUMP F80 | 6/30/2011 | 4,590.00 | 4,590.00 | | 4,590.00 | - |
| GPM | 6/30/2011 | 2,739.00 | 2,739.00 | | 2,739.00 | - |
| PRESSURE REDUCER | 2/24/2012 | 5,419.75 | 5,058.48 | 361.27 | 5,419.75 | - |
| 1.5 HP 10 GPM | 7/31/2012 | 2,621.00 | 2,621.00 | - | 2,621.00 | - |
| 2 GRINDER PUMPS | 8/28/2012 | 2,781.28 | 2,781.28 | - | 2,781.28 | - |
| HYDRANT METER | 12/31/2012 | 1,135.64 | 1,135.64 | - | 1,135.64 | - |
| 4 PUMPS | 4/11/2013 | 4,171.88 | 4,171.88 | - | 4,171.88 | - |

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| | | COST | A/D | Jun-22 | TOTAL A/C | BOOK VALUE | |
|-------------------------|------------------|-------------|------------|---------------|------------------|-------------------|-------------------------|
| PUMP | 4/25/2013 | 2,508.00 | 2,508.00 | - | 2,508.00 | - | |
| PUMP CAPACITOR | 6/30/2013 | 1,375.05 | 1,375.05 | - | 1,375.05 | - | |
| WELL A REHAB | 6/25/2014 | - | - | - | - | - | disposed in 2021 |
| 3 PUMPS | 5/8/2014 | 5,161.63 | 5,161.63 | | 5,161.63 | - | |
| 3 PUMPS TELEMTRY | 2/14/2014 | 6,001.25 | 6,001.25 | | 6,001.25 | - | |
| HYDROMATIC PUMP | 7/15/2013 | 1,199.33 | 1,199.33 | - | 1,199.33 | - | |
| 2 8" VALVE SEATS | 7/29/2013 | 1,378.16 | 1,091.07 | 137.82 | 1,228.89 | 149.27 | |
| 3 6" VALVE SEATS | 7/29/2013 | 1,297.92 | 1,297.92 | | 1,297.92 | - | |
| 4.5" 3 WAY FIRE HYDRANT | 7/29/2013 | 1,306.05 | 689.30 | 87.07 | 776.37 | 529.68 | |
| ABB DRIVE WELL | 8/27/2013 | 1,529.89 | 798.92 | 101.99 | 900.91 | 628.98 | |
| PRESSURE REDUCING | 9/30/2013 | 1,830.16 | 1,418.40 | 183.02 | 1,601.42 | 228.74 | |
| FIRE HYDRANT | 10/18/2013 | 1,356.00 | 693.07 | 90.40 | 783.47 | 572.53 | |
| HPG200 PUMP | 2/14/2014 | 1,303.75 | 1,607.95 | (304.20) | 1,303.75 | - | |
| PRESSURE REDUCING | 5/12/2014 | 1,789.30 | 1,282.43 | 178.93 | 1,461.36 | 327.94 | |
| FIELD KIT WITH PROBE | 7/22/2014 | 850.00 | 293.96 | 42.50 | 336.46 | 513.54 | |
| 10HP 3 PHASE PUMP | 8/28/2014 | 4,800.00 | 1,640.00 | 240.00 | 1,880.00 | 2,920.00 | |
| 2"OMINI METER | 9/11/2014 | 823.33 | 281.33 | 41.17 | 322.50 | 500.83 | |
| WELL D BOOSTER PUMP | 11/30/2014 | 2,440.14 | 803.23 | 122.01 | 925.24 | 1,514.90 | |
| WATER METER | 10/30/2014 | 642.00 | 211.33 | 32.10 | 243.43 | 398.57 | |
| SHP WELL D PUMP | 12/4/2014 | - | - | - | - | - | disposed in 2021 |
| A B CARPORT | 2/26/2015 | 1,851.78 | 586.40 | 92.59 | 678.99 | 1,172.79 | |
| SUPERVISORY CONTROL | 3/19/2015 | 9,366.87 | 2,927.13 | 468.34 | 3,395.47 | 5,971.40 | |
| WATER METER | 4/8/2015 | 684.87 | 214.00 | 34.24 | 248.24 | 436.63 | |
| SEWER PUMPS | 6/23/2015 | 1,980.83 | 594.24 | 99.04 | 693.28 | 1,287.55 | |
| SEWER PUMPS | 7/31/2015 | 1,980.39 | 585.87 | 99.02 | 684.89 | 1,295.50 | |
| BOOSER PUMPS | 11/25/2015 | 1,286.42 | 359.12 | 64.32 | 423.44 | 862.98 | |
| EFFLUENT PUMP | 12/22/2015 | 3,242.43 | 891.66 | 162.12 | 1,053.78 | 2,188.65 | |
| WELL PUMP | 1/12/2016 | 4,200.00 | 1,155.00 | 210.00 | 1,365.00 | 2,835.00 | |
| WELL ROOF | 4/5/2016 | 15,150.75 | 3,977.08 | 757.54 | 4,734.62 | 10,416.13 | |
| SHORING PACKAGE | 6/8/2016 | 4,663.31 | 1,185.28 | 233.17 | 1,418.45 | 3,244.86 | |
| WELL D FILTER SYSTEM | 8/10/2016 | 29,178.00 | 7,172.93 | 1,458.90 | 8,631.83 | 20,546.17 | |
| WELL B REHAB | 8/16/2016 | 13,950.00 | 13,485.00 | 465.00 | 13,950.00 | - | |
| CONDO LIFT PUMP | 8/25/2016 | - | 6,216.63 | (1,286.20) | 4,930.43 | - | Removed in 2020 but \$: |
| 2 HP 25 GGPM PUMP | 3/9/2017 | 3,900.00 | 3,380.00 | 520.00 | 3,900.00 | - | |
| WELL C | 6/9/2017 | 27,500.00 | 5,500.00 | 1,375.00 | 6,875.00 | 20,625.00 | |
| EFFLUENT PUMP SHP | 6/30/2018 | 5,507.72 | 1,652.31 | 550.77 | 2,203.08 | 3,304.64 | |
| EFFLUENT PUMP | 6/30/2018 | 1,338.06 | 401.43 | 133.81 | 535.24 | 802.82 | |
| AB STACK KITS | 6/30/2018 | 3,100.00 | 930.00 | 310.00 | 1,240.00 | 1,860.00 | |
| GOULD PUMP | 6/30/2018 | 972.53 | 291.75 | 97.25 | 389.00 | 583.53 | |
| EFFLUENT PUMP 2HP | 6/30/2018 | 2,440.80 | 732.24 | 244.08 | 976.32 | 1,464.48 | |
| EFFLUENT PUMP 75 HP | 6/30/2018 | 714.96 | 214.50 | 71.50 | 286.00 | 428.96 | |
| 2 SEWER PUMPS | 6/30/2018 | 1,000.00 | 300.00 | 100.00 | 400.00 | 600.00 | |
| EFFLUENT PUMP | 6/30/2018 | 727.30 | 218.19 | 72.73 | 290.92 | 436.38 | |

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| | | COST | A/D | Jun-22 | TOTAL A/C | BOOK VALUE |
|----------------------|-----------|---------------------|-------------------|------------------|-------------------|-------------------|
| GOULD PUMP | 6/30/2018 | 1,577.00 | 473.10 | 157.70 | 630.80 | 946.20 |
| GOULD PUMP | 6/30/2018 | 953.00 | 285.90 | 95.30 | 381.20 | 571.80 |
| SEWER KIT | 6/30/2018 | 3,540.00 | 1,062.00 | 354.00 | 1,416.00 | 2,124.00 |
| SEWER PUMPS | 6/30/2018 | 1,500.00 | 450.00 | 150.00 | 600.00 | 900.00 |
| 4 OMNI 20 LONG METER | 6/30/2018 | 6,697.72 | 2,009.31 | 669.77 | 2,679.08 | 4,018.64 |
| EFFLUENT PUMP | 6/30/2018 | 7,267.21 | 2,180.16 | 726.72 | 2,906.88 | 4,360.33 |
| EFFLUENT PUMP | 6/30/2018 | 18,257.03 | 5,477.10 | 1,825.70 | 7,302.80 | 10,954.23 |
| PRO A20 PUMP PACKAGE | 6/30/2018 | 4,404.26 | 1,321.29 | 440.43 | 1,761.72 | 2,642.54 |
| PRO A20 PUMP PACKAGE | 6/30/2018 | 4,404.26 | 1,321.29 | 440.43 | 1,761.72 | 2,642.54 |
| PRO A20 PUMP PACKAGE | 6/30/2018 | 4,404.26 | 1,321.29 | 440.43 | 1,761.72 | 2,642.54 |
| PROSTEP A20 PUMP | 6/30/2018 | 3,351.63 | 1,005.48 | 335.16 | 1,340.64 | 2,010.99 |
| PROSTEP A20 PUMP | 6/30/2018 | 3,351.63 | 1,005.48 | 335.16 | 1,340.64 | 2,010.99 |
| PROSTEP A20 PUMP | 6/30/2018 | 3,351.63 | 1,005.48 | 335.16 | 1,340.64 | 2,010.99 |
| PROSTEP A20 PUMP | 6/30/2018 | 3,351.63 | 1,005.48 | 335.16 | 1,340.64 | 2,010.99 |
| PROSTEP A20 PUMP | 6/30/2018 | 3,351.63 | 1,005.48 | 335.16 | 1,340.64 | 2,010.99 |
| PROSTEP A20 PUMP | 6/30/2018 | 3,351.63 | 1,005.48 | 335.16 | 1,340.64 | 2,010.99 |
| DUPLEX SEWER PUMP | 6/30/2018 | 4,403.00 | 1,320.90 | 440.30 | 1,761.20 | 2,641.80 |
| SEWER LATERALS | 6/30/2018 | 1,200.00 | 360.00 | 120.00 | 480.00 | 720.00 |
| WELL C | 8/6/2017 | 162,450.00 | 63,626.25 | 16,245.00 | 79,871.25 | 82,578.75 |
| | | | PYA | | | - |
| PYA | | 1,197,719.73 | 679,568.56 | 52,704.42 | 732,272.98 | 465,446.75 |

| ADDITIONS 2020 | | | | | | | |
|--|-----------|-----------|----------|----------|----------|----------|----|
| Hibernation Station Lot 9 install duplex sewer pumps Inv 2013 | 7/31/2019 | 500.00 | 100.00 | 50.00 | 150.00 | 350.00 | 10 |
| Lashbrook 3831 River Vista Way install new sewer pumps Inv 2013 | 7/31/2019 | 500.00 | 100.00 | 50.00 | 150.00 | 350.00 | 10 |
| Hibernation Station Lot 17 install new duplex sewer pumps Inv 2013 | 7/31/2019 | 500.00 | 100.00 | 50.00 | 150.00 | 350.00 | 10 |
| Hibernation Station Lot 15 new install duplex system Inv 2013 | 7/31/2019 | 500.00 | 100.00 | 50.00 | 150.00 | 350.00 | 10 |
| Smokey Mountain Ridge Lot 37 install new sewer pumps Inv 2013 | 7/31/2019 | 500.00 | 100.00 | 50.00 | 150.00 | 350.00 | 10 |
| Lashbrook 3633 Waterside Way install new sewer pumps Inv 2013 | 7/31/2019 | 500.00 | 100.00 | 50.00 | 150.00 | 350.00 | 10 |
| Smokey Mountain Ridge Lot 99 install new sewer pumps Inv 2013 | 7/31/2019 | 500.00 | 100.00 | 50.00 | 150.00 | 350.00 | 10 |
| Smokey Mountain Ridge Lot 80 install new sewer pumps Inv 2013 | 7/31/2019 | 500.00 | 100.00 | 50.00 | 150.00 | 350.00 | 10 |
| Smokey Mountain Ridge Lot 99 install new sewer pumps Inv 2013 | 7/31/2019 | 500.00 | 100.00 | 50.00 | 150.00 | 350.00 | 10 |
| Lashbrook 3629 Lashbrook Way install new sewer pumps Inv 2029 | 7/31/2019 | 500.00 | 95.83 | 50.00 | 145.83 | 354.17 | 10 |
| Smokey Mtn Ridge Lot 88 install new sewer pumps Inv 2029 | 7/31/2019 | 500.00 | 95.83 | 50.00 | 145.83 | 354.17 | 10 |
| Sherwood Forest Lot 167 install new sewer pumps Inv 2029 | 7/31/2019 | 600.00 | 115.00 | 60.00 | 175.00 | 425.00 | 10 |
| Pump Kits Inv #357942 | 8/31/2019 | 11,042.71 | 2,116.52 | 1,104.27 | 3,220.79 | 7,821.92 | 10 |
| Order #10149485-00 Pumps | 8/31/2019 | 1,167.87 | 214.11 | 116.79 | 330.90 | 836.97 | 10 |
| Smokey Mtn Ridget Lot 102 new sewer pump Inv 2029 | 8/31/2019 | 500.00 | 91.67 | 50.00 | 141.67 | 358.33 | 10 |
| Sherwood Forest Lot 132 new sewer pump Inv 2029 | 8/31/2019 | 500.00 | 91.67 | 50.00 | 141.67 | 358.33 | 10 |
| Smokey Mtn Ridge Lot 37 new install Inv 2013 | 9/1/2019 | 500.00 | 91.67 | 50.00 | 141.67 | 358.33 | 10 |
| Order# 10156193-00 dated 09/03/19, pumps | 9/1/2019 | 450.49 | 82.59 | 45.05 | 127.64 | 322.85 | 10 |
| Pumps, Inv# 10165479 dated 10/02/19 | 10/1/2019 | 368.30 | 55.25 | 36.83 | 92.08 | 276.23 | 10 |
| Inv# 2029 installs, Jun19, \$1,500; Jul19, \$2,100; Aug19, \$1,000 | 10/1/2019 | 4,600.00 | 805.00 | 460.00 | 1,265.00 | 3,335.00 | 10 |

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| | | COST | A/D | Jun-22 | TOTAL A/C | BOOK VALUE | |
|---|------------|---------------------|---------------------|-------------------|---------------------|---------------------|----|
| Inv#361408, dated 11/11/19, 4 Pump packages-\$574.63 S&H | 11/30/2019 | 9,102.27 | 1,517.05 | 910.23 | 2,427.27 | 6,675.00 | 10 |
| | 11/30/2019 | 4,000.00 | 666.67 | 400.00 | 1,066.67 | 2,933.33 | 10 |
| Inv# 362724 dated 12/19/19, S&H \$562.20 | 12/1/2019 | 7,889.84 | 920.48 | 788.98 | 1,709.47 | 6,180.37 | 10 |
| Order# 10182871-00 4 Cistern Pumps | 12/31/2019 | 1,251.16 | 145.97 | 125.12 | 271.08 | 980.08 | 10 |
| Installation Inv #2052 | 1/31/2020 | 1,000.00 | 100.00 | 100.00 | 200.00 | 800.00 | 10 |
| Pump Kits Inv #363029 | 1/31/2020 | 6,833.61 | 683.36 | 683.36 | 1,366.72 | 5,466.89 | 10 |
| Installation | 1/31/2020 | 1,600.00 | 160.00 | 160.00 | 320.00 | 1,280.00 | 10 |
| Site Work Inv #2064 | 2/29/2020 | 1,140.00 | 95.00 | 114.00 | 209.00 | 931.00 | 10 |
| Control Panel Inv #364643 | 3/31/2020 | 6,741.61 | 449.44 | 674.16 | 1,123.60 | 5,618.01 | 10 |
| Pumps Inv #57810 | 3/31/2020 | 3,240.68 | 216.05 | 324.07 | 540.11 | 2,700.57 | 10 |
| Inv #2071 New installs | 3/31/2020 | 2,500.00 | 166.67 | 250.00 | 416.67 | 2,083.33 | 10 |
| Inv 363759 & 364126 Pump Kits & Hoses | 3/31/2020 | 9,304.03 | 620.27 | 930.40 | 1,550.67 | 7,753.36 | 10 |
| Inv #2079 New installs | 4/30/2020 | 2,500.00 | 125.00 | 250.00 | 375.00 | 2,125.00 | 10 |
| Inv 57810 Pumps | 4/30/2020 | 3,239.66 | 161.98 | 323.97 | 485.95 | 2,753.71 | 10 |
| Inv 366041 Pump Packages | 5/31/2020 | 10,238.82 | 341.29 | 1,023.88 | 1,365.18 | 8,873.64 | 10 |
| Inv 366546 Pump Packages | 5/31/2020 | 9,320.73 | 155.35 | 932.07 | 1,087.42 | 8,233.31 | 10 |
| New installs | 6/30/2020 | 1,000.00 | 16.67 | 100.00 | 116.67 | 883.33 | 10 |
| Inv 466698 Pump Kits partial used, partial still in inventory | 6/30/2020 | 3,855.83 | 64.26 | 385.58 | 449.85 | 3,405.98 | 10 |
| Alpine WL | 8/31/2019 | 318,869.91 | 10,629.00 | 6,377.40 | 17,006.40 | 301,863.51 | 50 |
| Water System Improvement-Well C | 2/29/2020 | 238,278.56 | 9,928.27 | 11,913.93 | 21,842.20 | 216,436.36 | 20 |
| Treatment Building | 1/31/2020 | 135,648.32 | 6,782.42 | 6,782.42 | 13,564.83 | 122,083.49 | 20 |
| Inv #2094 Lashbrook Lot 74R - install new sewer pump | 6/30/2020 | 500.00 | 8.33 | 50.00 | 58.33 | 441.67 | 10 |
| Inv #2094 Smokey Mt Ridge Lot 47 - install new sewer pump | 6/30/2020 | 500.00 | 8.33 | 50.00 | 58.33 | 441.67 | 10 |
| Inv #2094 Smokey Mt Ridge Lot 48 - install new sewer pump | 6/30/2020 | 500.00 | 8.33 | 50.00 | 58.33 | 441.67 | 10 |
| Inv #2066 February Installs | 6/30/2020 | 1,100.00 | 18.33 | 110.00 | 128.33 | 971.67 | 10 |
| Difference to auditor 2021 depreciation amount | | | 0.37 | | 0.37 | (0.37) | |
| ITEMS NOT ACC FROM PA | | 911,859.83 | 418,363.62 | 34,078.71 | 452,442.33 | 459,417.50 | |
| TOTAL DIST 2020 | | <u>2,914,963.96</u> | <u>1,136,676.20</u> | <u>123,115.63</u> | <u>1,259,791.83</u> | <u>1,655,172.13</u> | |

| | | COST | | | TOTAL A/C | BOOK VALUE | |
|--|------------|-------------|---------------|----------|------------------|-------------------|------|
| 2021 ADDITIONS | | | | | - | | Life |
| Pumps Order #10256121-00 | 7/31/2020 | 1,563.95 | 156.40 | 156.40 | 312.79 | 1,251.16 | 10 |
| Install July | 7/31/2020 | 500.00 | 50.00 | 50.00 | 100.00 | 400.00 | 10 |
| Inv # 2108 Install New Duplex Pump Kits | 9/30/2020 | 1,200.00 | 100.00 | 120.00 | 220.00 | 980.00 | 10 |
| Inv #2124 Install New Duplex Pump Kit | 10/31/2020 | 600.00 | 45.00 | 60.00 | 105.00 | 495.00 | 10 |
| Inv #2137 New Install | 11/30/2020 | 500.00 | 33.33 | 50.00 | 83.33 | 416.67 | 10 |
| Change out Pump Well D | 12/31/2020 | 4,600.00 | 383.33 | 657.14 | 1,040.48 | 3,559.52 | 7 |
| Inv #2139 Pump kit installs, one sewer tap install | 12/31/2020 | 3,195.00 | 186.38 | 319.50 | 505.88 | 2,689.13 | 10 |
| Inv #3461 Well A pump install, parts and labor | 1/31/2021 | 11,681.03 | 834.36 | 1,668.72 | 2,503.08 | 9,177.95 | 7 |
| Inv #3462 Well B pump install, parts and labor | 1/31/2021 | 9,152.13 | 653.72 | 1,307.45 | 1,961.17 | 7,190.96 | 7 |
| Inv #2154 New installs | 1/31/2021 | 2,100.00 | 105.00 | 210.00 | 315.00 | 1,785.00 | 10 |
| Inv #418218 4M Blower | 2/28/2021 | 2,496.15 | 104.01 | 249.62 | 353.62 | 2,142.53 | 10 |
| Inv #2161 New Installs | 3/31/2021 | 1,000.00 | 33.33 | 100.00 | 133.33 | 866.67 | 10 |
| Inv #2170 New Installs | 4/30/2021 | 1,600.00 | 40.00 | 160.00 | 200.00 | 1,400.00 | 10 |

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| | | <u>COST</u> | <u>A/D</u> | <u>Jun-22</u> | <u>TOTAL A/C</u> | <u>BOOK VALUE</u> | |
|---|------------|---------------------|---------------------|-------------------|---------------------|---------------------|----|
| Inv #2182 New Installs | 5/31/2021 | 3,200.00 | 53.33 | 320.00 | 373.33 | 2,826.67 | 10 |
| Inv #2151041595 Pumps, Well D | 6/30/2021 | 3,819.85 | 45.47 | 545.69 | 591.17 | 3,228.68 | 7 |
| Inv #2192 New Installs | 6/30/2021 | 1,200.00 | 10.00 | 120.00 | 130.00 | 1,070.00 | 10 |
| Tank Replacement | 2/28/2021 | 10,990.00 | 228.96 | 549.50 | 778.46 | 10,211.54 | 20 |
| Well C | 3/31/2021 | 6,101.00 | 290.52 | 871.57 | 1,162.10 | 4,938.90 | 7 |
| Well C Booster | 6/30/2021 | 10,416.88 | 124.01 | 1,488.13 | 1,612.14 | 8,804.74 | 7 |
| Pump Kits | 7/31/2020 | 13,871.20 | 1,981.60 | 1,981.60 | 3,963.20 | 9,908.00 | 7 |
| Pump Kits | 9/30/2020 | 9,248.53 | 1,101.02 | 1,321.22 | 2,422.23 | 6,826.30 | 7 |
| Pumpmaster 15" | 10/31/2020 | 263.10 | 28.19 | 37.59 | 65.78 | 197.33 | 7 |
| 3 Single, 1 Duplex Pump Kit | 10/31/2020 | 10,631.82 | 1,139.12 | 1,518.83 | 2,657.96 | 7,973.87 | 7 |
| 4 pumps | 12/31/2020 | 452.23 | 37.69 | 64.60 | 102.29 | 349.94 | 7 |
| 6 Pump Packages | 12/31/2020 | 16,373.61 | 1,364.47 | 2,339.09 | 3,703.55 | 12,670.06 | 7 |
| Pump Packages | 1/31/2021 | 23,599.00 | 1,685.64 | 3,371.29 | 5,056.93 | 18,542.07 | 7 |
| Pump Packages | 4/30/2021 | 18,585.15 | 663.76 | 2,655.02 | 3,318.78 | 15,266.37 | 7 |
| Pumps | 4/30/2021 | 669.34 | 23.91 | 95.62 | 119.53 | 549.82 | 7 |
| Pumps | 6/30/2021 | 1,854.32 | 22.08 | 264.90 | 286.98 | 1,567.34 | 7 |
| Difference to auditor 2021 depreciation amount | | | (2.01) | | (2.01) | 2.01 | |
| PUMP & PANEL (SPEC OPER SERV #11108) | 7/31/2021 | 3,070.00 | | 402.02 | 402.02 | 2,667.98 | 7 |
| WELL D PUMP (B & R #3827) | 8/31/2021 | 5,134.00 | | 611.19 | 611.19 | 4,522.81 | 7 |
| PUMPS (SPEC OPER SERV #11144 & 11145) | 9/30/2021 | 31,955.00 | | 3,423.75 | 3,423.75 | 28,531.25 | 7 |
| PUMP/RINGS (SPEC OPER SERV #11152) | 9/30/2021 | 3,507.00 | | 375.75 | 375.75 | 3,131.25 | 7 |
| PUMP (BRANN & WHITTEMORE #2161041669) | 9/30/2021 | 1,431.00 | | 153.32 | 153.32 | 1,277.68 | 7 |
| NEW INSTALLS (BIG ORANGE #2210) | 9/30/2021 | 2,300.00 | | 172.50 | 172.50 | 2,127.50 | 10 |
| NEW INSTALLS (BIG ORANGE #2213) | 10/31/2021 | 4,800.00 | | 320.00 | 320.00 | 4,480.00 | 10 |
| PUMPS (DRILLERS SVC #1080040099-00) | 10/31/2021 | 1,373.07 | | 130.77 | 130.77 | 1,242.30 | 7 |
| NEW INSTALLS (BIG ORANGE #2232) | 12/31/2021 | 1,200.00 | | 60.00 | 60.00 | 1,140.00 | 10 |
| NEW INSTALLS (BIG ORANGE #2239) | 1/31/2022 | 3,100.00 | | 129.17 | 129.17 | 2,970.83 | 10 |
| NEW INSTALLS (BIG ORANGE #2249) | 2/28/2022 | 1,800.00 | | 60.00 | 60.00 | 1,740.00 | 10 |
| NEW INSTALLS (BIG ORANGE #2250) | 2/28/2022 | 5,140.00 | | 171.33 | 171.33 | 4,968.67 | 10 |
| NEW INSTALLS (BIG ORANGE #2255) | 3/31/2022 | 4,300.00 | | 107.50 | 107.50 | 4,192.50 | 10 |
| NEW INSTALLS (BIG ORANGE #2257) | 4/30/2022 | 2,000.00 | | 33.33 | 33.33 | 1,966.67 | 10 |
| NEW INSTALLS (BIG ORANGE #2265 & 2266) | 5/31/2022 | 2,800.00 | | 23.33 | 23.33 | 2,776.67 | 10 |
| GENERATOR FOR WELL (STOWERS POWER SYSTEMS INV K5526601) | 6/30/2022 | 41,600.00 | | - | - | 41,600.00 | 20 |
| TOTAL DISTRIBUTION 21 G/L #1310 | | 3,201,938.32 | 1,148,198.81 | 151,943.06 | 1,300,141.87 | 1,901,796.45 | |
| | | G/L | | | | | |
| | | | <u>A/D</u> | | | | |
| | | <u>COST</u> | | <u>Jun-22</u> | <u>TOTAL A/C</u> | | |
| LAND | 6/30/2003 | 3,325.00 | | | | 3,325.00 | |
| LAND OFFICE | 9/30/2010 | 11,200.00 | | | | 11,200.00 | |

ESCUD
depreciation schedule
6/30/2022

| | | <u>COST</u> | <u>A/D</u> | <u>Jun-22</u> | <u>TOTAL A/C</u> | <u>BOOK VALUE</u> |
|-------------------------|------------|------------------|------------|---------------|------------------|-------------------|
| WELLS A AND B | 6/23/2015 | 10,000.00 | | | | 10,000.00 |
| WELL F 1 ACRE | 2/19/2016 | 7,132.80 | | | | 7,132.80 |
| 1025 lin creek purchase | 5/21/2021 | 45,000.00 | | | | 45,000.00 |
| | | | | | | - |
| LAND G/L #1300 | | 76,657.80 | | | | 76,657.80 |
| EQUIPMENT | 7/1/1994 | 6,000.00 | 6,000.00 | | 6,000.00 | - |
| BACKHOE | 1/31/2002 | 56,241.00 | 50,616.90 | | 50,616.90 | 5,624.10 |
| TRIPOID AND WINCH ASSE | 9/26/2007 | 1,808.55 | 1,808.55 | | 1,808.55 | - |
| MSTER CHARGING ST | 11/8/2007 | 3,000.00 | 3,000.00 | | 3,000.00 | - |
| VEHICLE TRANSCEIVER | 11/27/2007 | 18,300.00 | 18,300.00 | | 18,300.00 | - |
| BACKFLOW PREVENTER | 8/1/2008 | 1,303.93 | 1,303.93 | | 1,303.93 | - |
| CHART RECORDER | 9/30/2009 | 629.00 | 629.00 | | 629.00 | - |
| FLOOR SAFE | 8/21/2012 | 649.99 | 331.26 | 30.85 | 362.11 | 287.88 |
| 2 2 HP PUMPS | 8/23/2013 | 1,710.00 | 1,710.00 | | 1,710.00 | - |
| 550 GALLONSSKID GAS | 1/13/2016 | 1,087.99 | 589.33 | 108.80 | 698.13 | 389.86 |
| CONCRETE SAW | 5/24/2016 | 974.00 | 495.12 | 97.40 | 592.52 | 381.48 |
| RIDING LAWN MOWER | 5/2/2017 | 4,893.00 | 2,038.75 | 489.30 | 2,528.05 | 2,364.95 |
| 110 HP FREESTANDING ICE | 6/30/2018 | - | | - | - | - |
| 7.5K BTU WINDOW | 6/30/2018 | 399.00 | 239.40 | 79.80 | 319.20 | 79.80 |

ESCU
depreciation schedule
6/30/2022

| | | <u>COST</u> | <u>A/D</u> | <u>Jun-22</u> | <u>TOTAL A/C</u> | <u>BOOK VALUE</u> | |
|----------------------|-----------|-------------|------------|---------------|------------------|-------------------|------|
| AIR COMPRESSOR | 6/30/2018 | 329.35 | 197.61 | 65.87 | 263.48 | 65.87 | |
| 7.5 BTU WINDOW | 6/30/2018 | 459.00 | 275.40 | 91.80 | 367.20 | 91.80 | |
| ice maker | 8/1/2019 | 73.00 | 28.14 | 14.60 | 42.74 | 30.26 | |
| ice maker | 9/1/2019 | 877.99 | 321.93 | 175.60 | 497.53 | 380.46 | |
| remote software inst | 10/1/2019 | 4,233.72 | 1,481.80 | 846.74 | 2,328.54 | 1,905.18 | |
| line locator | 6/20/2020 | 1,465.00 | 317.42 | 293.00 | 610.42 | 854.58 | |
| prior audit 2019 out | | 878.17 | | | | 878.17 | ties |

disposals (removed actual asset above ice machine)

| | | | | | | | |
|----------------------------|--|-------------------|------------------|-----------------|------------------|------------------|-------------|
| | | | | | | | |
| | | | | | | | |
| EQUIPMENT G/L #1330 | | 105,312.69 | 89,684.54 | 2,293.76 | 91,978.30 | 13,334.39 | 3.00 |

| | | <u>COST</u> | <u>A/D</u> | <u>Jun-22</u> | <u>TOTAL A/C</u> | | |
|---|------------------|-----------------|------------|---------------|------------------|-----------------|--|
| OFFICE EQUIPMENT | 6/30/1997 | 649.99 | 584.99 | 65.00 | 649.99 | - | |
| OFFICE EQUIPMENT | 6/30/2003 | 2,044.00 | 1,839.60 | 204.40 | 2,044.00 | - | |
| OFFICE EQUIPMENT | 6/30/2003 | 730.00 | 594.45 | 32.85 | 627.30 | 102.70 | |
| OPTIPLEX | 1/10/2008 | - | - | - | - | - | |
| COMPUTER | 3/14/2008 | 9,366.00 | 9,366.00 | | 9,366.00 | - | |
| COPY MACHINE | 10/28/2010 | 1,495.00 | 1,495.00 | | 1,495.00 | - | |
| disposals-(Removed actual asset above Optiplex) | | | | | - | - | |
| detector electronics | 6/21/2021 | 1,614.00 | 322.80 | 322.80 | 645.60 | 968.40 | |
| DATTO BACKUP APPLIANCE (AWR 9/1 INVOICE) | 8/2/2021 | 1,750.00 | | 320.83 | 320.83 | 1,429.17 | |
| MONITOR (AWR 10/1 INVOICE) | 9/22/2021 | 289.79 | | 43.47 | 43.47 | 246.32 | |
| COMPUTER (AWR 10/1 INVOICE) | 9/22/2021 | 1,126.80 | | 169.02 | 169.02 | 957.78 | |
| | | | | | - | - | |
| | | | | | - | - | |

| | | | | | | | |
|----------------------------|--|------------------|------------------|-----------------|------------------|-----------------|----------|
| EQUIPMENT G/L #1330 | | 19,065.58 | 14,202.84 | 1,158.37 | 15,361.21 | 3,704.37 | 3 |
|----------------------------|--|------------------|------------------|-----------------|------------------|-----------------|----------|

| | | | | | | | |
|--------------------------------|------------------|-----------|-----------|--------|-----------|-----------|------|
| 1999 350 4 WD | 6/30/2013 | 12,800.00 | 12,800.00 | | 12,800.00 | - | |
| prior years | | 11,525.42 | 1,506.78 | | 1,506.78 | 10,018.64 | |
| 2003 FORD RANGER | 9/12/2013 | | | | | - | |
| 2004 FORD RANGER-disposed 2020 | 4/8/2014 | | | | | - | |
| NEW ENGINE-disposed 2020 | 10/8/2014 | | | | | - | |
| 2000 FORD RANGER-disposed 2020 | 7/16/2015 | | | | | - | 2019 |
| 2008 CHEVY-disposed 2020 | 1/28/2016 | | | | | - | 2020 |
| 1999 MAZDA | 5/12/2016 | 4,500.00 | 1,875.00 | 450.00 | 2,325.00 | 2,175.00 | |
| TRENCH TRAILER | 6/7/2016 | 1,300.00 | 530.83 | 130.00 | 660.83 | 639.17 | |
| 5X8 TRAILER W GATE (disposal) | 6/30/2018 | 539.99 | 216.00 | 80.99 | 296.99 | 243.00 | |
| | | (539.99) | (404.99) | | (404.99) | (135.00) | |
| | | 30,125.42 | 16,523.62 | 660.99 | 17,184.61 | 12,940.81 | |

changes for 2020-took out above

| | | | | | | | |
|------------|--|-----------|-----------|--------|-----------|-----------|--|
| total 2020 | | 30,125.42 | 16,523.62 | 660.99 | 17,184.61 | 12,940.81 | |
|------------|--|-----------|-----------|--------|-----------|-----------|--|

ESCUD
depreciation schedule
6/30/2022

| | | <u>COST</u> | <u>A/D</u> | <u>Jun-22</u> | <u>TOTAL A/C</u> | <u>BOOK VALUE</u> |
|--|-----------|---------------------|---------------------|-------------------|---------------------|---------------------|
| additions for 2021 | | | | | | |
| FORD RANGER | 8/20/2021 | 25,192.00 | 5,038.40 | 5,038.40 | 10,076.80 | 15,115.20 |
| FORD RANGER | 8/20/2021 | 25,192.00 | 5,038.40 | 5,038.40 | 10,076.80 | 15,115.20 |
| 5X10 FLATBED TRAILER (AWR LOWES 9/1 INV) | 8/26/2021 | 1,599.00 | | 266.50 | 266.50 | 1,332.50 |
| | | | | | - | - |
| TOTAL VEHICLES 21 G/L #1340 | | 82,108.42 | 26,600.42 | 11,004.29 | 37,604.71 | 44,503.71 |
| | | gl | | | | |
| Total | | 3,555,867.41 | 1,303,791.64 | 168,816.08 | 1,472,607.72 | 2,083,259.69 |

WATER INFRASTRUCTURE SUMMARY

| | | | |
|-----------------------------------|-------------------------------------|--------------------|-------|
| Name of Entity: | East Sevier County Utility District | | |
| Office Address: | 1529 Alpine Drive | | |
| City: | Sevierville | State: | TN |
| Zip Code: | 37876 | | |
| County: | Sevier | | |
| Primary Community Served: | Sevierville | Population: | 2,478 |
| ATPI: | 80 | | |
| Utility Type: | Utility District | | |
| Number of Water Connections: | 251 | | |
| Number of Wastewater Connections: | 991 | Total Connections: | 991 |
| Number of Employees: | 5 Full-time | 1 Part-Time | |
| PWSID | NPDES | | |
| 0000618 | 0060569 | | |

UTILITY CONTACT LIST

| Name | Title | Phone | Email |
|--------------|-----------------------------|--------------|---------------------------|
| Craig Miller | Division Manager | 606-548-2250 | cmiller@alliancewater.com |
| Evan Romo | Regional Operations Manager | 636-358-1648 | eromo@alliancewater.com |

REPORTING REQUIREMENTS

| | |
|-------------------------|--|
| Entity Fiscal Year: | June |
| Date of Last Audit: | June 30, 2021 |
| Adverse Audit Findings: | Yes |
| Notes: | 1. Auditor states that ESCUD did not hold retainage on a wastewater plant replacement project. Response: The funding source was USDA RD. They held all retainage until ESCUD requested funds. 2. Auditor recommended a policy regarding the sale of surplus property. Response: The utility adopted a policy regarding the sale of surplus property. |

REGIONALIZATION

| | |
|---|-----|
| Has the system considered any regional cooperative efforts? | Yes |
| Does the system have written or verbal agreements with neighboring utilities? | No |

| ASSET MANAGEMENT | | WATER LOSS | |
|-------------------------------------|--------|--------------------------------|--------------|
| Asset Mangement Plan | Unsure | Unaccounted Water Loss | 64% |
| GIS Mapping | 25-50% | Millions of Gallons/year | 24.59 |
| Inventory and Condition Assessment | >50% | Production Cost/year | \$304,916.00 |
| Planned O&M and Work Order System | No | INFLOW and INFILTRATION | |
| Meter Testing & Changeouts | Yes | Inflow and Infiltration | 56% |
| Capitital Improvement Plan & Budget | Yes | Millions of Gallons/year | 8.40 |
| IT Infrastructure | Yes | Treatment Cost/year | \$28,392.00 |

MODERNIZATION

| | | | |
|---|-----------|---|------------|
| Drinking Water Plant >80% Capacity | Yes | Wastewater Plant >80% Capacity | Yes |
| Age of Drinking Water Plant | 50+ years | Age of Wastewater Treatment Plant | 0-10 years |
| Percentage of lines older than 50 years | >50% | Percentage of lines older than 50 years | 25-50% |

COMPLIANCE

| | | | |
|---|-----|--|-----|
| Drinking Water Violations | Yes | Meeting Wastewater Permit Requirements | Yes |
| State Mandated Compliance Order (Water) | No | State Mandated Compliance Order (WW) | Yes |
| Meeting Order Requirements (Water) | NA | Meeting Order Requirements (WW) | Yes |

STORMWATER

| | |
|----------------------------|-----|
| Stormwater Management Plan | N/A |
| System-Wide Map | N/A |

**East Sevier County Utility District
Rules and Regulations**

Rule #1. General Water and Sewer

- A.** The rules and regulations of the District shall govern and be enforced by the District and its agents. The rules have been adopted to govern the services provided in the best interest of the District and the District's customer base. The rules and regulations apply to all persons, firms, corporations, partnerships, etc. using or intending to use water and/or sewer services provided or to be provided by the District.
- B.** All persons, firms, corporations, partnerships, etc. desiring to obtain water and/or sewer services from the District shall first make application to obtain such services. The District may require the application requesting water and/or sewer service to be in writing. Applications are to be fully completed using the standard District form. All applicants shall meet and follow all requirements set forth in these rules and regulations. Failure to fully complete the application, providing false information on the application, or failure to meet and follow the requirements set forth in these rules and regulations may result in disconnection of service or other penalties as defined herein.
- C.** All connections to District water and/or sewer systems shall be requested in advance, all connections fees shall be paid in full, and all services be properly installed and properly metered prior to the turn on of service.
- D.** The water and sewer services made available under these rules are for the sole use of the person, persons and customer at his/her premise and he/she shall not resell in any manner any water or sewer service without the specific written consent and permission of the District.
- E.** Additionally, water and/or sewer service for the sole use of service as described above and also prohibits any extension of pipes, hoses, etc. to transfer water and/or sewer services from one property to any other property, person, persons, or customer and also prohibits any person, persons, customer from sharing, reselling, submetering to another person, persons or customer. No more than one premise shall be served by a water service connection. No more than one premise may be served by a single sewer lateral or grinder lift station. A farm containing a residence and outbuildings for use in farming operations shall be considered as one residence and that customer may use water and/or sewer service from a single connection/meter for all such buildings. Farms containing more than one residence shall be treated in a similar manner but require that each residence be connected and metered separately.
- F.** The District has the right to inspect meters, pumps, backflow prevention devices and all other water fixtures, lines and appliances as well as all sewer appurtenances for the use of water or sewer whenever deemed necessary by the District for the purpose of regulating such use, keeping accurate account, preventing waste, leakage or other violations of these rules and regulations. For such purpose it shall be the duty of the water customer to allow District access to their premises at reasonable times and intervals; should any person, persons or customer refuse to allow such access, upon order of the District, water and/or sewer service may be cutoff and withheld from any customer so refusing.

Rule #1. General Water and Sewer (continued)

- G.** The District reserves the right, at any time, without notice, to shut off water and/or sewer service in their distribution and collection lines for the purpose of making extensions, repairs or for any other purpose they deem to be in the best interest of the District's systems and customers. The District reserves the right to shut off water and/or sewer from any customer, at any time, so long as the service pipe through which such user may be supplied, or any meter, or any pump, or any part of any such pipe of system may be out of order or in disrepair for the proper supply of water or sewer service through same. When reasonably possible the District will attempt to notify in advance of service interruptions when water and/or sewer service will be limited, restricted or temporarily shut off.
- H.** In accordance with the above, all persons and customers are hereby advised and cautioned that risk of damage is hereby assumed by the customer. All persons and customers are advised to take measures to prevent water tanks from draining, boilers from collapsing, follow standard backflow prevention practices, prevent sewer back-ups and any and all other damages that could be incurred in the event water and/or sewer service was shut off or interrupted for any reason. The District shall not be liable for damages resulting to customer or third persons, unless due to the negligence of the District and in absence of any contributory negligence on the part of the customer or third party. The District is not liable for damages caused by defective piping or appliances on the customer's premises or for any defect in customer's water or sewer piping. It is expressly understood and agreed by and between the District and the customer/user that no claim shall be made against the District by reason of breaks, leaks, bursting of, repairs to, or maintenance of any water or sewer facilities owned by the District or for any failure to supply service of any reason. As a condition of furnishing sewer service, the District shall not be liable or responsible for damages of any kind for any failure to remove sewage from customer/user premises or property or for any backup of sewage into customer/user premises or property or for any interruption of sewage service for any reason.
- I.** No water or sewer pipe of any kind, including water service lines and sewer laterals or force mains shall be installed within any right of way or easement of the District or be connected to the District's water or sewer system unless specific approval is given by the District and connection fees are paid. All water and sewer service shall be billed as set forth in these rules and regulations.
- J.** Line extensions and connections to the District water and sewer system shall be at the sole cost of the customer or user and all extensions and connections shall be subject to the District's approved inspection.
- K.** The District's water and sewer systems shall be separated into a waterworks system and a sewerage system and all said waterworks system, all future improvements and extensions thereto and said sewerage system, all future improvements and extensions thereto shall be operated and maintained as separate and distinct systems from one another. The user/service

**East Sevier County Utility District
Rules and Regulations**

Rule #1. General Water and Sewer (continued)

charges for water and sewer services shall generate adequate annual revenues to pay costs of annual operations and maintenance of the water and sewer systems including replacement costs associated with debt retirement related to financing of the water and sewer and/or any capital costs related with said systems which the District may designate be paid from revenue collected by the user/service charges. The District shall bill customers for any and all miscellaneous charges, set forth by State, Local and Federal Law, examples of which include, but are not limited to primacy fees, taxes, laboratory testing fees, etc.

Approved: *Roy Ivey, President* Effective Date: 07/01/2021

Rule #2. Definitions

Definitions shall be as follows:

Applicant - Any person, persons, firm, corporation, partnership, etc. desiring or applying for either water or sewer service of both.

Agents - Any person, persons, firms, corporations or partnerships engaged in work, and serving as representatives of East Sevier County Utility District, including but not limited to it's employees, engineers, operations, maintenance and management personnel and any and all such designates as the District may have from time to time as deemed necessary.

Auxiliary water system - Any water source, supply or system, other than the East Sevier County Utility District system, that may be available in the building, establishment, residence, premises or property.

AWWA - American Water Works Association.

Board of Commissioners - Persons duly elected or appointed by the District with general powers pertaining to the management of the business affairs of the District.

BOD - Biochemical Oxygen Demand, as determined by laboratory testing as set forth in the latest edition of Standard Methods for the Examination of Water and Wastewater with the results expressed in milligrams per liter.

Customer - Any person, persons, firm, corporation or partnership using or allowing the use of water and/or sewer service(s) provided by the District.

Commercial Customer - Customers that are non-residential or whose general purpose and use is of a business nature. Includes commercial, business and industrial establishments, with or without dwelling units in the premises or on the property.

Clerk - The person duly appointed annually by the Board of Commissioners serving in the capacity as Clerk.

Cross Connections - Any physical link between a potable water supply and any other substance, fluid, or source, which makes contamination of the potable water supply possible due to, or if the reversal of the flow of water in the potable water piping or distribution system were to occur.

Certified Backflow Prevention Tester - A person who has successfully completed training, holds and is recognized by the State of Missouri to be a competent person in the testing, checking and rebuilding of backflow prevention devices.

Consumptive - (use of water) - Indicates the use of water by a commercial, business or industrial customer(s) that is not returned to the sewer system. Examples of such customers would be beverage, food and ice manufacturing, water used for cooling purposes and discharged under NPDES permits, etc.

Approved: Roy Juey, President Effective Date: 07/01/2021

**East Sevier County Utility District
Rules and Regulations**

Rule #2. Definitions (Continued)

District - (Water District) - The East Sevier County Utility District, Sevierville, Tennessee.

Farm - A parcel of ground used at one time or being used for livestock or planting purposes.

Lateral - The entire length of sewer line or pipe including fittings connecting the customer's premises to the District's main sewer line.

Multi-Unit Building - Any one building or any one structure containing more than a single residential dwelling unit or more than a single commercial or business entity (such as a strip shopping center).

Premise - Any building or structure used as a dwelling unit or used for any commercial, business or industrial use or purpose.

Plus Cost - Any and all costs over and above the cost of a standard connection that is needed to purchase and install the sewer lateral, sewer pump chamber or container, electrical control box and other necessary appurtenances needed to provide sewer service to the customer's premises in an orderly fashion.

Tamper - To meddle or tinker with so as to alter or interfere with intended results of District policies or District personnel. Specifically, tampering may involve the following: attempting to unlock, turn on, or alter the meter setting in any way or attempting to alter or manipulating the pumps or wire leads in any way.

TSS - Total Suspended Solids as determined by laboratory testing as set forth in the latest edition of Standard Methods for the examination of Water and Wastewater with the results expressed in units of milligrams per liter.

User - Any person, persons, firm, business, governmental entity, industry, corporation or partnership using any District water or sewer services.

Approved: *Roy Juey, President* Effective Date: 07/01/2021

Rule #3. Application, Supply and Taking of Service

- A.** Applicant shall be responsible for requesting service from the District and in doing so requests and becomes a customer. Before the District begins rendering water and/or sewer service, the applicant/customer shall supply such necessary information as designated by the District including but not limited to customer name, address, telephone number and requested date for start of service. Any customer who has taken service from the District without requesting such service from the District shall be considered to have expressed consent to the District's rules and regulations and shall be responsible for any and all appropriate water and sewer charges/payments as specified in the District's rules and regulations beginning on the first day of taking such service. The District reserves the right to make reasonable estimation of service usage if an exact determination cannot be made.
- B.** Applications, applicants and customers for water and/or sewer service shall conform to all rules and regulations as approved and as those rules and regulations may be modified, revised or amended from time to time.
- C.** Commercial applicants and customers shall, upon request, present in writing a list of water devices which are or are proposed to be attached to the water lines servicing the building and/or property, giving location, types, size of devices and estimated daily water flow. The District will then advise of any improvements that must be constructed or any special conditions of use that must be followed by that commercial applicant or customer. The District reserves the right to advise and require any special sewer waste discharge conditions, prohibitions, restrictions up to and including any special pretreatment requirements or facilities before accepting sewer waste discharges.
- D.** No substantial increases or additions to water and/or sewer use, water use equipment or appliances may be connected to the District water and/or sewer system except upon prior written notice to the District, followed by the written consent of the District.
- E.** All applicants and customers are required to pay security deposits prior to the initiation of service. Failure to pay security deposits may result in refusal or termination of service.
- F.** The District reserves the right to reject any application, applicant, customer request for service that does not comply with any District rules and regulations. Rejection may include, but not be limited to refusal and disconnection of water and/or sewer service, in which the District may notify any appropriate local authorities if the District deems a public health detriment exists, or could exist.
- G.** At any time that the District has a water line in place on any public right of way and a landowner whose land abuts that right of way requests of the District a meter setting(s), the District may, as a condition for authorizing and permitting the setting(s), require the landowner requesting same to execute in favor of the District a blanket easement on the landowner's property so that the water line now on public right of way may be removed and placed on easement.

Rule #4. Connection Fees and Procedures

Section 1. General, Water and Sewer

- A.** All new connections to the District's water and/or sewer system shall be subject to payment of a connection fee(s) for the right to connect to the District's water and/or sewer system.
- B.** Connection fees to the District's water and/or sewer system shall be due and payable prior to any connection. The District reserves the right to provide incentives and participate in water and/or sewer line extensions if, in the District's sole discretion and judgment, a particular line extension or upgrade is deemed to be beneficial to the District. Generally, the District's participation will be limited to developer built off-site water and/or sewer extensions only (those developer built extensions not within a development, unless it is the District's option to upgrade internal line sizes so that they may be utilized as a transmission main) and will not exceed the amount of current water or sewer connection fees due or the actual construction cost of said off-site extension, whichever is less.
- C.** No water service line, sewer service lateral or sewer pump system shall be connected to any line owned by the District or any private line that may be connected to the District's system until all connection fees are paid. If any such lines, laterals or pump systems are connected, the District may disconnect any such line, lateral or pump system and charge the owner, developer, contractor, plumber or any other person, persons or parties, jointly or severally liable, all costs incurred for the disconnection, including but not limited to, attorney fees, court costs and interest earnings from the date of connection.
- D.** Each motel, hotel, hospital, nursing home, assisted living facility, campground, park or other similar structure and/or development (approved specifically by the District) shall have each unit or pad capable of separate overnight occupancy counted a one-third (1/3) of a unit for the computation of connection fees due. Each separate residential dwelling unit or each separate office, commercial, business unit shall count as one (1) full unit, i.e.: single family house equals one unit, duplex equals 2 units, 4 unit shopping center equals 4 units. Other Industrial, Commercial and Business developments shall have connection fees based on acreage of the developed or platted area.
- E.** All water and/or sewer connections, as well as the materials and workmanship used in those connections shall be subject to inspection and approval prior to the initiation of service. Connections, materials and/or workmanship not meeting inspection approval shall be corrected so as to meet the inspection approval prior to the initiation of service or those connections are subject to disconnection. Furthermore, the District will not be required to provide water and/or sewer service until connections to District's water and/or sewer system is approved by the District.

Rule #4. Connection Fees and Procedures (continued)

Section 1. General, Water and Sewer (continued)

- F.** Locations of connections to the District's system will generally be given and directed by the District. Any deviation to prescribed location will need prior approval by the District. Connections to the District's system shall be installed and at the expense of the customer or owner of the property/premise receiving service by bonded and/or licensed plumbers authorized to perform work in Lincoln County, Missouri. Connections, service lines, sewer lateral and force mains, etc. will not be extended along public streets or roadways or through property of others to the point of connection without the written prior approval of the District. Connections to the District's system that must be excavated for inspection shall have that excavation performed at the customer's expense.
- G.** Absolutely no meters will be installed or water services restored to locations without a properly installed shut-off valve on the customer side of the meter.
- H.** No person, other than authorized District staff or its representatives or authorized agents shall be permitted access to the interior of the meter pits. Unauthorized access shall be considered tampering and shall be subject to a tampering charge of up to \$500 per occurrence. All charges and any outstanding penalties and balances are to be paid in full prior to restoring services. Each day shall count as a separate occurrence.
- I.** Upon completion of installation of service lines, the Water District shall retain ownership of the service line from the main to the shutoff valve or meter pit at the customer's property line, whichever is the first point of shutoff, and the customer shall retain ownership of the service line from and including the curb valve or the meter pit, whichever is the first point of shutoff.

Rule #4. Connection Fees and Procedures (continued)

Section 2. Water Connection Fees and Procedures

- A. Connection fees for the right to connect to the District's water system, are effective January 1st of each specified year below for residential, commercial, business and industrial customers are as follows:

All Residential Dwelling Units (¾ inch meter and setting or any farm/shop ¾ inch meter/setting)

| <u>Year</u> | <u>Water Connection Fee per Unit</u> |
|-------------|--------------------------------------|
|-------------|--------------------------------------|

| | |
|------|-------------------|
| 2018 | \$ 1,250 per unit |
|------|-------------------|

Commercial, Business, Governmental and Industrial Structures

| <u>Year</u> | <u>Water Connection Fees (per acre under roof or portion thereof)</u> |
|-------------|---|
|-------------|---|

| | |
|------|---|
| 2018 | \$ 2,650 per acre or \$ 1,250 per unit whichever is greater |
|------|---|

- B. All connection fees above shall be paid at least 48 hours prior to the scheduling of a connection or request for inspection of connection.
- C. A minimum of 48 hours' notice is required for the scheduling of a connection or request for inspection of connection.
- D. All water connections up to and including ¾ inch in size shall be made by the District. The District shall provide the water meter, the saddle (up to 10 inch in size), the corporation fitting, and the labor and equipment to tap and connect the service line to the water main. All other material and supplies, including but not limited to meter setters, meter pits, lids and frames, service line piping extending 2 feet past the water main shall be provided by and installed by the customer, developer, builder, plumber by the scheduled time of connection and/or inspection.
- E. Water connections over ¾ inch in size shall be made only with the District's prior approval and at the sole expense of the customer, developer, builder or plumber. Connections over ¾ inch in size require the customer, developer, builder, plumber to pay District in advance, monies required to purchase the specified water meter, the required saddle, the required corporation fitting, and the labor and equipment to tap and connect the service line to the water main. All customers are advised that connections over ¾ inch in size generally require additional time and coordination of work.
- F. Water connections and service lines shall be installed in accordance with the procedures, specifications and standards established by the District and amended from time to time and on file with the Clerk. These procedures, specifications and standards will be provided upon request.

Rule #4. Connection Fees and Procedures (continued)

Section 2. Water Connection Fees and Procedures (continued)

- G.** All scheduled water taps and/or inspections must be ready for the District's Customer Service Representative within twenty (20) minutes of their scheduled arrival. If after that amount of time the site is still not ready, the desired activity must be rescheduled and an additional \$50 trip charge fee will be charged and collected before any services will be provided. These fees are necessary due to the number of contractors and homeowners who call for taps and/or inspections and do not have necessary plumbing ready. Before calling for taps or inspections, the customer must have the plumbing both inside and outside completed and a working shut-off valve installed.
- H.** Water tap fees may be prepaid for existing lots and for planned lots in Board-approved subdivisions. Tap fees shall be applied and tied to individual lots and are not transferable. No refunds shall be granted for prepaid water taps, regardless of extenuating circumstances, even if lots are combined or merged through the build-out process.
- I.** No person, other than authorized District staff or its representatives or authorized agents shall be permitted access to the interior of the meter pits. Unauthorized access shall be considered tampering and shall be subject to a tampering charge of up to \$500 per occurrence. All charges and any outstanding penalties and balances are to be paid in full prior to restoring services. Each day shall count as a separate occurrence. Authorized contractors may enter the pit on an emergency basis, provided they notify the District office within 24 hours of entry to plan for applicable follow-up and inspections.
- J.** Contractors shall not expose any water (or sewer) mains prior to four (4) hours of the scheduled tap or leave any unexposed main, uncovered or unprotected for more than four (4) hours.
- K.** In accordance with the Safe Drinking Water Act, the use of lead based material in the construction or modification of the District's drinking water system or private plumbing connected to the District's system is hereby prohibited.

Rule #4. Connection Fees and Procedures (continued)

Section 3. Sewer Connection Fees, Hook Up Fees and Procedures (continued)

- A. Connection fees for the right to connect to the District's sewer system are effective January 1st of each specified year below for residential, commercial, business and industrial customers and the cost of required grinder pump appurtenances and components are as follows:

All Single Family Residential Dwelling Units and all other customers having structure of less than 20,000 square feet under roof shall be charged the following sewer connection fees.

Year Sewer Connection Fee (right to connect) Plus the Required Grinder Pump Fee

2018 and after \$ 1,250 per each unit

see current price list

Customers with structures over 20,000 square feet under roof will be charged \$1,250 for each 20,000 square feet under roof or portion thereof.

The sewer connection fee includes only the right to connect and service availability. The grinder pump component fee includes one standard sewer pump, the sewer pump chamber, pump floats and the electrical control box. The sewer lateral between the house and the pump chamber is not included. The sewer line between the pump chamber and the District's main sewer line is not included. Any other necessary appurtenances needed to provide sewer service to the customers' premises in a proper and orderly fashion are not included. These laterals, lines and other appurtenances not included as well as all installation costs, including the grinder pump, sewer pump chamber, pump floats and the electrical control box, is the sole responsibility and expense of the customer.

Multi-Family Residential Dwelling, Commercial and Business Units shall be treated as individual units and charged accordingly as outlined above or, depending on the specific situation, may be required to install a central lift station with appropriate wet well sizes, pump sizes, and number of pumps, as engineered and/or specified by an Engineer at the developer's expense.

- B. The customer (or the customers' contractor) is required to pick up the sewer pump, the sewer pump chamber, the floats and the electrical control box at and from the District office. The District is not responsible for any damage that may occur during transport of the sewer pump, sewer pump chamber, floats and/or electrical control box by the customer or the customers' contractor(s). The electrical lines that connect the control panel to the canister shall be laid underground and shall be encased in conduit. All installations are to be in accordance with

Rule #4. Connection Fees and Procedures (continued)

Section 3. Sewer Connection Fees, Hook Up Fees and Procedures (continued)

- procedures, specifications and standards approved and amended by the District from time to time and shall be at the customer's or the customer's contractor's sole cost.
- C.** All connection fees shall be paid at least 48 hours prior to the scheduling of a connection or at the time of request for inspection of connection. A minimum of 48 hours' notice is required for the scheduling of a connection or request for inspection of connection. Contractors shall not expose any sewer (or water) mains prior to four (4) hours of the scheduled tap.
- D.** Connections to the District's sewer systems shall be made at the sole cost of the customer, builder, developer, or property owner including all labor, material, supplies not provided, included or purchased in or with the sewer connection fee shown above. Additional costs for non-standard or upgrade pumps, chamber, control boxes, etc. is the sole responsibility of the customer.
- E.** All scheduled sewer taps and/or inspections must be ready for the District's Customer Service Representative within twenty (20) minutes of their scheduled arrival. If after that amount of time the site is still not ready, the desired activity must be rescheduled and an additional \$50 trip charge fee will be charged and collected before any services will be provided. These fees are necessary due to the number of contractors and homeowners who call for taps and/or inspections and do not have necessary plumbing and/or electrical work ready. Before calling for taps or inspections, the customer must have the canister influent and effluent plumbing completed, drain lines must be installed to fill the sewer canister and electric to both the canister pump and the main disconnect in the home must be operational.
- F.** Sewer tap fees may be prepaid for existing lots and for planned lots in Board-approved subdivisions. Tap fees shall be applied and tied to individual lots and are not transferable. No refunds shall be granted for prepaid sewer taps, regardless of extenuating circumstances, even if lots are combined or merged through the build-out process.
- G.** No person, other than authorized District staff or its representatives or authorized agents shall be permitted access to the interior of the canisters and control panels. Unauthorized access shall be considered tampering and shall be subject to a tampering charge of up to \$500 per occurrence. All charges and any outstanding penalties and balances are to be paid in full prior to restoring services. Each day shall count as a separate occurrence. Authorized contractors may enter the stations on an emergency basis, but must notify the District office within 24 hours of entry to plan for applicable inspections.

**East Sevier County Utility District
Rules and Regulations**

Rule #5. Security Deposits

- A. Individuals renting property will pay a \$200 security deposit for water and/or sewer service.
- B. New property owners will pay a \$50 Transfer of Ownership Fee.

Commercial, Business, Governmental and/or Industrial customers, each metered water connection is based on size of meter and is considered the minimum deposit amount. Additional deposits may apply for higher use customers and will be evaluated on a case by case basis.

Minimum deposit amounts:

| | |
|------------------|-----------|
| 3/4 inch meter | \$ 100.00 |
| 1 inch meter | \$ 125.00 |
| 1 1/2 inch meter | \$ 225.00 |
| 2 inch meter | \$ 325.00 |
| 2 1/2 inch meter | \$ 425.00 |
| 3 inch meter | \$ 525.00 |
| 4 inch meter | \$ 725.00 |

- C. Security deposits shall be paid prior to the initiation and start of service. Security Deposits, at the request of the customer and upon subsequent approval by the District, may be transferred from a customer's previous account to that customer's new account. Customers in good standing whose security deposits are transferred are not required to pay additional security deposit amounts. Security Deposits shall be held without interest and applied to the customer's final bill.
- D. The owner of any multi-unit building (residential or commercial) containing two or more units, shall be considered the user of water furnished to the building and is liable for payment of security deposit and service bills, unless the owner installs or causes to be installed separate water meters for each and every unit. Only if separate water meters are installed are the tenants allowed to be the customers for water and/or sewer service, in all other cases the owner shall be deemed the customer by the District.

Approved: *Roy Juey, President* Effective Date: 07/01/2021

Rule #6. Water Rates and Charges

- A.** A charge for water service shall be made based on water meter readings and computed at the rates herein set out, whether single metered or master metered. The District, through its authorized employees and agents, may read water meters monthly, bi-monthly or quarterly as deemed in the District's best interest and statement (bills) shall be rendered accordingly.
- B.** Failure to submit a bill and/or (delinquent) notice of non-payment or payment not received shall not excuse the customer from their obligation to pay for water service when a bill is submitted.
- C.** Whenever, for any cause, a water meter fails to operate correctly, or for some reason the District is unable to read the water meter, the District shall make a reasonable estimate of the amount of water supplied by the District during the specified period and the customer shall be liable for payment based on the estimate of water supplied.
- D.** Multi-Unit buildings that are master metered shall have minimum water bills computed based on the number of units served by the minimum rate shown below. The balance of the bill shall be computed on the remaining gallons of water used or sewer discharged. Each motel, hotel, hospital, nursing home, campground, park or other similar structure and/or development (approved specifically by the District) shall have each unit or pad capable of separate overnight occupancy counted as one-third (1/3) of a unit for the computation of minimum water bill due.
- E.** Each customer, user, or owner of the premises connected to the District's water system shall pay for water drawn from the system each month according to the readings of the water meters (or estimates thereof) for each particular connection for all bills issued on or after January 1, 2018 as follows:

| <u>Water Used Monthly</u> | <u>Cost or Rate +tax</u> |
|------------------------------------|--|
| Service Availability Charge | \$ 48 Minimum per Month (3,000 gallons incl.) |
| Commodity Charge | \$ 3.00 per 1,000 additional gallons (prorated) |
| Unmetered | \$ 48 |

For bills issued on or after January 1, 2018, those bills shall be computed based on the rates and fees listed in Appendix A.

- F.** From time to time, and in amounts determined by the State and Local Authorities, the District will bill and collect for primacy fees, taxes, user fees, laboratory fees and after doing so, will forward and pass those fees onto those appropriate State or Local Authorities.

Rule #6. Water Rates and Charges (continued)

- G.** Water meters will be owned and maintained by the District. The District will keep meters in proper operating condition. Meter damaged or destroyed through tampering or abuse will be repaired or replaced at the customers' expense. Meters that fail or are replaced due to routine use and wear will be repaired or replaced at the District's expense.
- H.** Meter tests will be performed from time to time to determine accuracy and meters may be replaced from time to time to ensure accuracy. Meter tests will be performed as deemed necessary by the District at no charge to the customer. Meter tests requested by the customer that are deemed unnecessary in advance by the District will result in a \$50.00 testing charge to the customer, unless the meter registers outside of the 98 to 102 percent accuracy level in which no charge will incur.
- I.** The District reserves the option, at the District's sole discretion, to grant a customer a one-time leak adjustment in any 12 month period, provided the customer can prove by providing written documentation and justification that a leak occurred and was promptly repaired at time of discovery and after considering staff's recommendation. Leak adjustments will be based on average water usage over the previous three (3), six (6) or twelve (12) month period or as however deemed appropriate by the District. Leak adjustments will not be granted to customers who do not promptly repair leaks after notification by District personnel. Any leak adjustment will be calculated at the rate of 50% of the excess water billed to the customer over and above the average usage. The customer will not be charged any additional sewage fee if the water leak did not enter the sewer system. Any leak adjustment under this policy, which exceeds \$250, requires specific Board approval.
- J.** The District expressly prohibits all non-district and unauthorized personnel from accessing or entering district-owned facilities, including meter pits and grinder stations, for any reason. No person, other than authorized District staff or its representatives or authorized agents shall be permitted access to the interior of the meter pits. Unauthorized access shall be considered tampering and shall be subject to a tampering charge of up to \$500 per occurrence. All charges and any outstanding penalties and balances are to be paid in full prior to restoring services. Each day shall count as a separate occurrence.

Rule #7. Sewer Rates, Charges and Conditions of Service

- A.** A charge for sewer service shall be made based on water meter readings or monthly charges and computed at rates herein set out, whether single metered or master metered. Each customer connected to the District's sewer system shall pay for sewer service monthly.
- B.** Residential customers shall be billed for sewer service based on actual or estimated water usage based on water meter readings. Residential customers that have no water meters will be billed on a flat rate as set forth in the rate codes as listed in Appendix A of these District Rules and Regulations.
- C.** Commercial, Business, Governmental and/or Industrial customers shall be billed based on actual or estimated usage based on monthly water meter readings or sewer flow metered.
- D.** If a Commercial, Business, Governmental, Industrial, Farming or Agriculture customer has a consumptive use of water, or in some other manner uses water that is not returned to the sewer system, or has a water source other than or in addition to the District's system, the sewer service charge for that customer shall be based on a sewer meter or separate water meters installed and maintained at that customers expense and in a manner acceptable and approved by the District.
- E.** Failure to submit a bill and/or (delinquent) notice of non-payment or payment not received shall not excuse the customer from their obligation to pay for sewer service when submitted.
- F.** Multi-Unit structures, buildings and developments that are master metered shall have minimum sewer bills computed based of the number of units served at the minimum rate shown below. The balance of the bill shall be based on the remaining gallons of water used or sewer discharged. Each motel, hotel, hospital, nursing home, campground, park or other similar structure and/or development (specifically approved by the District) shall have each unit or pad capable of separate overnight occupancy counted a one-third (1/3) of a unit for the computation of minimum sewer bill due.
- G.** All new structures which plan to connect or be connected to the District sewer system shall have a District approved water meter on the incoming water line to that structure for the purpose of computing sewer service charges. The District reserves the right to inspect the installation before connection to the District's sewer system.
- H.** The District reserves the right to approve or disapprove any new services as the District deems to be in their best interest. No storm water drains, roof runoffs, foundation drains, pond overflows, cisterns, etc. of any type shall be connected to the District's sewer system. Any person found to have a prohibited connection to the District's sewer system will be given written notice stating the nature of the violation and providing a reasonable time limit not to exceed ninety (90) days for the satisfactory correction thereof. The offender shall, within the period of time stated in such notice, permanently cease all violations. Any person who shall continue any violation beyond the time limit provided for by the District shall be subject to a charge of \$500 per

Rule #7. Sewer Rates, Charges and Conditions of Service (Continued)

occurrence. Each twenty-four (24) hour period in which any such violation shall continue shall be deemed a separate offense.

- I. The District will maintain and be responsible for the sewer pump and force main lateral (not responsible for any gravity laterals) from the District's main sewer line up to and including the sewer pump wet well and sewer pump. Customers who have their own well or who are not connected to the Water Districts' potable water system are required to install, at their own expense, an isolation valve with the appropriate valve box, adjacent to the sewer pump wet well, on the sewer force main lateral line between the District's sewer main and the sewer pump wet well.

The District will own and maintain the isolation valve and valve box and all systems downstream of the isolation valve including the sewer pump wet well, sewer pump and all control systems. The customer will maintain and be responsible for the sewer force main lateral from the sewer pump isolation valve/wet well to the house and all inside lines and fixtures including the electrical costs needed to operate the sewer pump and the electrical systems connected to the sewer pump. Customer agrees to maintain electric to the pump in a manner wherein the sewer pump is operational unless electric is cutoff due to maintenance or power outages.

Customers are responsible for any gravity lateral serving their premise(s). Customers who require a sewer pump replacement due to abuse, discharge of conditional and/or prohibited discharges as described in these rules and regulations will be charged for the cost of a new replacement pump, the labor to install and any repairs to the control system that may be required to restore the sewer pump and force main to good operating condition.

- J. Each customer, user, or owner of the premises connected to the District's sewer system shall pay for sewer service each month according to readings of water meters as indicated above (or by reasonable estimates as computed by the District) for each particular connection for all bills issued for their respective service area(s) or location(s) shown for the Rate Code, customer class and type listed herein on Appendix B of the District's Rules and Regulations and subject to change or adjustment from time to time.
- K. Customers who request initiation or disconnection of sewer service for a portion of the monthly billing period may receive a prorated bill for that portion of the billing period service is received.
- L. It is expressly understood and agreed to by and between the District and the customer/user that no claim shall be made against the District and the District has no liability of any kind to the customer or third persons for equipment failures, power outages, sewer backups, blocked sewers or any other failures of any kind, unless due to negligence of the District and in absence of any contributory negligence on the part of the customer or third party.

Rule #7. Sewer Rates, Charges and Conditions of Service (Continued)

- M.** Any customer discharging sewer flows in excess of 300 mg/l BOD and/or TSS shall be subject to surcharge in accordance with District policy and/or as governed by the State. Any customer discharging sewer flows in excess of 1,000 mg/l BOD and/or TSS shall be in violation of District, State or Federal regulations unless approved by prior agreement(s). Any customer which discharges sewer flows which cause and increase the cost of managing the effluent or sludge or biosolids from the District's sewer system, or any user which discharges any substance which singly or by interaction with other substances causes identifiable increases in the cost of operation, maintenance or replacement of the sewer system shall pay for such increased costs. The charge for each such user discharging sewer flows under the above conditions shall be determined by the District and subsequently approved by the Board of Commissioners.
- N.** Prohibited Discharges includes all connections and flows identified in Section H. above as well as the following types of waters or wastes:
- Any waters or wastes, in quantities or concentrations, which have the potential for, or cause pass through or interference to the treatment system or quality of effluent.
 - The discharge of pollutants which may create a fire or explosion hazard in the wastewater system, including but not limited to waste streams with a closed cup flashpoint of less than one hundred and forty degrees (140) Fahrenheit or sixty (60) degrees Celsius using the test methods specified in 40 CFR 261.21, Ref. 40 CFR 403.5(b)(1).
 - Any waters or wastes containing toxic or poisonous solids, liquids or gases, in sufficient quantity, either singly or by interaction with other wastes, to cause harm, damage, or which interfere with or cause other detriment to any sewage treatment process, or which constitute a hazard to humans or animals, or create a public nuisance, or create any hazard in the sewage treatment system, or pass through to receiving waters.
 - Any waters or wastes having a pH lower than 6.0 or having any other corrosive property capable of causing damage or hazard to structures, equipment or personnel of the sewage treatment system.
 - Any solid or viscous material which could cause any obstruction to the treatment process or cause interference or pass through. Examples of such materials include, but are not limited to, ashes, wax, paraffin, cinders, sand, mud, straw, shavings, wood and sawdust, paunch manure, hair and fleshing, entrails, lime slurries, brewery and distillery wastes, grain processing wastes, grinding compounds, acetylene generation sludges, chemical residues, acid residues and food processing bulk solids.
 - Any liquids or vapor having a temperature higher than one hundred four (104) degrees Fahrenheit or forty (40) degrees Celsius.
 - Any petroleum oils, non-biodegradable cutting oils or products of mineral oil origin in amounts that will cause pass through or interference.
- O.** Conditional Discharges - No customer shall cause to be discharged to the sewer system the following described substance, materials, waters or wastes if it appears likely, in the opinion of the District, that such wastes may cause pass through or interference or cause harm to either the sewer, the sewage treatment process or otherwise endanger life, limb, public property or

Rule #7. Sewer Rates, Charges and Conditions of Service (Continued)

constitute a nuisance. In forming its opinion as to the acceptability of these wastes, the District will give consideration to such factors as materials used in the construction of the sewers, the nature of the sewage treatment process, the capacity of the sewage treatment system and other pertinent factors:

- Any waters or wastes containing fats, waxes, greases or oils, whether emulsified or not, in excess of one hundred (100) milligrams per liter, or containing substances which may solidify or become viscous at temperatures between thirty-two (32) and one hundred and fifty (150) degrees Fahrenheit (0 and 65 degrees Celsius).
 - Any garbage that has not been properly shredded.
 - Any waters or wastes containing strong acid iron pickling wastes or concentrated plating solutions, whether neutralized or not, which are capable of causing damage or corrosion in the sewers or the sewage treatment plant, or which otherwise interferes with the sewage treatment process.
 - Any waters or wastes having a pH in excess of ten (10).
 - Materials which exert or cause excessive coloration or discoloration such as dyes, wastes and vegetable tanning solutions, concentrations of inert suspended solids such as Fuller's earth, lime slurries or dissolved solids such as sodium and calcium chlorides.
 - Septic tank sludge and septic tank pumpings.
 - Slug loads and/or flows that would exceed fifteen (15) minutes that are more than five (5) times the average twenty-four (24) hour concentration, flow or quantities for normal operation.
 - Any waters or wastes containing any radioactive wastes or isotopes of such half-life or concentration that would exceed the limits established by applicable State or Federal regulations.
 - Any waters or wastes which would cause a hazard to human life or create a public nuisance.
- P.** Any conditional waters or wastes listed in Section O. which are discharged or proposed to be discharged, the District may:
1. Reject the wastes or
 2. Require pretreatment of the wastes or
 3. Require control over the quantities and rates of discharge.

If the District requires pretreatment or equalized or controlled waste flows, the design and installation of the plants or equipment used shall be subject to review and approval prior to the connection and/or discharge of such wastes.

- Q.** Grease, oil and/or sand interceptors shall be provided at the sole cost and expense of the customer, if in the District's opinion, such grease, oil and/or sand interceptor is necessary for the proper handling of waters or wastes containing grease, oil, sand or other matter that may be harmful to the sewer system. Interceptors shall be located in a readily and easily accessible location for cleaning and inspection. The interceptor type and capacity shall be approved by the

Rule #7. Sewer Rates, Charges and Conditions of Service (Continued)

- District prior to installation and the District shall inspect and approve the installation of the interceptor prior to the initiation of service.
- R.** Additionally, the District will require inspection, monitoring and sampling manholes or ports together with all meters and/or appurtenances deemed necessary by the District wherever industrial waste exists. Such manholes or ports shall be located in locations approved by the District, shall be constructed in accordance with plans approved by the District, shall be installed and maintained by the customer at the customers sole expense. Manholes and ports are to be safe and accessible at all times.
- S.** The District's authorized employees, representatives and agents bearing proper credentials and identification shall be permitted to enter all properties connected or suspected of being connected to the District sewer system for the purpose of inspection, observation, sampling and testing of waters or wastes in accordance with the provisions of this resolution. These persons shall have the right to inquire about any industrial or customer processes that have a direct bearing on type, amount, kind and source of discharge to the District sewer system, but no authority to inquire into any processes beyond the point of those that have a direct bearing on the type, amount, kind and source of discharge to the District sewer system.
- T.** Paper products other than toilet tissue, shall not be put in the sewer system. Examples of this type of prohibited waste includes (but are not limited to) Handi-wipes, baby wipes, diapers, sanitary napkins, tampons, newspapers, and coffee filters. Additionally, no plastic or latex rubber products should be put into the sewer system. Examples of this type of prohibited waste includes (but are not limited to) condoms, tampon applicators, balloons, ribbons, rope, and toys. Additionally, no animal parts or products should be put into the sewer system. This includes fats and grease, bones, and skin.
- U.** The first (1st) service trip to correct any of the problems caused by the items in Section U will be at the District's expense. Additional service trips to correct problems caused by the above items will be billed to the customer at the prevailing time and material rate on needed manpower and equipment used to correct and/or repair problems caused by prohibited wastes or other abuses of the sewer system. If, after the District has replaced one sewer grinder pump due to prohibited items, a new replacement sewer grinder pump is required to replace a damaged or abused pump and to restore service to the customer, the cost of the replacement pump will be borne by the customer.

Rule #8. Billing, Payment of Bills and Collections

- A.** For water customers, sewer customers and combined water and sewer customers the District will bill for services rendered monthly, bi-monthly or quarterly as deemed to be in the best interest of the District. Bills are due and payable upon receipt.
- B.** Bills not paid by the due date on the bill are considered delinquent. Delinquent bills will be subject to a ten (10) percent late payment charge of the current water and/or sewer service charges due which shall be added to the amount due.
- C.** Bills not paid upon receipt within 5 days from date of delinquency notice creation are subject to immediate disconnection of service without further notice of any kind.
- D.** Customers of accounts that are subject to disconnection or have been disconnected are required to pay all past due and current amounts for service rendered by the District to the District. Additionally, any and all administrative, disconnection, reconnection charges and any and all other outstanding charges due to the District shall be paid in full prior to the restoration of water and/or sewer services.

- E.** Administrative, Disconnection and Reconnection charges are as shown below:

Services subject to disconnection, unless previously agreed on by the District, are subject to the following administrative, disconnection and reconnection charges:

- Per calendar year: 1st occurrence - \$50, 2nd occurrence - \$75, all subsequent - \$100
 - Reconnections made from 10:00 am to 3:00 PM Monday through Friday, excluding Holidays. No payment from customers to service personnel will be accepted at the time of disconnection to avoid loss of service. This administrative, disconnect/reconnect fee will be applied to the past due account at the time the customer service personnel leaves the office and is in route to perform disconnection of service on accounts that are more than 40 days past due.
 - No reconnection or restoration of service will be made after 3:00 PM Monday through Friday, and all day Saturday, Sunday, or Holidays unless an emergency or life threatening situation exists. Services which have been disconnected for nonpayment and requested to be restored after hours or on Holidays will be subject to an additional \$150.00 administrative reconnection fee.
- F.** Returned checks due to insufficient funds, closed accounts or other reasons will be considered seriously past due and delinquent accounts. Customers of such accounts will be given notice to make immediate restitution and pay a \$20.00 returned check charge and in doing so may avoid service disconnection. Customers who do not make restitution within 24 hours and pay the

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\$20.00 returned check charge are subject to water and/or sewer service disconnection without further notice and are subject to the charges outlined in section F. above.

Rule #8. Billing, Payment of Bills and Collections (continued)

- G.** In all cases involving returned checks, only cash, money orders and cashiers checks will be acceptable for payment of services rendered for that particular restitution of payment. Future incidents involving returned checks may require all future payments for services rendered to be cash, money order or cashier's checks.
- H.** For sewer only users, all billing, payment and collection procedures apply as listed above and the District reserves the option of disconnecting the sewer lateral from the main sewer line or removing any sewer pump serving the customer or disconnecting water and/or sewer service as provided under State Law. Should the charge for sewer service remain unpaid after the disconnection date and/or the customer has not made other suitable arrangements approved by the District, the District's option is to proceed with disconnection of service and give final notice to the customer and/or property owner. Final notice shall be in writing and delivered to the customer/property owner or be posted on the entry doorway of the premises served or may be sent to the customer/property owner by certified mail. Prior to physical disconnection of the sewer service the District shall notify the appropriate building official or Health Department who may elect to notify the customer/property owner that the subject property is subject to condemnation for lack of appropriate sewer service. The District reserves the right to charge and collect any and all additional expenses associated with any such disconnection and/or removal of laterals, pumps and administration fees and the customer shall pay any such amounts in addition to service charges due prior to the restoration of sewer service.
- I.** For any water and/or sewer customer's account delinquency, the customer is responsible and liable for all costs incurred to collect this debt, including collection fees, attorney fees and court costs. The District may direct the attorney for the District to file suit against any customer whose account is considered delinquent for one hundred eighty (180) days or more or is delinquent in amounts exceeding two hundred fifty dollars (\$250). The District may otherwise choose to file a lien against the property.
- J.** Customers who request initiation or discontinuance of water and/or sewer service for a portion of the monthly billing period may receive a prorated bill for that portion of the billing period that the service is received in accordance with the District's current or existing procedures for prorating bills.

Approved: *Roy Juey, President* Effective Date: 07/01/2021

Rule #9. Water Conservation Plan

- A.** All connections to the District's water system shall be subject to the District's Water Conservation Plan as identified below and for which plan is to provide for public health and to regulate use of the District's water system:
- B.** The District or its agents shall give notice to customers of any voluntary requests or mandatory measures the District places into effect by means of radio, television, newspapers and any other news media. In cases of extraordinary measures or disasters the District may utilize all of the above as well as any emergency warning system including local law enforcement agencies.
- C.** If a disaster occurs, severe conditions exist and/or voluntary water curtailment or restrictions are requested by the District or if demands on the water system continue to indicate that the threat of a water shortage will occur or continues to occur, the District or its agents shall immediately implement any parts of the below conservation plan as the District deems necessary:
1. Mandatory Restriction of Lawn Watering. Even numbered addresses water on even numbered days of the month, odd numbered addresses water on odd numbered days of the month.
 2. Mandatory Ban of Lawn Watering. All lawn watering, watering of gardens, crops, plants, trees and bushes is prohibited except from a handheld container.
 3. Mandatory Ban on Washing Paved Areas. All washing of sidewalks, driveways, parking areas, patios and any other paved or concrete surfaced area is prohibited.
 4. Mandatory Ban on Filling and Washing. All filling or refilling of any kind or type of swimming pools and/or washing of cars, trucks or other motor vehicles and/or any washing of trailers or boats is prohibited.
 5. Mandatory Ban of Water Uses From Hydrants. All water uses from fire hydrants except for fighting fires and/or flushing mains to alleviate specific complaints and/or sampling and/or testing of water is prohibited.
 6. Commercial and Industrial Uses. All commercial and industrial customers shall reduce water usage by twenty-five (25) percent of average use like time period.
- D.** Any customer or person(s) violating the provisions of this rule shall be subject to disconnection of water service and the District and/or its agents shall have the authority to disconnect or terminate said service in the event of violation of mandatory water use restrictions. Any customer or person(s) violating the provisions of this rule shall be subject to a charge not to exceed five hundred (500) dollars per occurrence. Each day shall count as a separate occurrence. The District shall authorize any law enforcement agency to diligently enforce the provisions of this rule in connection with his/her duties imposed by law.

Rule #10. Backflow Prevention

- A.** Each water customer and/or user shall install an approved backflow prevention device on each service line to the water system serving the premises where, in the judgment of the District or the Tennessee Department of Environment and Conservation, actual or potential hazards to the public (District) potable water system exist. The type and degree of protection required shall be commensurate with the degree of hazard. Each water customer required by the District or the Tennessee Department of Environment and Conservation shall follow the rules, regulations and requirements set forth in this backflow prevention rule and all other regulations that may be adopted from time to time by the United States Environmental Protection Agency, the Tennessee Department of Environment and Conservation or by East Sevier County Utility District.
- B.** Cross connections are prohibited and no water service connection shall be installed or maintained to any premises where actual or potential cross connections to the District's potable or customers water system may exist unless such actual or potential cross connection(s) are abated or controlled to the satisfaction of the District and as required by the laws and regulations of the Tennessee Department of Environment and Conservation.
- C.** No water service connection shall be installed or maintained whereby an auxiliary water supply may enter the District's potable or customers water system unless the connection of such an auxiliary water supply and the method of connection and the use of such a supply shall have been approved by the District and the Tennessee Department of Environment and Conservation.
- D.** No water service connection shall be installed or maintained to any premises in which the plumbing systems, facilities, point of use devices and water fixtures have not been constructed or installed using acceptable plumbing practices considered by the District necessary for the protection of the District water supply and for the protection of the health and safety of the District's customers.
- E.** On request by the District or its authorized representative(s), the customer or user shall furnish information regarding water use practices within his/her premises. The customers or users premises shall be open at all reasonable times to the District or its authorized representative(s), for the conduction of surveys and investigations of water use practices within the premises to determine whether there are actual or potential cross connections to the District's water system or the customers water system through which contaminants or pollutants could backflow into the customers water system or the District's water system.
- F.** The type of backflow protection required shall depend on the degree of hazard which exists and shall be as follows:

 - 1. An approved air-gap separation shall be installed where the District potable water system may be contaminated with substances that could cause a system or health hazard.

Rule #10. Backflow Prevention (Continued)

2. An approved air-gap separation or an approved reduced pressure principle backflow prevention device shall be installed where a public potable water system may be contaminated with a substance that could cause a system or health hazard.
 3. An approved air-gap separation or an approved reduced pressure principle backflow prevention device or an approved double check valve assembly shall be installed where the public potable water system may be polluted with substances that could cause a pollution hazard not dangerous to health.
- G.** An approved air-gap separation or reduced pressure principle backflow prevention device shall be installed after the metered flow of any service connection or within any premises where, in the judgment of the District or the Tennessee Department of Environment and Conservation, the nature and extent of activities on or in the premises, or the materials used in connection with the activities, or materials stored on or in the premises, would represent an immediate and dangerous hazard to health should a cross connection occur, even though such a cross connection may not exist at the time the backflow prevention device is required to be installed. This includes but is not limited to the following situations:
1. Premises having auxiliary water supply, unless the quality of the auxiliary water supply is acceptable to the District and the Tennessee Department of Environment and Conservation.
 2. Premises having internal cross connections that are not correctable or intricate plumbing arrangements which make it impractical to ascertain whether or not cross connections exist.
 3. Premises where entry is restricted so that inspection for cross connection cannot be made with sufficient frequency or at sufficiently short notice to assure that cross connections do not exist.
 4. Premises having a repeated history of cross connections being established or re-established.
 5. Premises, which due to the nature of the enterprise therein, are subject to recurring modification or expansion.
 6. Premises on which any substance is handled under pressure so as to permit entry into the District's or customers water supply system, or where a cross connection could reasonably be expected to occur. This shall include handling of process waters and cooling waters.
 7. Premises where materials of a toxic or hazardous nature are handled such that if back siphonage or backpressure should occur, a serious health hazard may result.

Rule #10. Backflow Prevention (Continued)

- H. The following types of facilities fall into one (1) or more categories of premises where an approved air-gap separation or reduced pressure principle backflow prevention device is required by the District and/or the Tennessee Department of Environment and Conservation to protect the public water supply and must be installed at these facilities unless all hazardous or potentially hazardous conditions have been eliminated or corrected by other methods to the satisfaction of the water supplier and the Tennessee Department of Environment and Conservation:
1. Aircraft and missile plants
 2. Automotive plants
 3. Auxiliary water systems and water loading stations
 4. Beverage bottling plants
 5. Canneries, packing houses, reduction plants, stockyards
 6. Car washing facilities
 7. Chemical manufacturing, processing, compounding or treatment plants
 8. Dairies, animal and veterinary clinics
 9. Film laboratories
 10. Fire protective systems
 11. Hazardous waste and disposal sites
 12. Hospitals, mortuaries, clinics and medical buildings
 13. Industries using toxic substances
 14. Irrigation and sprinkler systems, residential or commercial, any size
 15. Laundries and dye works
 16. Metal manufacturing, cleaning, processing and fabrication plants
 17. Nursing and convalescent homes
 18. Oil and gas production, storage and transmission facilities or properties
 19. Paper and paper products plants
 20. Plant nurseries, tree farms and fertilizer facilities
 21. Plating plants of any kind
 22. Power plants; printing and publishing facilities
 23. Radioactive material processing plants or nuclear reactors
 24. Research and analytical laboratories
 25. Rubber plants, natural and synthetic
 26. Sewage and storm drainage facilities
 27. Pumping stations and treatment plants
 28. Waterfront facilities and industries
 29. Any customer using any type of booster pressure pump(s) for any purpose or reason.
- I. The District may, at the District's discretion and in the District's sole opinion, require a backflow prevention device(s) at facilities and premises other than those above that the District deems may have a hazardous or potentially hazardous condition.

Rule #10. Backflow Prevention (Continued)

- J.** Any backflow prevention device required under this rule shall be of a type, model and construction approved by the District and the Tennessee Department of Environment and Conservation as follows:
1. Air-gap separation shall be at least twice the diameter of the supply pipe or supply line as measured vertically above the top rim of the vessel, but in no case less than three (3) inches.
 2. Double check valve assemblies or reduced pressure principle backflow prevention devices shall be of Watts manufacture series No. 709 or 909 or an approved equivalent.
- K.** Existing backflow prevention devices previously approved by the District at the time of installation and properly maintained shall, except for inspection and maintenance requirements, be excluded from the requirements of this rule so long as the District, in the District's sole opinion, is assured that said backflow prevention devices will satisfactorily protect the water system. Whenever the existing device is moved from its present location, or requires more than minimum maintenance or when the District finds that the maintenance or lack of maintenance constitutes a hazard to health, the device shall be replaced by a backflow prevention device meeting the requirements of this rule and shall be subject to all requirements under this rule.
- L.** Backflow prevention devices required under this rule shall be installed at a location and in a manner approved by the District and shall be installed and maintained at the expense of the water customer or user.
- M.** Periodic inspection and testing schedules are hereby established by the District for all backflow prevention devices at the following intervals:
1. Air-gap separations shall be inspected at the time of service connection or installation and every (12) months thereafter.
 2. Double check valve assemblies shall be inspected and tested for tightness at the time of installation and at least every twelve (12) months thereafter. They shall be dismantled, inspected internally, cleaned and repaired whenever needed and at least every thirty (30) months.
 3. Reduced pressure principle backflow prevention devices shall be inspected and tested for tightness at the time of installation and at least every twelve (12) months thereafter. They shall be dismantled, inspected internally, cleaned and repaired whenever needed and at least every five (5) years.

Rule #10. Backflow Prevention (Continued)

- N.** All costs associated with inspections, cleaning, testing, repairing, overhaul or replacement of backflow prevention devices shall be the responsibility of the water customer or user. All inspections, cleaning, testing, repairing and overhaul of backflow prevention devices shall be performed by a State of Tennessee certified backflow prevention service tester. It shall be the responsibility of the customer/user to provide the District with written inspection or repair documentation upon receipt.
- O.** Backflow prevention devices found to be defective shall be repaired or replaced at the expense of the water customer or user without delay and in no event no later than thirty (30) days from the discovery of the defect. Backflow prevention devices shall not be bypassed, made inoperative, removed or otherwise made ineffective without specific written authorization from the District. Bypass piping around a backflow prevention assembly is allowed only if the bypass is equipped with an identical or better backflow prevention assembly.
- P.** The District shall maintain a complete record of each backflow prevention device. Records will include comprehensive listing of installation, testing, inspections, cleanings, repairs and overhauls and will generally be a complete history of each backflow prevention device from installation to retirement. It shall be the customers and/or users responsibility to provide the District with complete records of installations, testing, inspections, cleanings, repairs and overhauls upon receipt or upon request, whichever occurs first.
- Q.** The District shall deny or discontinue, after reasonable notice to the customer/user thereof, the water service to any premises or facilities wherein any backflow prevention device required by this rule is not installed, tested or maintained in a manner acceptable to the District or if it is found that a backflow prevention device has been removed or by-passed or if an unprotected cross connection exists on the premises. Water service to such facilities or premises shall not be restored until the customer/user has corrected or eliminated such conditions or defects in conformance with this rule to the satisfaction of the District.

Rule #11. Fire Hydrants, Regulations for Use

- A.** Hydrants and flushing assemblies shall only be operated District personnel, Fire Protection Districts, persons carrying written authorization or permit to operate hydrants and flushing assemblies or those persons or companies granted temporary permit to operate hydrants and flushing assemblies in accordance with the regulations of the District. The operation of any hydrant or flushing assembly by any unauthorized person(s) or company shall result in the impoundment of any hose(s), wrenches, nozzles, backflow preventors, meters or other items used in the hydrant operation with charges and penalties defined in Rule #16 levied and those persons shall be subject to prosecution by the District.
- B.** Persons or companies authorized to use and operate hydrants shall provide at least the minimum security deposit and pay for all water used. The authorized hydrant user shall provide all equipment necessary for hydrant use including hoses, control valves, approved backflow prevention device, plus any other equipment deemed necessary by the District for the safe and proper operation of the hydrant and/or flushing assembly.
- C.** The District reserves the right to deny any person, persons, company, companies or any other entity any request for hydrant or flushing assembly use for any reason the District believes necessary to protect the property and/or best interests of the District.
- D.** The District reserves the right to develop and implement detailed regulations for hydrant use, permits, fees and charges, and procedures for hydrant operation at a later date. The District reserves the right to waive or reduce hydrant deposits and water use charges for improvements or for construction projects and extensions to the District's system directly awarded and paid for by the District.

Rule #12. Sprinkler System Uses

- A.** Fire protection, irrigation systems and similar types of sprinkler systems shall be subject to all backflow requirements set forth by the District and the State of Tennessee. Those systems not complying with the requirements shall be subject to disconnection, with no liability incurred to the District, or by any other entity, company or person serving as the District's agent. All liability is assumed by the customer, user or owner of the residence or establishment receiving the service.
- B.** All water mains laid on private property for the sole purpose of providing fire protection through fire hydrants or sprinkler systems are subject to the installation of a detector check valve with bypass compound water meter, sized as approved by the District. The detector check valve design and installation shall be approved by the District. All costs for the furnishing and installation of the fire protection service shall be borne by the customer, user or owner and not the District. The detector check valve and meter will be checked periodically by the District and water use through the meter shall be added to other water usage for billing to the customer, user or owner.
- C.** The customer and/or water user shall promptly report to the District any situation or fires that occur that resulted in water use through the fire protection line and the District or other authorized persons will reset the detector check valve. In the event a periodic check shows that the valve was opened and no situation or fire was reported, the customer, user or owner shall be subject to a charge as identified within the Rule addressing the charges for tampering and penalties for violation. Furthermore, the District reserves the right to require that all water lines be fully metered with all costs of metering to be borne by the customer, user or owner.
- D.** All fire protection systems are also subject to the approval of the Fire Protection District having authority in the area the premises are located and the customer or user shall follow all requirements set forth by the Fire Protection District as they pertain to fire protection regulations.

Rule #13. Private Systems

Private Sources of Water and Private Water Systems

1. All owners of land or customers receiving District service(s) for buildings or premises connected to the District sewer system and who derive their water in whole or in part from sources independent of the District shall register with the District, the location, building or premises, all wells or other private sources of water supply used or consumed thereon, and furnish such information as may be reasonably requested, including location, size, depth, capacity or wells or other sources of water drawn.
2. No cross connection between any private water supply system and the District water system shall be permitted unless the District is protected against backflow by an approved reduced pressure backflow prevention device or an air-gap in accordance with the District's rule pertaining to backflow prevention.
3. Private water supply systems serving building or premises which discharge into the District's sewer system shall be required to be metered. Meters shall be of a type and size approved by the District. Meters shall be read by the District or at the District's option, readings and usage be made available to the District.

**East Sevier County Utility District
Rules and Regulations**

Rule #14. Governmental Agreements and Tank Sales

- A. The District may make specific water and/or sewer service contracts and agreements with the United States of America and its agencies, the State of Missouri and its agencies, school districts, municipal and political corporations differing from the stipulations set out in the rules, regulations and rate schedules set forth herein.

- B. The District has the option and authority to authorize tank sales and sales of water in bulk by any method at any such rate as the District may designate. Sales of this nature may be restricted whenever and however as deemed necessary or desirable by the District. The District reserves the right to develop or modify bulk sales requirements or restrictions at will.

Approved: *Roy Juey, President* Effective Date: 07/01/2021

**East Sevier County Utility District
Rules and Regulations**

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Rule #15. Penalties for Violation

- A.** Any user, person, firm, customer, corporation, partnership, etc. found to be in violation of any provision of these rules and regulations or who fails to comply with any of the requirements stated herein shall be subject to an administrative charge not to exceed five hundred (\$500) dollars per occurrence and/or imprisonment as the State and/or County law provides. Each day shall count as a separate occurrence.
- B.** The District shall have the option and authority, in lieu of, or in addition to the above penalties, to discontinue water and/or sewer service to the buildings and/or premises in violation of the requirements, rules and regulations herein. The District absolves itself of any claims of liability for damages incurred as a result of discontinuance of service. Any such liability or damages resulting from the discontinuance of water and/or sewer service is the responsibility of the customer, user, owner, etc.
- C.** Water and/or sewer service shall not be restored until the violations have been corrected and eliminated to the satisfaction of the District and once service has been disconnected, all charges, fines, court costs and permit fees must be paid prior to the restoration of service.
- D.** Nothing contained herein shall prevent the District from taking other lawful actions as necessary to protect the health and safety of the public and/or to prevent damage to the District's water and/or sewer systems and facilities, including obtaining court orders in law or equity. Should the District go to court in law or equity against any one or more customers, users owner or owners, then such customer, user or owner, owners or customers shall pay for all costs thereof, including attorney's fees.

Approved: *Roy Juey, President* Effective Date: 07/01/2021

**East Sevier County Utility District
Rules and Regulations**

Rule #16. Severability and Effective Date

- A. This resolution provides that the rules and regulations covered herein supersede previous rules and regulations pertaining to the items herein addressed. Should any provision or portion of this resolution, rules and regulations be found to be unlawful or invalid by any court of competent jurisdiction, the remaining portions and provisions of this resolution, rules and regulations shall continue to be in full force and effect.

- B. That this resolution be in full force and effect upon the adoption by the Board of Commissioners for East Sevier County Utility District of Sevierville, Tennessee and the effective date noted herein.

Roy Ivey - President

ATTEST:

Barbara Darby - Secretary

On motion duly made, seconded and carried, this resolution is hereby adopted by the Board of Commissioners of East Sevier County Utility District, Sevierville, Tennessee on this 8th day of February 2018.

Approved: *Roy Ivey, President* Effective Date: 07/01/2021

APPENDIX A

**Water Rate, Charges and Fees
for all water customers, types and classes; for all billings after
January 1, 2016**

| <u>Month/Year</u> | <u>Availability</u> | <u>Commodity Rate (per each 1,000 gals or portion</u> |
|-----------------------------|---------------------|---|
| July 2021 thru June 2022 | \$53.00 | Includes 3,000 gallons of usage |
| After 3,000 gallons | | \$3.00 per each 1,000 gallons or portion thereof |
| After 7,200 gallons | \$12.60 fee | \$8.00 per additional 1,000 gallons or portion thereof |

The Availability Charge listed above includes the right to take water from the District's system, 3,000 gallons is included. All water taken from the system and all water use is per the Commodity Rates listed above. Unmetered residential use will be billed a flat rate of \$53/month.

| <u>*Commercial Customers Water and Sewer</u> | <u>Flat Monthly Rate</u> |
|--|---|
| English Mountain Condos | \$8,148.77 (\$4,253.43-W, \$3,895.34-S) |
| EMR Stables | \$65.59 (\$61.30-W, \$4.29-S) |
| EMR Amenities | \$829.09 (\$542.59-W, \$256.50-S) |
| EMR Suites | \$2,306.58 (\$1,119.90-W, \$1,186.68-S) |

*These customers are now metered. Rates may be adjusted to commercial metered rates if/when standard usage has been determined.

Billing:

Bills will be distributed at monthly intervals and will be due for payment at the net rate by the date listed on the bill. Any account remaining unpaid after the due date shall be considered delinquent and the District may take any such action as specified in its Rules and Regulations. The charges as hereby amended above shall become effective with all water service billings dated on or after July 1, 2021.

Approved: Roy Ivey, President Effective Date: 07/01/2021

2. The restrictions herein set out shall be referred to, adopted and made a part of each and every contract and deed executed by and on behalf of Developer conveying said property, or any part thereof, for all intents and purposes as though incorporated in full therein.

3. All of the restrictions, covenants, reservations appearing herein, as well as those appearing in any contract, deed or other conveyance to or covering any part of this property, shall be construed together, but if any one of the same shall be held to be invalid, or for any reason is not enforceable, none of the others shall be affected or impaired thereby, but shall remain in full force and effect.

VIII. Provisions with Respect to Disposal of Sanitary Sewage. No outside toilet shall be permitted. All sanitary installations must conform with the recommendations of the Developer, its successors and assigns, and the County and State Board of Health. Lot Owners who desire to build before sewers are provided to their lots may use septic tanks and cess pools until sewers have been provided to their lots. Upon completion of the sewer system to a lot, use of the septic tanks and the cess pools must be discontinued and connection made to the sewer system.

IX. Utility District Services, Charges and Lien.

A. Public Water System and Public Sewage Disposal System. Both the public water system and the public sewage disposal system constructed or to be constructed in the Development will be owned and operated by the East Sevier County Utility District. Said systems may be extended, altered and improved from time to time, and they shall be the sole water and sewage disposal system for the Development. No Lot Owner or other person shall install or use any alternative system or method of water supply or sewage disposal after installation of lines of said public systems up to or fronting on his or its lot. All of the lots in the Development and the Lot Owners thereof shall be subject to and bound by the rules and regulations of the Utility District in respect to such water and sewage disposal services, as adopted and amended from time to time in the manner provided by law. Nothing contained herein shall be construed as a limitation upon the Utility District to expand its boundaries or operations outside the Development or to transfer its assets to any lawful public or private utility or agency in the future.

B. Utility District Charges a Lien. The Utility District has, by ordinance, adopted rules and regulations to govern its operations. Included are provisions authorizing tap-on fees and monthly service charges to be assessed, commencing as to each lot with the month following installation of water lines and/or sewage disposal lines up to or fronting on that lot, penalties for late payment, and procedures for collection of delinquencies by foreclosure or otherwise as permitted by law. Lot Owners will bear the cost of labor and materials required to connect to the public water systems and/or the public sewage disposal system.

Developer hereby expressly declares and reserves a lien against each lot in the Development to secure the payment of any and all charges, penalties, and fees and costs for collection of delinquencies assessed or to be assessed by the Utility District against any such lot. All persons acquiring any right, title or interest in any lot or portion of said real property shall acquire subject to said lien.

C. Foreclosure of Lien. In the event that monthly charges remain unpaid for 30 days beyond their due date, the District or its successor or receiver, if any, may at any time thereafter advertise the lot in question for sale. The sale shall be conducted by an authorized agent of the District pursuant to published, recorded and mailed notice. The content and manner of giving notice shall be more fully specified by ordinance of the District and shall be reasonably designed to put the owner or owners on notice of the pending sale.

In the event the sale is held, the property will be sold without right of redemption to the person, if any, making the highest cash bid in excess of the amounts then payable to the District for unpaid charges, penalties, and fees and costs of sale. If there are no bidders, the property will be sold to the District. The title conveyed by the agent will be subject to prior or superior liens, if any, and subject to the continued application of this Declaration of Protective Covenants, including these provisions respecting Utility District Services, Charges and Lien.

D. Alternative Remedies. None of the foregoing shall be construed to prevent the District or the Developer from pursuing alternative remedies available to either under the law, including judicial foreclosure or collection suit in a court of competent jurisdiction. In the event of judicial foreclosure or collection suit, the District or the Developer, as the case may be, shall be entitled to a reasonable attorney's fee to be fixed by the court.



Jason E. Mumpower
Comptroller

Entity Referred: **Tarpley Shop Utility District**

Referral Reason: **Annual Information Report**

Utility Type Referred: **Water**

Staff Summary:

Tarpley Shop Utility District ("the Entity") is a water utility district with roughly 1,500 customers. The Entity has not filed its annual information report. The Entity has not complied with Staff requests to complete the annual information report. The Entity is not operating on an approved budget. The Entity is unresponsive in correspondence from the Comptroller's Division of Local Government Finance.

Upon review of the 2021 audit for the Entity, Board staff noted the following finding:

"2021-002 Personnel Not to Benefit From Water Service Agreements

Condition: The District has no employees and the General Manager is a contractor of the District.

Criteria: State law requires that, "All personnel employed by the Board of Commissioners themselves, are hereby prohibited from receiving any money or other goods or services of value of any sort as a result of any agreement, contractual or otherwise, for the installation of water service within the bounds of the District; and further, such persons are also prohibited from receiving any monies or other goods or services of value of any sort as a result of any agreement, contractual or otherwise, for the sale of any materials to be installed within the bounds of the District as a water service." Most of the work performed for the District is contracted for completion by the District manager's company.

Cause: The structure of the Utility District is such that there are no employees.

Effect: This situation could cause a direct conflict of interest.

Recommendation: The District should segregate the management function from contract labor.

Response: We will take this recommendation under advisement. We (Board) are the contact related to this information."

The Entity has had this finding since at least 2010. Board staff has not been aware of this finding until the audit had been more thoroughly reviewed.

Staff Recommendation:

The Board should order the following:

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

2. Board staff shall, with the full authority of the Board, issue subpoenas for the Entity's manager, governing body, or any other necessary staff, to appear in-person before the Board at its first meeting of 2023 if the Entity does not comply fully with the Board's investigation.
3. Board staff shall update the Board as to the status of this investigation at its first meeting of 2023.

Tarpley Shop Utility District

| | Category: Water | | County: Giles | |
|---|------------------------|----------------|----------------------|----------------|
| | 2018 | 2019 | 2020 | 2021 |
| Net Assets | \$3,767,783.00 | \$3,712,495.00 | \$3,702,039.00 | \$3,664,969.00 |
| Deferred Outflow Resources | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Net Liabilities | \$518,564.00 | \$456,030.00 | \$433,728.00 | \$385,106.00 |
| Deferred Inflow Resources | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Total Net Position | \$3,249,219.00 | \$3,256,465.00 | \$3,268,311.00 | \$3,279,863.00 |
| Operating Revenues | \$523,035.00 | \$570,953.00 | \$592,339.00 | \$612,842.00 |
| Net Sales | \$500,730.00 | \$537,981.00 | \$577,744.00 | \$607,712.00 |
| Operating Expenses | \$558,422.00 | \$550,620.00 | \$571,587.00 | \$591,432.00 |
| Depreciation Expenses | \$104,571.00 | \$91,668.00 | \$86,854.00 | \$82,561.00 |
| Non Operating Revenues | -\$16,053.00 | -\$13,087.00 | -\$8,906.00 | -\$9,858.00 |
| Capital Contributions | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Transfers In | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Transfers Out | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| GAAP Change In Net Position | -\$51,440.00 | \$7,246.00 | \$11,846.00 | \$11,552.00 |
| Statutory Change In Net Position | -\$51,440.00 | \$7,246.00 | \$11,846.00 | \$11,552.00 |



JASON E. MUMPOWER
Comptroller

Tuckaleechee Utility District

Tuckaleechee Utility District (“TUD”) is a water utility district serving roughly 4600 customers in Blount County, Tennessee. TUD’s Board has three Commissioners, below.

| | Initial Appointment | Most Recent Appt. | Training Compliance? |
|------------------------------|---------------------|-------------------|----------------------|
| Lamar Dunn, President | September 2019 | September 2019 | Yes |
| Kenny Myers, Secretary | September 2011 | May 2020 | Yes |
| Michael Talley, Treasurer | October 2013 | June 2021 | Yes |

The Commissioners are in compliance with all relevant training laws.

Management

TUD was previously managed by Mr. Lynn Valentine. Mr. Valentine was responsible for the general management of the district including both field and office operations. Board staff believes Mr. Valentine was better suited to be more focused on work in the field to ensure the continued operation of the utility. After the launch of the UMRB investigation and subsequent Board staff interviews, TUD engaged Tennessee Utility Assistance, LLC (“TUA”) to take over the management of the district. Mr. Valentine then stepped down from his role as general manager to become the field supervisor under TUA.

Board staff believes continued work with TUA for management of the district is pivotal to the District’s success.

Operations

TUD was previously contracted with Taylor Excavating to find and repair leaks. These leaks could be found by customer reporting, TUD reporting, or by Taylor Excavating finding the leaks themselves. Taylor Excavating was tasked with the maintenance and repair of all pump stations in the system and maintenance of the SCADA system. Taylor Excavating had contract prices for the use of equipment and installation of materials for various needs for the utility. Since 2018, TUD had paid Taylor Excavating roughly \$2.8 million.

In late 2022, TUD decided not to renew its contract with Taylor Excavating. TUA has since hired a crew to be able to perform the work Taylor Excavating was previously contracted to perform.

Board staff believes potential cost savings and streamlining the work process through internal work will help the utility provide optimal service to its customers.

Water Loss

| | Million Gallons of Water Produced | Million Gallons of Water Sold | Water Loss Percentage |
|------|-----------------------------------|-------------------------------|-----------------------|
| 2017 | 412552400 | 234789900 | 43.09% |
| 2018 | 464673300 | 253016400 | 45.55% |
| 2019 | 472061100 | 250852700 | 46.86% |
| 2020 | 438547600 | 265730400 | 39.41% |
| 2021 | 438481600 | 286514300 | 34.66% |

TUD is not out of compliance with water loss requirements based on its reporting. However, TUD has engaged Rye Engineering to work with the district to improve its water infrastructure. Board staff is confident TUD working with Rye Engineering will ensure positive infrastructure changes for the community.

Rates

The rates for TUD can be found in the rate schedule accompanying this document. Board staff believes the biggest vulnerability for TUD is their rates. When factoring in the Taylor Excavating contract being discontinued, contracting with TUA, and infrastructure improvements that are necessary in the District, Board staff believes TUD should have a cost of service study performed by an independent third party to ensure the rates charged to customers are reasonable and justifiable. Furthermore, the cost of service study should take into account any future capital projects to ensure rate projections are accurate.

TUA provides rate work for many utilities in Tennessee. Board staff does not believe that TUA should complete this work due to its current contracting with TUD.

Staff Recommendation

The Board should order the following:

TUD shall a qualified expert as approved by Board staff, perform a cost of service study that includes the following:

1. a review of the capitalization policy, including any recommended modifications;
2. a review of the debt management policy, including any recommended modifications;
3. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
4. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
5. and a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist.



JASON E. MUMPOWER
Comptroller

Utility Management Review Board Investigative Questionnaire

Please fill out the following questionnaire and include any supporting documents that have been requested. Based on the information provided, more documentation may be requested at a later date upon receipt of the completed questionnaire.

Section 1. Utility Board Information

If any of the pre-filled elected official information is incorrect, please note the changes needed to ensure that we have the correct list of elected officials for the Town.

1. Fill out the following table:

| Title | Name | Initial Appointment Month and Year | Most Recent Appointment Month and Year | Upcoming Appointment Expiration Month and Year |
|-----------|----------------|------------------------------------|--|--|
| President | Lamar Dunn | 9/30/19 | 9/30/19 | 9/30/23 |
| Secretary | Kenny Myers | 9/22/11 | 5/31/20 | 5/31/24 |
| Treasurer | Michael Talley | 10/14/13 | 6/30/21 | 6/30/25 |

Note: The initial election date is the first election date in the commissioners' current line of service history. For example, if someone was elected in November of 2012, and has consistently been re-elected, please list November of 2012 as their initial election month and year. If someone was elected in November of 2012, did not run in 2016, then decided to run again in 2020, please list November 2020 as the initial election month and year.

2. Provide proof of Lamar Dunn's compliance with the 12 hour training requirement in their most recent training period. Label this as Exhibit 1. If this individual is out of compliance with the training requirements, please provide a written explanation.
3. Provide proof of Kenny Myers' compliance with the 12 hour training requirement in their most recent training period. Label this as Exhibit 2. If this individual is out of compliance with the training requirements, please provide a written explanation.
4. Provide proof of Michael Talley's compliance with the 12 hour training requirement in their most recent training period. Label this as Exhibit 3. If this individual is out of compliance with the training requirements, please provide a written explanation.
5. Does the District provide health or life insurance for the Board of Commissioners? If so, please provide the costs of these plans for the Commissioners. Label this as Exhibit 4.

Section 2. Utility Rates

1. Provide a 5 year history of the rates for the water system. Label this as Exhibit 5.



JASON E. MUMPOWER
Comptroller

2. Provide a written statement as to any future rate increases that are currently planned. If there are no rate increases planned, please indicate so. Label this as Exhibit 6.

Section 3. Policies

1. Provide a copy of the District's Capitalization policy. Label this as Exhibit 7.
2. Provide a copy of the District's Purchasing policy. Label this as Exhibit 8.
3. Provide a copy of the District's Debt Management policy. Label this as Exhibit 9.

Section 3. Capital Assets and Improvements

1. Provide a copy of the capital asset list for the district. Label this as Exhibit 10.
2. Provide a copy of the utility 5-year capital asset plan. If such a plan does not exist, please detail the capital improvements that are necessary for continued operation of the water system that are necessary in the next 5 years. Label this as Exhibit 11.

Section 4. Water Operations

1. Fill out the following table:

| Fiscal Year | Total Gallons of Water Produced (Purchased) | Total Gallons of Water Sold | Estimated Gallons of Water used for Flushing/Maintenance |
|-------------|---|-----------------------------|--|
| 2017 | 412,552,400 | 234,786,900 | 16,523,840 |
| 2018 | 464,673,300 | 253,016,400 | 19,166,578 |
| 2019 | 472,061,100 | 250,852,700 | 19,857,270 |
| 2020 | 438,547,600 | 265,730,400 | 12,311,700 |
| 2021 | 438,481,600 | 286,514,300 | 13,199,580 |

2. On the below line, provide the average cost to produce 1,000 gallons of water for the utility system. If this number is unknown, please indicate so.

2.63 per 1000 gallons

3. Provide a written statement concerning the following labeled as Exhibit 12:
 - a. Does the utility operation currently have any concern with the ability to provide safe water in compliance with all related environmental regulations to **current** customers?
 - b. Does the utility operation currently have any concern with the ability to provide safe water in compliance with all related environmental regulations to **future** customers?
 - c. If there are any concerns with the current or future ability to provide safe water at normal pressure, is there a plan in place to improve the system to alleviate the concerns?

Section 6: Contractor



JASON E. MUMPOWER
Comptroller

1. Provide a written statement as to the nature of the relationship and the work with Taylor Excavating. Please explain how often this company provides service to the district, what type of work is completed, and any other information to better explain the relationship between the company and the district. Label this as Exhibit 13.
2. Does a contract currently exist between the District and Taylor Excavating? If so, provide a copy of the contract. Label this as Exhibit 14.
3. Provide all contracts between the District and Taylor Excavating from 2016 to current. Label this as Exhibit 15.
4. Provide a record of all disbursements and reimbursements made to Taylor Excavating from January 2018 until current. Label this as Exhibit 16.



JASON E. MUMPOWER
Comptroller

| Exhibits | Document |
|------------|--|
| Exhibit 1 | Lamar Dunn Training Proof |
| Exhibit 2 | Kenny Myers Training Proof |
| Exhibit 3 | Michael Talley Training Proof |
| Exhibit 4 | Commissioner Health and Life Insurance Information |
| Exhibit 5 | District Rates History |
| Exhibit 6 | Future Rate Plans |
| Exhibit 7 | Capitalization Policy |
| Exhibit 8 | Purchasing Policy |
| Exhibit 9 | Debt Management Policy |
| Exhibit 10 | Capital Asset List |
| Exhibit 11 | Capital Asset Plan |
| Exhibit 12 | Water Provider Questions |
| Exhibit 13 | Relationship Summary |
| Exhibit 14 | Current Contract |
| Exhibit 15 | Contract History |
| Exhibit 16 | Disbursement and Reimbursement History |

CERTIFICATE of TRAINING

THIS ACKNOWLEDGES THAT

Lamar Dunn

HAS SUCCESSFULLY COMPLETED THE FOLLOWING UTILITY DISTRICT TRAINING:

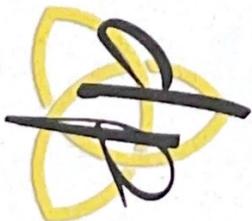
Rates Workshop
2 (Two) Hours Continuing Education
July 29, 2021



Approved Continuing Education
(Approval obtained 6/24/19
for up to 4 hours)



Daniel E Peterson, CPA
2400 Oakland Dr. NW
Cleveland, TN 37311
423-476-5888
dpeterson@dpcpa.net



CERTIFICATE of TRAINING

THIS ACKNOWLEDGES THAT

Lamar Dunn

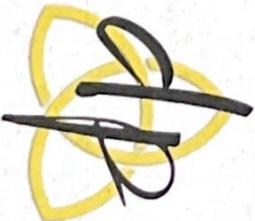
HAS SUCCESSFULLY COMPLETED THE FOLLOWING UTILITY DISTRICT TRAINING:

Budget Workshop
2 (Two) Hours Continuing Education
May 12, 2021



Approved Continuing Education
(Approval obtained 8/16/2019
For up to 2 hours)

Daniel E Peterson, CPA
2400 Oakland Dr. NW
Cleveland, TN 37311
423-476-5888
dpeterson@dpcpa.net



CERTIFICATE of TRAINING

THIS ACKNOWLEDGES THAT

Kenny Myers

HAS SUCCESSFULLY COMPLETED THE FOLLOWING UTILITY DISTRICT TRAINING:

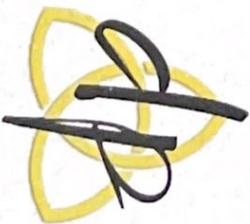
Rates Workshop
2 (Two) Hours Continuing Education
July 29, 2021



Approved Continuing Education
(Approval obtained 6/24/19
for up to 4 hours)



Daniel E Peterson, CPA
2400 Oakland Dr. NW
Cleveland, TN 37311
423-476-5888
dpeterson@dpcpa.net



CERTIFICATE of TRAINING

THIS ACKNOWLEDGES THAT

Kenny Myers

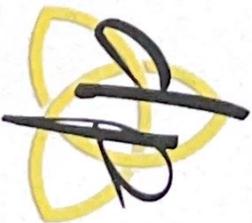
HAS SUCCESSFULLY COMPLETED THE FOLLOWING UTILITY DISTRICT TRAINING:

Budget Workshop
2 (Two) Hours Continuing Education
May 12, 2021



Approved Continuing Education
(Approval obtained 8/16/2019
For up to 2 hours)

Daniel E Peterson, CPA
2400 Oakland Dr. NW
Cleveland, TN 37311
423-476-5888
dpeterson@dpcpa.net



Kenny Myers

*has attended and participated in the
2021 Leadership Conference*

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

Date: 11/3/2021

Location: Garlinburg

Credit: 6 hours for Commissioner

**Tennessee Association
of Utility Districts**

Vital for Tennessee's future



Bob Freudenthal, Executive Director

KM5115

Michael Talley

*has attended and participated in the
2021 Leadership Conference*

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

Date: 11/3/2021

Location: Gathnburg

Credit: 9 hours for Commissioner

**Tennessee Association
of Utility Districts**
Vital for Tennessee's future



Bob Freudenthal, Executive Director

MT4422

CERTIFICATE of TRAINING

THIS ACKNOWLEDGES THAT

Michael Talley

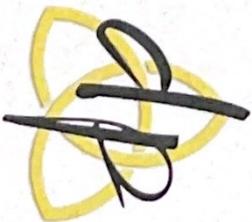
HAS SUCCESSFULLY COMPLETED THE FOLLOWING UTILITY DISTRICT TRAINING:

Rates Workshop
2 (Two) Hours Continuing Education
July 29, 2021



Approved Continuing Education
(Approval obtained 6/24/19
for up to 4 hours)

Daniel E Peterson, CPA
2400 Oakland Dr. NW
Cleveland, TN 37311
423-476-5888
dpeterson@dpcpa.net



CERTIFICATE of TRAINING

THIS ACKNOWLEDGES THAT

Michael Talley

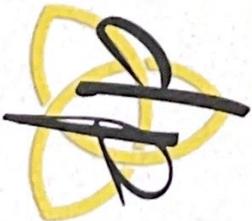
HAS SUCCESSFULLY COMPLETED THE FOLLOWING UTILITY DISTRICT TRAINING:

Budget Workshop
2 (Two) Hours Continuing Education
May 12, 2021



Approved Continuing Education
(Approval obtained 8/16/2019
For up to 2 hours)

Daniel E. Peterson, CPA
2400 Oakland Dr. NW
Cleveland, TN 37311
423-476-5888
dpeterson@dpcpa.net





June 9, 2022

To Whom It May Concern:

TUD pays each board member \$250.00 per month to put toward their health insurance.

Sincerely,

Tuckaleechee Utility District

Tuckaleechee Utility District
P. O. Box 58
Townsend, TN 37882
Phone (865) 448-2230

Tuckaleechee Utility District Rates and Changes
Voted on August 14, 2017 to be effective on bills due October 15, 2017

First 1,500 gallons of water will be **\$23.00 + 9.75% tax**
 Every 1,000 gallons after that will be **\$8.65 + 9.75% tax**
 Every 100 gallons after that will be **\$0.865 + 9.75% tax**

Minimum bill for 1,500 gallons of water

| | |
|----------------|----------------------|
| ➤ ¾ inch meter | \$ 23.00 + 9.75% tax |
| ➤ 1 inch meter | \$ 41.72 + 9.75% tax |
| ➤ 2 inch meter | \$ 57.33 + 9.75% tax |
| ➤ 3 inch meter | \$140.70 + 9.75% tax |
| ➤ 4 inch meter | \$157.17 + 9.75% tax |
| ➤ 6 inch meter | \$353.91 + 9.75% tax |

Service Charge: \$50.00

Tap Fee: \$1500.00 (Voted on May 16, 2022)

1 inch tap: \$2000.00

All taps above 1 inch Board approval needed

Line extension and Construction Fees may also apply and will vary in some areas

Re-connection Fee: \$50.00 - Meter turned off for non-payment or for winter months.

After hours Fee: \$50.00 - Additional charge from 4:00 p.m. - 8:30 p.m.

Line Extension Fee:

(to be paid in addition to service charge and tap fees)

\$500.00**\$1,168.00****\$2005.00**

Old Cades Cove Rd

Dewey Davis Rd

Dunn Hollow Rd

\$555.00**\$1250.00****\$7000.00**

Medlin Ln

Hobart Hayes Rd

Laurel Valley/ Cold Springs Area-
(excludes Kelly Ridge)

Club View Rd

Rainbow Circle

Clearwater Circle

Fairway Circle

Cold Springs Trace

Laurel Rd @ Cold Spring Trace

(ends Laurel Rd @ Club View Rd)

\$750.00**\$1267.00****\$13,400.00**

Anthony Rd.

Payne Hollow Rd

Kelly Ridge (thru Copper Hollow Rd)

River Rd

Kelly Ridge Rd

Prospect Rd

Slate Quarry

Burnett Station Rd

\$1450.00

High Springs Trail

Dripping Springs Rd
(\$1000.00 address' above 1385)

Laurel Rd (@ Copper Hollow Rd)

\$929.00**\$1483.00**

Fern Hollow

Flynn Rd

Lizzie Ln

Trillium Trail

Bear Den

\$1000.00**\$1800.00**

Tree Frog

Custer Dr

Butch Bayless Ln

Iris

Ellejoy Rd (*part does not-ask*)

Tree Top Ln

Copper Hollow Rd

Boling Rd

\$5,358.00

Jefferies Rd

Hawk View

A.R. Davis Rd

Nebo Mountain Project

ALL Properties listed below have taps set.**Highland Springs Subdivision:**

Highland Springs Drive

Winding Creek Way

Secrist Springs Lane

Also:

Foxfire Circle



June 22, 2022

There are no rate increases planned at this time.

Fixed Assets Policy

Purpose:

To define guidelines for the capitalization of purchases of land, buildings, land improvements, pipes, infrastructure, equipment and other materials.

Policy Statement:

Fixed assets consist of all capitalized assets with an estimated useful life of at least one year and cost \$2,000 or more.

Procedure:

Land-- includes all real property owned by, purchased, or donated. When land is purchased, various incidental costs are generally incurred in addition to the purchase price. These additional costs may include commissions to real estate brokers, escrow fees, legal fees for examining and insuring the title, delinquent taxes paid by the purchaser, and fees for surveying, draining, clearing, and grading the property. All these expenditures become part of the cost of land.

From time to time land may purchase as a building site for the utility that contains older buildings or other structures that are not suitable for the utility's use; in this case, the only useful "asset" being acquired is the land. Therefore, the entire purchase price is charged to the Land account, along with the costs of tearing down and removing the unusable building.

Land purchased and held as an investment should not be classified as Land, but as Land Held For Investment.

Buildings -- include all structures and buildings owned by the Utility, either constructed, purchased or donated, and any building improvements costing \$10,000 or more.

Land Improvements -- include all improvements to land owned by the Utility costing more than \$5,000. Improvements to land such as driveways, fences, parking lots, landscaping, and sprinkler systems have limited life and are therefore subject to depreciation. For this reason they should be recorded in a separate account entitled Land Improvements.

Infrastructure -- includes all items of Utility systems improvements owned by the Utility costing more than \$5,000. Infrastructure items include utilities including, sewer systems, water systems, and gas systems.

Equipment -- is defined as any movable property i.e., machinery, vehicles, computers and furniture costing at least \$2,000 and that is not a replacement part. Component items that form one working

Tuckaleechee Utility District

equipment system are combined for capitalization purposes. The "system" definition applies to computer configurations, electronic & laboratory equipment and other portable equipment. Additions to equipment that become either component parts or permanently connected to existing equipment items are also defined as equipment and should be capitalized, regardless of cost. The cost of repairs should be capitalized if such repairs "significantly extend the life of the asset".

Each item of equipment acquired will be assigned a serially numbered tag affixed to the equipment and marked with the Utility's name.

Equipment Inventory

All equipment having Utility property numbers shall inventoried annually according to the utility's policy. Department heads are responsible for conducting an inventory of all tagged equipment regardless of acquisition method (purchase, transfer, and donation). The individual conducting the physical inventory should identify items that are missing, were sold, traded-in, discarded, or transferred to other departments. The individual conducting the inventory should not be the same individual that is responsible for the assets being inventoried.

Depreciation

All fixed assets shall be depreciated at cost on a straight-line basis using estimated useful lives as follows:

| | |
|---------------------------------|-------------|
| Buildings, pipes | 40-50 years |
| Land improvements | 20-50 years |
| Infrastructure | 20-50 years |
| Equipment | 5-10 years |
| Vehicles | 3-5 years |
| Computers/ electronic equipment | 3-5 years |

The Utility does not capitalize items that are valued at less than \$2,000. However, certain items will be inventoried and accounted for stewardship purposes. This inventory shall include such "sensitive items" such as cellular phones, radios, pagers, laptop computers and other items that are especially susceptible to theft. Such items should be inventoried on an annual basis.

Effective date 6/29/22

Adoption date 6/29/22

James Date: 6/29/22
Adopted June 29, 2022

Tuckaleechee Utility District

Board Member

Kenn Myers Date: 6-29-22
Board Member

Harold Talley Date: 6-29-22
Board Member

TUCKALEECHEE UTILITY DISTRICT PURCHASING POLICY

Section 1. Purpose and Authority of General Manager.

- (a) Tuckaleechee Utility District (the District) adopts this Purchasing Policy (the Policy) to obtain goods and services for the operation of the District using procurement methods designed to provide fair and competitive pricing to meet the District's quality and performance standards. This Purchasing Policy establishes provisions for all purchases, leases, lease-purchases and contracts for goods and services consistent with the District's needs and Tennessee law. Unless noted otherwise, purchases, leases, lease purchases and contracts for goods and services will be collectively referred to as "purchases" in this Purchasing Policy (the Policy).
- (b) The General Manager shall serve as District's central purchasing and contracting authority and will be responsible for the interpretation and application of the provisions of this Policy.

Section 2. Methods of Procurement.

- (a) Purchase by competitive sealed bids.
- (b) Purchase by competitive quote bids.
- (c) Purchase by competitive sealed proposals.
- (d) Purchase by request for qualifications.
- (e) Purchases exempt from competitive bidding under Sections 11 and 12.
- (f) Open market purchases.

Section 3. Vendor List.

Requests for competitive sealed bids and requests for competitive quote bids may be solicited from vendors on vendor list of the Tennessee Association of Utility Districts (TAUD) in the TAUD Official Purchasing Guide. The district will maintain a list of vendors who have performed satisfactorily in the past. The list does not prohibit soliciting outside either list.

Section 4. Competitive Sealed Bids.

- (a) Competitive sealed bidding will be used for purchases over \$25,000.
- (b) Requests for sealed bids will be in writing. The General Manager will prepare or approve a request for sealed bid. A request for sealed bid will include clear and accurate specifications which permit a vendor to submit an appropriate bid for the purchase and which promotes competition.
- (c) A request for sealed bid will be sent to at least three prospective bidders using vendor list in the TAUD Official Purchasing Guide, the districts list or others. Public notice

- (d) of the request for sealed bid may be provided to prospective bidders by mail, email or other electronic communication, publication on the District's website, publication in newspapers of general circulation, publication in trade and industry publications or websites, and any other methods of providing notice of opportunities to bid which may be customarily used for the type of contract being offered or the type of goods or services being purchased. The District will not require small businesses and minority-owned businesses to receive request for bids electronically.
- (e) When deemed appropriate by the General Manager, the District may prequalify prospective bidders for a specific contract or purchase.
- (f) Sealed bids will be submitted to the District on or before the bid submission deadline and in the manner designated in the request for sealed bid. Late bids will not be accepted.
- (g) Pursuant to T.C.A. § 12-4-113, the District will not modify or amend its request for sealed bid less than forty-eight (48) hours before the bid opening date and time, excluding weekends and legal holidays, unless the bid deadline is extended for a reasonable time as determined by the General Manager which extension will not be less than forty-eight (48) hours excluding weekends and legal holidays.
- (h) Any questions about the request for sealed bid or other bidding documents must be received the District's General Manager or his or her designee no less than ninety-six (96) hours before the bid opening date and time.
- (i) Bids will be opened publicly at the time and place and in the manner designated in the request for sealed bid.
- (j) Bids will not be rejected because they contain minor informalities or irregularities. A minor informality or irregularity is one which: (1) is merely a matter of form and not of substance; or (2) pertains to some immaterial or inconsequential defect or variation of the bid from a requirement in the request for sealed bid which is not prejudicial to other bidders. The defect or variation in the bid is immaterial and inconsequential when its significance as to price, quantity, quality or delivery is trivial or negligible when contrasted with the total cost or scope of the goods or services being procured.
- (k) The District reserves the right to reject all bids in its sole discretion.
- (l) Purchases by competitive sealed bids will be awarded by the District's Board of Commissioners to the lowest qualified and responsible bidder as set forth in Section 6. When the Board awards a contract or purchase to a vendor other than lowest bidder, the minutes of the board meeting will state the reasons the contract or purchase was awarded to a vendor other than the lowest bidder.
- (m) The Board may delegate the authority to award a contract or purchase by competitive sealed bids to the District's General Manager under the circumstances and within the

parameters deemed appropriate by the Board. When the General Manager awards a contract or purchase to a vendor other than the lowest bidder pursuant to such delegation, the General Manager will prepare a memorandum for the bid file setting forth the reasons the contract or purchase was awarded to a vendor other than the lowest bidder.

Section 5. Competitive Quote Bids.

- (a) Competitive quote bids will be used for purchases between \$10,000 and \$25,000.
- (b) The General Manager will prepare or approve a request for quote bid which will include a bid submission deadline. A request for quote bid will include clear and accurate specifications which permit a vendor to submit an appropriate bid for the purchase and which promotes competition.
- (c) A request for quote bid will be sent to at least three prospective bidders on the vendor list in the TAUD Official Purchasing Guide or the Districts list. Public notice of the request for quote bid may be provided to prospective bidders by telephone, mail, email or other electronic communication, publication on the District's website, publication in newspapers of general circulation, publication in trade and industry publications or websites, and any other methods of providing notice of opportunities to bid which may be customarily used for the type of contract being offered or the type of goods or services being purchased. The District will not require small businesses and minority-owned businesses to receive request for quote bids electronically.
- (d) Bids will be submitted to the District on or before the bid submission deadline and in the manner designated in the request for quote bid. When the District's request for quote bid permits vendor bids by telephone, the vendor must submit a written confirmation of the telephone bid in the form required by the General Manager. The District will not require small businesses and minority-owned businesses to submit bids electronically. Late bids submitted after the deadline may be rejected by the District.
- (e) The District will make its decision on which bid to accept after the bid submission deadline.
- (f) The District reserves the right to reject all bids in its sole discretion.
- (g) When the District accepts a bid, the District will notify the vendor in writing of its acceptance.
- (h) Purchases procured by competitive quote bids will be awarded by the District's Board of Commissioners to the lowest qualified and responsible bidder as set forth in Section 6. When the Board awards a contract or

purchase to a vendor other than lowest bidder, the minutes of the Board meeting will state the reasons the contract or purchase was awarded to a vendor other than the lowest bidder.

- (i) The Board may delegate the authority to award a purchase procured by competitive quote bids to the District's General Manager under the circumstances and within the parameters deemed appropriate by the Board. When the General Manager awards a contract or purchase to a vendor other than the lowest bidder pursuant to such delegation, the General Manager will prepare a memorandum for the bid file setting forth the reasons the contract or purchase was awarded to a vendor other than the lowest bidder.

Section 6. Award to Lowest Qualified and Responsible Bidder.

- (a) Goods and services purchased by competitive sealed bids or competitive quote bids will be purchased from the lowest qualified and responsible bidder. In determining who is the lowest qualified and responsible bidder, the District may consider the following factors in addition to the price quoted:
 - (1) ability to provide the goods or perform the services;
 - (2) ability to provide the goods or services promptly, within the time specified, or without delay or interference;
 - (3) ability to provide for future maintenance and service of the goods or services;
 - (4) financial ability to provide the goods or perform the services;
 - (5) conformity with bid specifications;
 - (6) quality of goods or services;
 - (7) life expectancy and maintenance costs;
 - (8) discount for prompt payment;
 - (9) freight costs;
 - (10) delivery date and terms;
 - (11) past performance for the District and other utilities; and
 - (12) other pertinent factors.
- (b) The District is not obligated to purchase goods and services from the bidder with the lowest price when the factors outlined in this Section 6 warrant an award to one other than the bidder with the lowest price. When the Board awards a contract or purchase to a vendor other than lowest bidder, the minutes of the Board meeting will include the reasons the winning vendor was selected.

Section 7. Cancellation or Withdrawal of Request for Sealed Bids, Request of Quote Bids or Request for Competitive Sealed Proposals

In its sole discretion, the District may cancel or withdraw any request for sealed bid, request for quote bid or request for competitive sealed proposals at any time before the

bid or proposal submission deadline, and any responses received will be automatically rejected.

Section 8. Record of Bid Purchases.

When the purchase goods or services requires competitive bidding under this Purchasing Policy, the District will keep a file on the bid purchase. The bid file will include all written documentation related to the bid purchase transaction, including the request for bids, written bids submitted, written confirmation of telephone bids submitted, correspondence related the request for bids and submission of bids, correspondence related to the purchase or contract award, purchase invoice, bid bonds, the contract awarded, payment and performance bonds and any other written documents created or received in connection with the bid purchase. The bid file may be kept as an electronic file.

Section 9. Provisions for Construction Contracts.

- (a) Request for bids and bid openings for construction contracts procured by competitive sealed bids will comply with provisions of T.C.A. § 62-6-119. When the construction contract is for a project being financed by a grant or loan from a state or federal agency, the District must comply with the competitive bidding regulations of these agencies for their grant and loan recipients.
- (b) Bid Bonds. A bid bond is guarantee issued by a surety company from a bidder on a construction contract to ensure the District is compensated if the bidder fails to honor the terms of its bid.
 - (1) The District may require bidders to submit a bid bond for competitive sealed bids for construction contracts. Whenever a bid bond is required, the bid bond requirement and the amount of the bid bond will be stated in the request for sealed bid. The bid bond must be provided by a surety company authorized to do business in the State of Tennessee and must be in a form satisfactory to the District.
 - (2) The amount of any required bid bond will be determined by the District in an amount equal to at least five percent (5%) but not greater than ten percent (10%) of the total amount of the competitive sealed bid.
 - (3) In accordance with T.C.A. § 62-6-129, the bid bond submitted for competitive sealed bids for construction manager services will be equal to ten percent (10%) of the value of the services proposed and the value of the work to be managed.
 - (4) Bid bonds submitted by unsuccessful bidders will be returned upon the award of the construction contract or construction manager services contract.

- (5) When a request for sealed bid requires a bid bond, noncompliance will be grounds for rejecting the bid, unless the District determines that the bidder's failure to comply is insubstantial to the security requirements.

(c) Performance and Payment Bonds.

- (1) When a construction contract is awarded in excess of \$100,000, the contractor will provide a performance bond satisfactory to the District on or before the execution of the contract to guarantee the contractor will perform its obligations to the District according to the terms and conditions of the contract. If the contractor fails to do so, the surety company will assume the contractor's obligations under the contract. The performance bond will be executed by a surety or insurance company authorized to do business in the State of Tennessee and listed on the United States Department of Treasury's List of Approved Sureties, in an amount equal to one hundred percent (100%) of the price specified in the contract and accompanied by a certified power of attorney.
- (2) When a construction contract is awarded in excess of \$100,000.00, the contractor will provide a payment bond satisfactory to the District on or before the execution of the contract for the protection of all persons supplying labor and materials to the contractor or its subcontractors under the contract. If the contractor fails to do so, the surety company will assume the contractor's obligations to pay all person supplying labor and materials to the contractor or its subcontractor. The payment bond will be executed by a surety or insurance company authorized to do business in the State of Tennessee and listed on the United States Department of Treasury' List of Approved Sureties in an amount equal to one hundred percent (100%) of the price specified in the contract and accompanied by a certified power of attorney.
- (3) Nothing in this section shall be construed to limit the District's authority to require a bond or other security in addition to the bonds required in this Section 9(c).
- (4) Whenever a performance bond or payment bond is required, the bond requirement and the amount of the bond will be stated in the request for sealed bid.
- (5) To the extent permitted by T.C.A. § 12-4-201(c), in lieu of the bonds required by this Section 9, the following securities or cash may, in the District's discretion, be substituted at the percentage rates required for the bonds:
 - (A) United States treasury bonds, United States treasury notes, and United States treasury bills;
 - (B) General obligation bonds of the State of Tennessee;

(C) Certificates of deposit or evidence of other deposits irrevocably pledged from:

- (i) A state or national bank having its principal office in Tennessee;
- (ii) A state or federal savings and loan association having its principal office in Tennessee;
- (iii) Any state or national bank, that has its principal office located outside this state and that maintains one (1) or more branches in this state which are authorized to accept federally insured deposits; or
- (iv) Any state or federal savings and loan association that has its principal office located outside this state and that maintains one (1) or more branches in this state which are authorized to accept federally insured deposits;

(D) A letter of credit from a state or national bank or state or federal savings and loan association having its principal office in Tennessee; or any state or national bank or state or federal savings and loan association that has its principal office outside this state and that maintains one (1) or more branches in this state which are authorized to accept federally insured deposits. The terms and conditions of any letter of credit shall be subject to the District's approval. The form of such letter of credit shall be provided by the bank or savings and loan association and may be based on either the Uniform Commercial Code or the ICC Uniform Customs and Practice for Documentary Credits (UCP 500). All letters of credit shall be accompanied by an authorization of the contractor to deliver retained funds to the bank issuing the letter; or

(E) Cash; provided, that, where cash is posted, the District shall pay to the contractor interest at the same rate that interest is paid on funds invested in a local government investment pool established pursuant to T.C.A. § 9-4-704, for the contract period.

Section 10. Competitive Sealed Proposals.

(a) Purchases by competitive bidding may not be practical or advantageous to the District when qualifications, experience or competence are more important than price in making a purchase. Upon recommendation by the General Manager, the Board of Commissioners may use competitive sealed proposals for purchases of more than \$25,000 when qualifications, experience or competence are more important than price in making a purchase.

(b) Competitive sealed proposals may only be used in the following circumstances.

- (1) When there is more than one solution to a purchasing issue and the use of competitive sealed proposals will assist in choosing the best solution.
 - (2) When there is no readily identifiable solution to a purchasing issue and the use of competitive sealed proposals will assist in identifying one or more solutions
 - (3) The procurement of construction management services in conformity with the provisions of T.C.A. 12-4-107(b).
- (c) Requests for proposals (RFP) may be provided to prospective proposers by mail, email or other electronic communication, publication on the District's website, publication in newspapers of general circulation, publication in trade and industry publications or websites, and any other methods of providing notice of opportunities to vendors to respond to competitive sealed proposals which may be customarily used for the type of contract being offered or the type of goods or services being purchased.
- (d) The RFP will be prepared by the General Manager. The request will state the factors to be used to evaluate the proposals, including price, and will state their relative importance in the evaluation. The RFP will state that the evaluation all of the stated factors will determine whose proposal is the most advantageous to the District. The RFP may state that price will be separately submitted and included in the evaluation through a multi-step process. A multi-step process may include submission of pricing before or after the evaluation and any discussion of the proposals with the proposers.
- (e) The competitive sealed proposals will not be disclosed during the negotiation and evaluation process which follows their submittal and opening. The competitive sealed proposals will be made open for public inspection after the intent to award the contract to a particular proposer is announced.
- (f) After the competitive sealed proposals are submitted, the District may conduct discussions to clarify a proposal or to assure a full understanding of the proposal and its responsiveness to the District's requirements. When the District conducts these discussions, all responding proposers whose proposals are reasonably capable of being selected must be afforded fair and equal treatment in these discussions. During these discussions, the District may not disclose to one proposer information derived from competing proposals.
- (g) When discussions occur, proposers may be allowed to revise their proposals so that the District may obtain the best and final offer from each proposer provided any revisions are submitted and received before the District's intent to award to a particular proposer is announced.
- (h) The Board of Commissioners will award the purchase to the responsible proposer whose proposal is the most advantageous to the District taking into consideration

price and the evaluation factors set out in the RFP. No other factor may be used in the Board's evaluation.

- (i) An aggrieved proposer who is not selected may file a protest to the award with the District within seven (7) days after the intended award is announced. The Board will consider any protest filed at its next regular Board meeting or at a specially called Board meeting for the purpose of considering the protest.
- (j) When the purchase goods or services is made by competitive sealed proposals, the District will keep a file on the purchase by competitive sealed proposals. The file must include a statement of a statement containing the basis on which the award was made. The file will include all written documentation related to the purchase transaction, including the RFP, the competitive sealed proposals submitted, correspondence related the competitive sealed proposals submitted, correspondence related to the purchase or contract award, purchase invoice, bid bonds, the contract awarded, payment and performance bonds and any other written documents created or received in connection with the competitive sealed proposal purchase. The competitive sealed proposal purchase file may be kept in an electronic form.
- (k) When a construction contract is awarded in excess of \$100,000 by competitive sealed proposals, the contractor will comply with the performance bond and payments bond provisions set forth in Section 9(c).

Section 11. Request for Qualifications.

- (a) Contracts for architectural and engineering services must be procured using the request for qualifications process set forth in this Section 11.
- (b) Contracts for professional services covered by T.C.A. § 12-3-1209 may be procured using a request for qualifications process.
- (c) The Board of Commissioners will establish a selection committee to oversee and conduct the request for qualifications process.
- (d) The selection committee will prepare and issue a request for qualifications (RFQ) to seek qualifications and experience data from any firm or firms and may interview such firm or firms. When the services to be provided require licensing in Tennessee, the selection committee may only seek qualifications and experience data from licensed Tennessee firms.
- (e) The selection committee shall evaluate statements of qualifications and experience data regarding the procurement of the services and shall conduct discussions with such firm or firms regarding the furnishing of required services. Then, the selection committee will select the firm deemed to be qualified to provide the services required.

- (f) The selection committee shall negotiate a contract with the qualified firm at compensation which the selection committee determines to be fair and reasonable to the District. In making such determination, the selection committee shall take into account the estimated value of the services to be rendered, the scope of work, complexity and professional nature of the services. The contract negotiated by the selection committee must be approved by the Board of Commissioners.
- (g) If selection committee is unable to negotiate a satisfactory contract with the firm considered to be qualified at a price determined to be fair and reasonable, negotiations will continue with other qualified firms until an agreement is reached.
- (h) If the Board of Commissioners does not approve the contract negotiated by the selection committee, the selection committee will continue with other qualified firms until an agreement is reached.
- (i) When the District has a satisfactory existing working relationship for architectural or engineering services with an existing firm, it may expand the scope of the services with this firm without engaging in a request for qualifications for the expanded services, provided the services are within the technical competency of the existing firm.

Section 12. Exceptions to Competitive Bidding – Utility District Law.

The following purchases are excepted from the District's competitive bidding requirements pursuant T.C.A. §§ 7-82-801 and 803.

- (a) Purchase of items or groups of items less than \$10,000.
- (b) Contracts to provide a continuous work force through independent contractors for the maintenance, installation, and repair of the system or for items sold at retail by the District.
- (c) Purchase of goods or services for which there is a single source of supply.
- (d) Purchases for immediate delivery in actual emergencies arising from unforeseen causes.
- (e) Purchases of real property.
- (f) Purchases from any federal, state, or local government unit or agency.
- (g) Purchases from instrumentalities created by two or more cooperative governments similar to the Local Government Data Processing Corporation.
- (h) Purchases from non-profit corporations whose primary purpose is to provide goods or services to various local governments.

- (i) Purchases in the open market, including fuel and fuel product purchases.
- (j) Purchases of items for resale.

Section 12 continued. Exceptions to Competitive Bidding – Other Tennessee Statutes.

The following purchases are excepted from the District's competitive bidding requirements pursuant to other Tennessee statutes applicable to utility districts.

- (a) Contracts for legal services, fiscal agent, financial advisor or advisory services, educational consultant services, and similar services by professional persons or groups of high ethical standards which shall be procured in accordance with the provisions of T.C.A. § 12-3-1209.
- (b) Contracts for architectural and engineering services and contracts for construction management services which shall be procured pursuant to the provisions of T.C.A. § 12-4-107(a).
- (c) Contracts for construction management services which shall be procured pursuant to the provisions of T.C.A. § 12-4-107(b).
- (d) Contracts for energy-related services that include both engineering services and equipment and have as their purpose the reduction of energy costs in public facilities shall be awarded on the same basis as contracts for professional services pursuant to T.C.A. § 12-4-110.
- (e) Multi-year contracts for painting and other maintenance of water storage tanks may be procured through a request for proposals process pursuant to the provisions of T.C.A. § 12-4-112.
- (f) Insurance purchased through a plan authorized and approved by any organization of governmental entities representing Tennessee cities and counties.
- (g) Goods and services included in vendor contracts of the Tennessee Department of General Services in accordance with T.C.A. § 12-3-1201(a) and (b).
- (h) Goods and services included in vendor contracts of the Tennessee Department of General Services purchased from a local source in accordance with T.C.A. § 12-3-1201(d).
- (i) Goods and services included in vendor contracts of the federal General Services Administration in accordance with T.C.A. § 12-3-1201(c).
- (j) Used and secondhand and goods from governmental agencies in accordance with T.C.A. 12-3-1202(a).

- (k) Used and secondhand goods from private individuals or entities in accordance with T.C.A 12-3-1202(b) when the cost of the purchased item is no more than five percent (5%) higher than the general range of value of the item as documented by a listing in a nationally recognized publication or by an appraisal of a licensed appraiser which documentation should be attached to the seller's invoice.
- (l) Goods and services purchased by another local government for the District in accordance with T.C.A. § 12-3-1203(a).
- (m) Goods and services purchased at same price as in the contracts of other Tennessee local governments in accordance with T.C.A. § 12-3-1203(c).
- (n) Goods and services purchased under a cooperative purchasing agreement with other Tennessee local governments in accordance with T.C.A. § 12-3-1205(a).
- (o) Goods and services purchased under a cooperative purchasing agreement with out-of-state local governments or federal government agencies in accordance with T.C.A. § 12-3-1205(b).
- (p) Goods and services permitted to be purchased by competitive reverse auction in accordance with T.C.A. § 12-3-1208.
- (q) Goods purchased at public auction in accordance with T.C.A. § 12-2-421.
- (r) Used or surplus personal property of other local governments, the State of Tennessee or the federal government obtained by the gift, purchase or transfer in accordance with T.C.A. § 12-2-420.

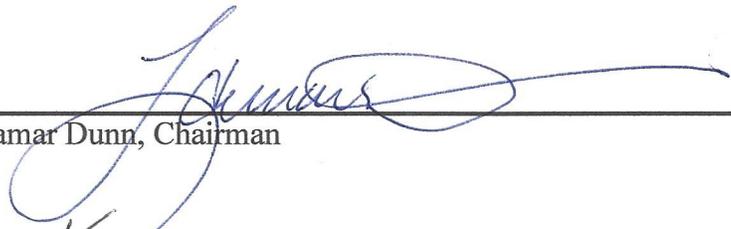
Section 13. Open Market Purchases.

Open market purchases include the purchase of goods and services under \$10,000 which do not require competitive bidding under this Purchasing Policy.

Authority Thresholds to Make Purchases.

- (a) General Manager.
 - (1) The General Manager is authorized to make open market purchases under \$10,000.
 - (2) The General Manager is authorized to make purchases which are exempt from competitive bidding under Sections 11 and 12 up to \$10,000.
 - (3) The General Manager is authorized to make emergency purchases exempt from competitive bidding under Section 11(d) up to \$25,000.

(b) Office Manager. The Office Manager is authorized to make purchases under \$1,000.



Lamar Dunn, Chairman



Kenneth Myers, Secretary



Michael Talley, Treasurer

Adopted: July 20, 2020

DEBT MANAGEMENT POLICY

Introduction

Debt management policies provide written guidance about the amount and type of debt issued by local governments, the issuance process, and the management of the debt portfolio. A debt management policy tailored to the needs of the Board of Commissioners (the "Governing Body") of the Tuckaleechee Utility District of Townsend, Tennessee (the "District") can improve the quality of decisions, identify and disclose parameters relating to the structure and issuance of debt, identify policy goals, and provide a foundation for long-term financial planning, all of which are in the public interest of the District. If applicable, adherence to a debt management policy may signal to rating agencies and the capital markets that a governmental entity is well-managed and should meet its obligations in a timely manner.

Debt levels and their related annual costs are important long-term obligations that must be managed within available resources. An effective debt management policy provides guidelines for a government to manage its debt program in line with those resources.

This Debt Management Policy is intended to comply with the debt management policy requirements promulgated by the Tennessee State Funding Board in December 2010.

Objectives

The Governing Body is establishing a debt policy as a tool to ensure that financings undertaken by the Governing Body satisfy certain clear objective standards designed to protect the District's financial resources and to meet its long-term capital needs.

A. The objectives of this policy are:

1. To document responsibility for the oversight and management of debt related transactions;
2. To establish criteria and promote prudent financial management for the issuance of debt obligations and the evaluation of debt issuance options;
3. To identify legal and administrative limitations on the issuance of debt and ensure the legal use of the Governing Body's debt issuance authority;
4. To define the types and appropriate use of debt approved for use within the constraints established by Tennessee law;
5. To provide guidance for evaluating refunding candidates or alternative debt structures;
6. Where applicable, to provide support for the maintenance of credit ratings;
7. To enhance risk management practices; and
8. To increase transparency, reduce conflicts, and promote cooperation in the debt management process.

Debt Management Strategies

To achieve the objectives above, the Governing Body adopts the following debt management strategies and procedures.

A. Funding Strategies

1. Debt is to be issued pursuant to the authority of and in full compliance with provisions, restrictions and limitations of the Constitution and laws of the State of Tennessee (the "State") (including Title 7, Chapter 82, Tennessee Code Annotated (the "Utility District Act") and various bond authorizations enacted by the General Assembly of the State), and pursuant to resolutions adopted by the Governing Body.
2. Debt may only be used to finance or refinance the capital costs of improving the District's utility system (the "System") and such other costs related thereto as may be permitted by the Utility District Act (including without limitation issuance costs, capitalized interest and the funding of debt service reserves), all of which must be authorized by the Governing Body. Debt may not be issued to finance the District's operating costs.
3. Debt shall be secured by and payable from the revenues of the System, as prescribed by resolution of the Governing Body, and a corresponding statutory lien on the assets of the System.

B. Federal Tax Status

1. **Tax-Exempt Debt** — Based on the assumptions that tax-exempt interest rates are lower than taxable rates and that the interest savings outweigh the administrative costs, restrictions on use of financed projects, and investment constraints, the District will use its best efforts to maximize the amount debt sold under this policy as tax-exempt.
2. **Taxable Debt** — The District will sell taxable debt when necessary to finance projects with a private use or uncontrolled purpose. The Governing Body encourages the financing team to blend the financing of taxable projects with the financing of tax-exempt projects whenever possible.

C. **Legal Limitations on the Use of Debt**

1. No debt obligation shall be issued to fund the current operation of the District.
2. The proceeds of any debt obligation shall be expended only for the purpose for which it was authorized by the Governing Body.
3. All debt shall be approved by resolution of the Governing Body.
4. Prior to the consideration of a resolution authorizing the issuance of debt, the General Manager and/or the President of the Governing Body shall prepare and submit a request for financing report from the State Comptroller's office, as required by the Utility District Act. If timely received, the General Manager and/or the President of the Governing Body shall cause the report to be published as required by the Utility District Act. No financing report is required by the Utility District Act in connection with a loan from a state or federal agency.

Types of Debt

Pursuant to the Utility District Act, the District is authorized from time to time to issue or incur the following types of debt, all of which is subject to the terms of the debt management policy.

A. **Bonds**

The District may issue bonds under the Utility District Act to finance capital projects or refinance outstanding debt.

B. **Bond Anticipation Notes (BANs)**

BANs are short term obligations authorized to be issued under the Utility District Act that will be repaid by proceeds of a subsequent bond issue.

C. **Capital Leases**

Capital leases are leases of equipment or other System property, where the leased property becomes the property of the District at the end of the lease term and the lease payments include a financing component.

D. **Loans from State or Federal Agencies**

The District may incur debt in the form of loans from State or federal agencies. Loans are evidenced by a loan agreement between the District and the lending agency.

E. Loans from Public Building Authorities

The District may enter into loan agreements with one or more public building authorities, pursuant to Sections 12-10-101 et seq., Tennessee Code Annotated, in lieu of issuing bonds or notes under the Utility District Act. The policies set

forth herein for bonds issued under the Utility District Act shall be equally applicable to loan agreements entered into with a public building authority.

Debt Management Practices

A. Structure

The Governing Body shall establish by resolution all terms and conditions relating to the issuance of debt.

1. Term

Any debt (including refunding debt) shall have a weighted average maturity not greater than the weighted average expected lives of the assets financed by such debt. In addition, the final maturity of any debt should not be longer than the expected life of the longest lived asset financed thereby.

2. Capitalized Interest

From time to time certain financings may require the use of capitalized interest. Interest may be financed (capitalized) through a period permitted by federal law and the authorizing resolution of the Governing Body if it is determined that doing so is in the District's best interest.

3. Debt Service Structure

The District will seek to structure its aggregate debt with level or declining debt service payments over the life of its aggregate debt. In structuring principal repayment for any debt issue, the Utility will seek to balance the goals of (a) amortizing principal as quickly as possible to minimize interest costs, and (b) maintaining consistent and manageable rates for its customers.

4. Call Provisions

The District will strive to issue all of its debt with a call feature no later than ten years from the date of delivery. In any event, call features should be structured to provide the maximum flexibility relative to cost. The District will avoid the sale of long-term non-callable bonds absent careful evaluation by the Governing Body with respect to the value of the call option.

5. **Original Issuance Discount/Premium**

Bonds sold with original issuance discount/premium are permitted with the approval of the Governing Body.

6. **Debt Service Reserve Funds**

If the Governing Body determines that it is necessary to fund a debt service reserve fund in connection with debt, it may agree to fund such a reserve. The size of any debt service reserve fund established in connection with the tax-exempt debt will be in compliance with applicable federal tax rules. The District will strive to fund debt service reserves with District funds, rather than with debt. However, the District may use the proceeds of debt to fund debt service reserves if the Governing Body concludes that the restriction of District funds would reduce unrestricted funds below manageable levels.

7. **Fixed vs. Variable Interest Rates**

Fixed rate debt bears interest at a rate or rates that remain constant throughout the life of the debt. Variable rate debt bears interest at a variable rate through the term thereof.

The District will issue all of its debt with fixed rates, except as follows:

- Bond anticipation notes may be issued with variable rates, given their short term nature.
- The District may issue or incur variable rate debt if provision as to the calculation or change of variable interest rates is included in the authorizing resolution and the Governing Body carefully evaluates the risks related thereto. The District will annually include in its budget an interest rate assumption for any outstanding variable rate debt that takes market fluctuations affecting the rate of interest into consideration. The General Manager shall monitor the ongoing costs and risks of outstanding variable rate and make reports to the Governing Body no less than annually with respect thereto.

B. Refinancing Outstanding Debt

The Governing Body will consider the following issues when analyzing possible refunding opportunities:

1. **Reasons for Refunding**

Debt will be considered for refunding when:

- The refunding results in net present value savings to the District;
- The refunding of the debt is necessary due to a change in private/public use of a project that would cause a need to change the tax status of the debt; or
- The Governing Body expressly determines by resolution that the refunding of the bonds accomplishes debt service restructuring that is in the District's best interest.

2. **Term of Refunding Issues**

The Governing Body will refund bonds within the term of the originally issued debt, unless otherwise expressly approved by resolution of the Governing Body.

3. **Escrow Structuring**

The District shall take steps to utilize the least costly securities available in structuring refunding escrows; provided that the District may purchase U.S. Treasuries – State and Local Government Series if it is determined that the costs and risks attendant to the solicitation of open market securities outweigh any attendant benefits.

C. **Methods of Sale**

Pursuant to the Utility District Act, debt may be issued at competitive or negotiated sale.

1. **Competitive** — In a competitive sale, the District's bonds shall be awarded to the bidder providing the lowest true interest cost as long as the bid adheres to the requirements set forth in the official notice of sale.
2. **Negotiated** — In a negotiated sale, the underwriter/lender/lessor will be chosen prior to the sale and the interest rate and the fees of the underwriter/lender/lessor are negotiated prior to the sale.

In the case of loans from State or Federal agencies, the District will negotiate directly with the agency making the loan. In all other cases, the Governing Body will determine the manner of sale, and will set forth the manner of sale in the resolution authorizing the debt.

D. Underwriter Selection (Negotiated Transaction)

The District, with assistance from its financial advisor (if the District has engaged a financial advisor), shall select the underwriter/lender/lessor for a proposed negotiated sale. The selection criteria will include the following factors and such other factors as the Governing Body may identify:

- Ability and experience in managing similar debt transactions;
- Prior knowledge and experience with the District;
- Capital adequacy;
- Quality and experience of personnel assigned to the District's engagement;
- Financing ideas presented; and
- Underwriter/lender/lessor fees.

E. Credit Quality

If the District maintains a credit rating, the District's debt management activities will be conducted to maintain the highest credit ratings possible, consistent with District's financing and rate maintenance objectives. The General Manager will be responsible for maintaining relationships and communicating with the rating agencies that assign ratings to the District's debt. Full disclosure of operations and open lines of communication shall be maintained with the rating agencies. The General Manager shall work with its financial advisor and/or underwriter (as applicable) to prepare and make presentations to the rating agencies to assist credit analysts in making an informed decision.

F. Credit Enhancements

The District will consider the use of credit enhancements on a case-by-case basis, evaluating the economic benefit versus the cost. Only when clearly demonstrable savings can be shown shall an enhancement be utilized. The District may consider each of the following enhancements as alternatives by evaluating the cost and benefit of such enhancements: bond insurance, reserve fund surety bonds, letters of credit and liquidity facilities.

G. Use of Structured Products

No interest rate agreements or forward purchase agreements will be considered unless a policy defining the use of such products is approved before the transaction is considered.

H. Risk Assessment

The District will evaluate each transaction to assess the types and amounts of risk associated with that transaction, considering all available means to mitigate those risks. The District will evaluate all proposed transactions for consistency with the

objectives and constraints defined in this Policy. The following risks should be assessed before issuing debt:

1. **Change in Public/Private Use** — The change in the public/private use of a project that is funded by tax-exempt funds could potentially cause a bond issue to become taxable.
2. **Default Risk** — The risk that debt service payments cannot be made by the due date.
3. **Liquidity Risk** — The risk of having to pay a higher rate to the liquidity provider in the event of a failed remarketing.
4. **Interest Rate Risk** — The risk that interest rates will rise, on a sustained basis, above levels that would have been set if the issued had been fixed.
5. **Rollover Risk** — The risk of the inability to obtain a suitable liquidity facility at an acceptable price to replace a facility upon termination or expiration of a contract period.
6. **Credit Risk** — The risk that an issuer of debt securities or a borrower may default on its obligations by failing to repay principal and interest in a timely manner.

J. **Continuing Disclosure**

To the extent that any of the District's debt issues are subject to U.S. Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12"), the Governing Body will provide certain financial information and operating data by specified dates, and will provide notice of certain enumerated events with respect to the bonds, all as described in Rule 15c2-12.

K. **Transparency**

The District shall comply with the Tennessee Open Meetings Act, providing adequate public notice of meetings and specifying on the agenda of a meeting when matters related to debt issuance will be considered. Additionally, in the interest of transparency, all costs (including interest, issuance, continuing, and one-time) shall be disclosed to the citizens in a timely manner^[A1]. To comply with the requirements of the preceding sentence, an estimate of the costs described above will be presented to the Governing Body along with any resolution authorizing debt.

Within four weeks of closing on a debt transaction, the debt service schedule and the State Form CT-0253 shall be available at the office of the General Manager for inspection and review by members of the Governing Body and the District's customers.

L. Professional Services

The District requires all professionals engaged to assist in the process of issuing debt to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by the District. This includes "soft" costs or compensations in lieu of direct payments.

1. **Counsel** — The District will enter into an engagement letter agreement with each lawyer or law firm representing the District in a debt transaction. No engagement letter is required for any lawyer who serves as counsel to the District regarding District matters generally.
2. **Bond Counsel** — Bond counsel for each debt transaction is contracted by the Governing Body and serves to assist the District in such debt issue.
3. **Financial Advisor** — If the District chooses to engage a financial advisor, the financial advisor for each debt transaction will be contracted by the Governing Body and will serve and assist the District on financial matters related to such debt transaction. The Governing Body shall approve the written agreement between the District and the financial advisor with respect to a debt transaction. The financial advisor shall not be permitted to bid on or underwrite an issue for which it is or has been providing advisory services.
4. **Underwriter** — If there is an underwriter for a debt issue, the underwriter must clearly identify itself to the District in writing (e.g., in a response to a request for proposals or in promotional materials provided to the District) as an underwriter and not as a financial advisor from the earliest stages of its relationship with the District with respect to that issue. The underwriter must clarify its primary role as a purchaser of securities in an arm's-length commercial transaction and must disclose that it has financial and other interests that differ from those of the District. The underwriter in a publicly offered, negotiated sale shall be required to provide pricing information both as to interest rates and to takedown per maturity to the General Manager in advance of the pricing of the debt.

M. Potential Conflicts of Interest

Professionals involved in a debt transaction hired or compensated by the District shall be required to disclose existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators. This disclosure shall include that information reasonably sufficient to allow the District to appreciate the significance of the relationships.

Professionals who become involved in the debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard, electronic bidding platform are not subject to this disclosure. No disclosure is required that would violate any rule or regulation of professional conduct.

Debt Administration

A. Planning for Sale

1. In considering the adoption of any debt resolution, the Governing Body shall consider the purpose of the financing, the proposed structure of the financing, the proposed method of sale for the financing, members of the proposed financing team and an estimate of all the costs associated with the financing.
2. In the case of a proposed refunding, proposed use of credit enhancement, or proposed use of variable rate debt, the General Manager will present to the Governing Board the rationale for using the proposed debt structure, an estimate of the expected savings associated with the transaction (if applicable) and a discussion of the potential risks associated with the proposed structure.
3. If required by Rule 15c2-12, the General Manager, the bond counsel, financial advisor (if applicable), along with other members of the financing team will prepare a Preliminary Official Statement describing the transaction and the security for the debt that is fully compliant with all legal requirements.

B. Post Sale

1. The General Manager will maintain for review by members of the Governing Body and the public a debt service schedule and the CT-0253 Form related to the debt issue.
2. The General Manager will establish guidelines and procedures for tracking the flow of all bond proceeds, as defined by the Internal Revenue Code, over the life of bonds reporting to the IRS all arbitrage earnings associated with the financing and any tax liability that may be owed.
3. If required by Rule 15c2-12, the General Manager, the bond counsel, financial advisor (if applicable), along with other members of the financing team will prepare an Official Statement describing the transaction and the security for the debt that is fully compliant with all legal requirements.

C. Arbitrage

Compliance with arbitrage requirements on invested tax-exempt bond funds will be maintained. Proceeds that are to be used to finance construction expenditures are exempted from the filing requirements, provided that the proceeds are spent in accordance with requirements established by the IRS. The District will comply with all of its tax certificates for tax-exempt financings by monitoring the arbitrage earning on bond proceeds on an interim basis and by rebating all positive arbitrage when due, pursuant to Internal Revenue Code Section 148. The District will also retain all records relating to debt transactions for as long as the debt is outstanding, plus three years after the final redemption date of the transaction.

D. Private Activity

Compliance with private activity requirements with respect to tax exempt debt-financed facilities will be maintained. The General Manager shall maintain a record of the allocation of debt proceeds to expenditures, and monitor the use of tax exempt debt-financed facilities to ensure that no impermissible private use occurs.

E. Investment of Proceeds

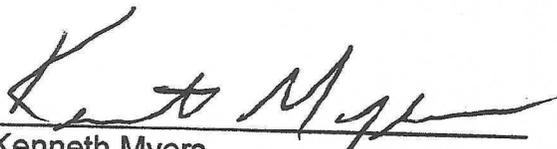
Any proceeds or other funds available for investment by the District must be invested pursuant to applicable State law.

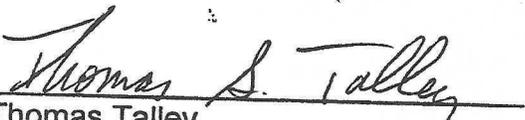
Review of the Policy

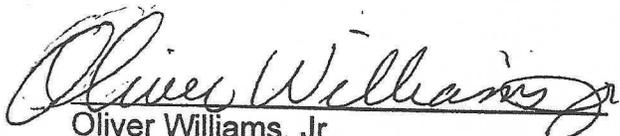
The debt policy guidelines outlined herein are only intended to provide general direction regarding the future use and execution of debt. The Governing Body maintains the right to modify these guidelines (except to the extent these guidelines are mandated by applicable state law or regulation) and may make exceptions to any of them at any time to the extent that the execution of such debt achieves the Governing Body's goals. Any exceptions to these policies shall be expressly acknowledged in the resolution authorizing the pertinent debt issue. In the event of a conflict between the terms of a debt resolution and this policy, the terms of the debt resolution shall control.

This policy will be periodically reviewed by the Governing Body, at which time, the General Manager will present any recommendations for any amendments, deletions, additions, improvement or clarification.

The Governing Body adopted this Policy on 12-12 2011, effective 12-12, 2011.


Kenneth Myers


Thomas Talley


Oliver Williams, Jr.

DEBT MANAGEMENT POLICY GUIDELINE

The Tennessee Association of Utility Districts (TAUD) has prepared this document as a guideline which a utility district may use in developing its own Debt Management Policy. After December 31, 2011, a utility district must have a Debt Management Policy in place in order to issue new debt. This document should be used only as a guideline. Each utility district has its own financial condition, financial resources, existing debt, need for additional debt for future capital improvements and ideas about how debt should be used in financing the utility district's system.

TAUD urges each utility district to work with its financial advisor, accountant, attorney and other professionals to develop its own Debt Management Policy which is suited to meet the utility district's specific objectives in issuing debt as a part of its long-term financial planning.

Debt Management Policy

Tuckaleechee Utility District of Townsend, Tennessee

Adopted by the Board of Commissioners on December 12, 2011

Effective December 31, 2011

| Asset | Property Description | Date in Service | Book Cost | Book Sal Value | 6/30/21 Accumulated Depreciation | Book 2021 Depreciation | 6/30/22 Accumulated Depreciation | 6/30/22 Net Book Value | Book Period |
|-------|------------------------------|-----------------|------------|----------------|----------------------------------|------------------------|----------------------------------|------------------------|-------------|
| 57 | GREEN RD LINE | 1/1/1980 | 11,524.00 | - | 9,564.92 | 230.48 | 5,795.40 | 1,728.60 | 50 |
| 58 | HERITAGE TAP | 1/1/1980 | 2,994.67 | - | 2,485.44 | 508.99 | 2,545.33 | 449.34 | 50 |
| 59 | KNOX CHAPMAN TAP | 1/1/1981 | 3,000.00 | - | 2,430.00 | 60.00 | 2,490.00 | 510.00 | 50 |
| 60 | BAVVIEW SUB LINE | 1/1/1981 | 12,810.05 | - | 10,376.11 | 256.20 | 10,632.31 | 2,177.74 | 50 |
| 61 | PEA RIDGE RD LINE | 1/1/1981 | 4,588.84 | - | 3,717.07 | 91.78 | 3,808.85 | 779.99 | 50 |
| 62 | MELROSE LINE | 1/1/1981 | 528.03 | - | 427.42 | 10.56 | 437.98 | 90.05 | 50 |
| 63 | WALLAND HWY PUMP | 1/1/1982 | 42,900.00 | - | 33,891.00 | 858.00 | 34,749.00 | 8,151.00 | 50 |
| 64 | WALLAND HWY LINE | 1/1/1982 | 377,360.00 | - | 288,114.40 | 7,547.20 | 305,661.60 | 71,698.40 | 50 |
| 65 | LINE EXTENSIONS | 7/1/1981 | 2,216.20 | - | 1,772.80 | 44.32 | 1,817.12 | 399.08 | 50 |
| 66 | HEADRICK RD LINE | 7/1/1982 | 6,191.35 | - | 4,829.37 | 123.83 | 4,953.20 | 1,236.15 | 50 |
| 67 | PUMP | 10/1/1983 | 1,335.51 | - | 0.00 | 0.00 | 1,335.51 | 0.00 | 10 |
| 68 | DRY VALLEY PUMP | 1/1/1984 | 3,455.28 | - | 3,455.28 | 0.00 | 3,455.28 | 0.00 | 10 |
| 69 | SHARONWOOD LINE | 7/1/1983 | 1,413.66 | - | 1,074.26 | 28.27 | 1,102.53 | 311.13 | 50 |
| 70 | LINE EXTENSIONS | 10/15/1984 | 3,061.07 | - | 2,247.78 | 61.22 | 2,309.00 | 752.07 | 50 |
| 71 | LINE EXTENSIONS | 1/1/1986 | 2,941.92 | - | 2,088.82 | 58.84 | 2,147.66 | 794.26 | 50 |
| 72 | WATER STORAGE TANKS | 1/1/1987 | 432,439.93 | - | 298,383.60 | 8,648.80 | 307,032.40 | 125,407.53 | 50 |
| 73 | PUMPS | 1/1/1986 | 2,209.66 | - | 2,209.66 | 0.00 | 2,209.66 | 0.00 | 10 |
| 74 | WALLAND HWY LINE | 1/1/1988 | 140,532.06 | - | 94,156.44 | 2,810.64 | 96,967.08 | 43,565.00 | 50 |
| 75 | HERITAGE PUMP STATION | 1/1/1988 | 7,798.69 | - | 5,225.00 | 155.97 | 5,380.97 | 2,417.72 | 50 |
| 76 | DRY VALLEY PUMP | 1/1/1988 | 2,138.48 | - | 2,138.48 | 0.00 | 2,138.48 | 0.00 | 10 |
| 77 | TREEMONT TANK LINE | 1/1/1988 | 2,280.79 | - | 1,528.27 | 45.62 | 1,573.89 | 706.90 | 50 |
| 78 | WILDWOOD PUMP | 8/18/1988 | 159.36 | - | 159.36 | 0.00 | 159.36 | 0.00 | 10 |
| 98 | WILDWOOD PUMP | 12/8/1988 | 52.00 | - | 52.00 | 0.00 | 52.00 | 0.00 | 10 |
| 100 | DRY VALLEY PUMPS | 4/24/1989 | 1,340.89 | - | 1,340.89 | 0.00 | 1,340.89 | 0.00 | 10 |
| 101 | VARIOUS PUMPS | 8/1/1989 | 78,501.40 | - | 50,554.38 | 1,570.03 | 52,134.41 | 26,366.99 | 50 |
| 102 | SING EXTENSION | 4/1/1989 | 4,903.67 | - | 3,228.14 | 98.07 | 3,326.21 | 1,577.46 | 50 |
| 103 | SING EXTENSION | 6/1/1989 | 1,076.89 | - | 690.75 | 21.53 | 712.28 | 364.41 | 50 |
| 104 | HARRIS EXTENSION | 9/26/1988 | 655.93 | - | 655.93 | 0.00 | 655.93 | 0.00 | 10 |
| 105 | HERITAGE PUMP STATION | 3/1/1990 | 2,423.45 | - | 1,518.73 | 48.47 | 1,567.20 | 856.25 | 50 |
| 108 | LINE EXT DELOZIER SUBD | 4/1/1990 | 37,666.16 | - | 23,541.25 | 753.32 | 24,294.57 | 13,371.59 | 50 |
| 109 | 321 LINE RELOCATION | 6/15/1990 | 33,508.23 | - | 20,830.95 | 670.16 | 21,501.11 | 12,007.12 | 50 |
| 117 | HIGHWAY 411 EXTENSION | 1/1/6/1991 | 15,335.78 | - | 9,329.40 | 306.72 | 9,636.12 | 5,689.66 | 50 |
| 118 | OLD WALLAND HWY EXTENSION | 3/1/1991 | 57,334.65 | - | 34,782.93 | 1,146.69 | 35,929.62 | 21,405.03 | 50 |
| 123 | METER SEVERVILLE RD | 4/1/1992 | 1,583.93 | - | 1,583.93 | 0.00 | 1,583.93 | 0.00 | 10 |
| 124 | OLD TUCKALEE/CHEE LINE | 1/1/1992 | 32,604.27 | - | 19,236.66 | 652.09 | 19,888.74 | 12,715.53 | 50 |
| 125 | OLD HIGHWAY LINE | 1/1/1992 | 37,823.05 | - | 22,315.57 | 756.46 | 23,072.03 | 14,751.02 | 50 |
| 126 | RIEGER ROAD LINE | 1/1/1992 | 7,307.44 | - | 4,311.42 | 146.15 | 4,457.57 | 2,849.87 | 50 |
| 127 | PEA RIDGE LINE | 1/1/1992 | 21,708.87 | - | 12,806.31 | 434.18 | 13,242.49 | 8,466.38 | 50 |
| 128 | BOAT GUNNEL LINE | 1/1/1992 | 14,535.60 | - | 8,575.95 | 290.71 | 8,866.66 | 5,668.94 | 50 |
| 131 | BOAT GUNNEL ROAD | 7/1/1992 | 733.20 | - | 425.14 | 14.66 | 439.80 | 293.40 | 50 |
| 132 | RIEGER ROAD LINE | 6/1/1993 | 18,270.88 | - | 10,261.93 | 365.41 | 10,627.34 | 7,643.34 | 50 |
| 133 | DRY VALLEY LINE | 10/1/1992 | 2,957.74 | - | 1,700.70 | 59.15 | 1,759.85 | 1,187.89 | 50 |
| 134 | WEST MILLERS COVE | 12/1/1992 | 6,805.03 | - | 3,890.19 | 136.10 | 4,026.29 | 2,778.74 | 50 |
| 143 | LINE EXTENSION | 1/1/1964 | 9,177.63 | - | 5,047.63 | 183.55 | 5,231.18 | 3,946.45 | 50 |
| 162 | RIEGER ROAD EXTENSION | 1/1/1994 | 455,204.23 | - | 242,775.58 | 9,104.08 | 251,879.66 | 203,324.57 | 50 |
| 153 | LINE EXTENSIONS | 1/1/1995 | 5,405.06 | - | 2,864.65 | 108.10 | 2,972.75 | 2,432.31 | 50 |
| 166 | WEST MILLERS COVE EXTENSION | 1/1/1996 | 39,916.65 | - | 20,357.42 | 400.00 | 21,555.75 | 18,760.90 | 50 |
| 173 | RUDD HOLLOW LINE EXTENSION | 7/8/1996 | 20,000.00 | - | 10,000.00 | 0.00 | 10,400.00 | 9,600.00 | 50 |
| 174 | PROSPECT ROAD LINE EXTENSION | 1/1/1/1996 | 113,229.61 | - | 58,856.89 | 2,264.59 | 58,124.48 | 55,105.13 | 50 |
| 175 | 5 STAGE PUMP | 4/1/1997 | 119,709.93 | - | 58,059.35 | 2,394.20 | 60,453.55 | 59,256.38 | 50 |
| 178 | 5 STAGE PUMP | 8/14/1997 | 2,905.07 | - | 1,389.56 | 58.10 | 1,447.66 | 1,457.41 | 50 |
| 179 | HATCHER PIKE LANE EXTENSION | 1/1/10/1997 | 1,739.00 | - | 823.13 | 34.78 | 857.91 | 881.09 | 50 |
| 180 | BOOSTER PUMPING STATION | 1/2/1/1998 | 24,572.07 | - | 11,507.89 | 491.44 | 11,999.33 | 12,572.74 | 50 |
| 187 | SMOKY HILLS SUBDIVISION | 8/24/1998 | 32,920.00 | - | 15,033.47 | 658.40 | 15,691.87 | 17,228.13 | 50 |
| 188 | HOBART HAYES ROAD LINE | 1/1/1999 | 42,973.12 | - | 19,212.90 | 859.46 | 20,072.36 | 22,900.76 | 50 |
| 189 | HOBART HAYES ROAD LINE | 1/1/1999 | 1,377.59 | - | 619.88 | 27.55 | 647.43 | 730.16 | 50 |

| Asset | Property Description | Date in Service | Book Cost | Book Sal Value | 6/30/21 Accumulated Depreciation | Book 2021 Depreciation | 6/30/22 Accumulated Depreciation | 6/30/22 Net Book Value | Book Period |
|--|---------------------------------|-----------------|-----------|----------------|----------------------------------|------------------------|----------------------------------|------------------------|-------------|
| 217 | HEADRICK PROPERTY APPROX | 7/31/2003 | 10,000.00 | - | - | 0.00 | 0.00 | 10,000.00 | 99 |
| 218 | JOHNSON PROPERTY POINT 50 | 1/6/1900 | 8,000.00 | - | - | 0.00 | 0.00 | 8,000.00 | 99 |
| 219 | LAND | 7/1/1990 | 14,565.71 | - | - | 0.00 | 0.00 | 14,565.71 | 99 |
| 220 | LAND HANNAH PROPERTY | 11/22/2002 | 5,200.00 | - | - | 0.00 | 0.00 | 5,200.00 | 99 |
| 221 | LAND DAVIS PROPERTY PLUS | 11/22/2002 | 5,400.00 | - | - | 0.00 | 0.00 | 5,400.00 | 99 |
| 222 | LAND RECORDING FEE FOR DA | 11/22/2002 | 2,000.00 | - | - | 0.00 | 0.00 | 2,000.00 | 99 |
| 267 | LAND KELLY RIDGE TANK IN LAURAL | 1/9/2012 | 7,500.00 | - | - | 0.00 | 0.00 | 7,500.00 | 99 |
| 278 | LAND | 6/23/2015 | 9,999.00 | - | - | 0.00 | 0.00 | 9,999.00 | 99 |
| | LAND | 3/10/2021 | 1,500.00 | - | - | 0.00 | 0.00 | 1,500.00 | 99 |
| | LAND AND LAND RIGHTS | | 64,164.71 | - | - | 0.00 | - | 64,164.71 | 1 |
| 4 | 15020-0000 | | 64,164.71 | - | - | 0.00 | - | 64,164.71 | 1 |
| | Difference | | - | - | - | - | - | - | |
| Group: MACHINERY | | | | | | | | | |
| 292 | BOBCAT 2016 T4 MINI EXCAVATOR | 9/26/2016 | 34,108.40 | - | 16,201.49 | 3,410.84 | 19,612.33 | 14,496.07 | 10 |
| | | | | | | 0.00 | 0.00 | 0.00 | 1 |
| 5 | 15030-0000 MACHINERY | MACHINERY | 34,108.40 | - | 16,201.49 | 3,410.84 | 19,612.33 | 14,496.07 | 1 |
| | Difference | | - | - | - | - | - | - | |
| Group: OFFICE FURN & FIXTURES | | | | | | | | | |
| 20 | OLD FURNITURE | 12/15/1977 | 465.28 | - | 465.28 | 0.00 | 465.28 | 0.00 | 10 |
| 21 | FILE CABINET | 1/1/1979 | 88.00 | - | 88.00 | 0.00 | 88.00 | 0.00 | 10 |
| 23 | HEATER | 11/4/1979 | 35.00 | - | 35.00 | 0.00 | 35.00 | 0.00 | 5 |
| 24 | CALCULATOR | 8/11/1982 | 108.58 | - | 108.58 | 0.00 | 108.58 | 0.00 | 5 |
| 25 | OFFICE MACHINE | 1/1/1985 | 45.00 | - | 45.00 | 0.00 | 45.00 | 0.00 | 5 |
| 26 | FIRE EXTINGUISHERS | 4/1/1986 | 217.54 | - | 217.54 | 0.00 | 217.54 | 0.00 | 5 |
| 27 | AIR CONDITIONER | 6/1/1986 | 580.77 | - | 580.77 | 0.00 | 580.77 | 0.00 | 5 |
| 28 | COPIER | 4/1/1987 | 600.00 | - | 600.00 | 0.00 | 600.00 | 0.00 | 5 |
| 29 | SIGN | 5/1/1987 | 43.49 | - | 43.49 | 0.00 | 43.49 | 0.00 | 5 |
| 85 | LAMPS | 7/1/1987 | 316.61 | - | 316.61 | 0.00 | 316.61 | 0.00 | 10 |
| 86 | LETTER OPENER | 9/1/1987 | 125.95 | - | 125.95 | 0.00 | 125.95 | 0.00 | 10 |
| 87 | REFRIGERATOR | 1/1/1988 | 75.00 | - | 75.00 | 0.00 | 75.00 | 0.00 | 10 |
| 95 | BULLETIN BOARD | 9/8/1988 | 32.40 | - | 32.40 | 0.00 | 32.40 | 0.00 | 3 |
| 122 | TYPEWRITER | 12/1/1991 | 179.98 | - | 179.98 | 0.00 | 179.98 | 0.00 | 5 |
| 129 | CHARIS 6 FOLDING | 6/1/1993 | 64.71 | - | 64.71 | 0.00 | 64.71 | 0.00 | 5 |
| 161 | THERMAL FAX | 3/1/1996 | 392.21 | - | 392.21 | 0.00 | 392.21 | 0.00 | 5 |
| 162 | PRINTER STAND | 4/1/1996 | 172.82 | - | 172.82 | 0.00 | 172.82 | 0.00 | 5 |
| 163 | DESK | 4/1/1996 | 25.00 | - | 25.00 | 0.00 | 25.00 | 0.00 | 5 |
| 164 | WORD PROCESSOR | 5/1/1996 | 238.96 | - | 238.96 | 0.00 | 238.96 | 0.00 | 5 |
| 165 | TABLET AT 105-T1016 & CASE | 6/1/1996 | 96.46 | - | 96.46 | 0.00 | 96.46 | 0.00 | 5 |
| 171 | OKIDATA 520 PRINTER | 2/27/1997 | 471.00 | - | 471.00 | 0.00 | 471.00 | 0.00 | 7 |
| 172 | OFFICE CHAIR | 5/15/1997 | 139.88 | - | 139.88 | 0.00 | 139.88 | 0.00 | 7 |
| 184 | FOLDING TABLE | 3/12/1999 | 88.27 | - | 88.27 | 0.00 | 88.27 | 0.00 | 7 |
| 185 | COMPUTER SYSTEM ANALYT | 3/24/1999 | 2,641.68 | - | 2,641.68 | 0.00 | 2,641.68 | 0.00 | 5 |
| 192 | SCANJET 3400 CXI COLOR SCANNER | 9/15/2001 | 201.45 | - | 201.45 | 0.00 | 201.45 | 0.00 | 7 |
| 200 | INTEL 128 SDRAM COMPUTER | 11/16/2001 | 2,140.05 | - | 2,140.05 | 0.00 | 2,140.05 | 0.00 | 5 |
| 204 | ANALYTICAL SYSTEMS INC | 11/4/2002 | 10,625.35 | - | 10,625.35 | 0.00 | 10,625.35 | 0.00 | 5 |
| 205 | COMPUTER PRINTER WITH OT | 12/6/2002 | 2,851.78 | - | 2,851.78 | 0.00 | 2,851.78 | 0.00 | 5 |
| 206 | COMPUTER BACKUP HARDWA | 1/15/2003 | 234.00 | - | 234.00 | 0.00 | 234.00 | 0.00 | 5 |
| 212 | AMOUNT TO BRING DEPR SCH | 6/30/2002 | 731.52 | - | 731.52 | 0.00 | 731.52 | 0.00 | 5 |
| 232 | CANON NP7130 COPIER | 6/13/2001 | 1,250.00 | - | 1,250.00 | 0.00 | 1,250.00 | 0.00 | 7 |
| 239 | OFFICE CHAIRS | 1/22/2010 | 382.32 | - | 382.32 | 0.00 | 382.32 | 0.00 | 3 |
| 245 | OFFICE EQUIPMENT | 9/2/2010 | 400.55 | - | 400.55 | 0.00 | 400.55 | 0.00 | 5 |

| Asset | Property Description | Date in Service | Book Cost | Book Sal Value | 6/30/21 Accumulated Depreciation | Book 2021 Depreciation | 6/30/22 Accumulated Depreciation | 6/30/22 Net Book Value | Book Period |
|-------|--|-----------------|-----------|----------------|----------------------------------|------------------------|----------------------------------|------------------------|-------------|
| 13 | PIPE LOCATOR | 10/1/2009 | 139.15 | | 139.15 | 0.00 | 139.15 | - | 5 |
| 14 | LEAK DETECTOR | 8/1/1986 | 62.93 | | 62.93 | 0.00 | 62.93 | - | 5 |
| 15 | VALVE BOX LOCATOR | 12/1/1986 | 276.00 | | 276.00 | 0.00 | 276.00 | - | 5 |
| 16 | POCKET SCOPE | 2/1/1987 | 33.94 | | 33.94 | 0.00 | 33.94 | - | 5 |
| 17 | SMALL TOOLS | 1/1/1987 | 279.49 | | 279.49 | 0.00 | 279.49 | - | 5 |
| 18 | SAW | 8/1/1986 | 550.00 | | 550.00 | 0.00 | 550.00 | - | 5 |
| 79 | PICK | 8/1/1987 | 15.28 | | 15.28 | 0.00 | 15.28 | - | 10 |
| 80 | MOWER | 9/1/1987 | 2,429.30 | | 2,429.30 | 0.00 | 2,429.30 | - | 10 |
| 81 | PITCHFORK | 11/1/1987 | 15.03 | | 15.03 | 0.00 | 15.03 | - | 10 |
| 82 | SMALL TOOLS | 3/1/1988 | 110.70 | | 110.70 | 0.00 | 110.70 | - | 10 |
| 83 | SMALL TOOLS | 12/1/1987 | 45.46 | | 45.46 | 0.00 | 45.46 | - | 10 |
| 84 | DRILLING EQUIPMENT | 6/1/1988 | 67.39 | | 67.39 | 0.00 | 67.39 | - | 10 |
| 88 | LOCKS | 9/1/1988 | 12.78 | | 12.78 | 0.00 | 12.78 | - | 5 |
| 89 | TRAILER | 9/8/1988 | 1,463.02 | | 1,463.02 | 0.00 | 1,463.02 | - | 7 |
| 90 | DIGGER ATTACHMENT | 10/2/1988 | 2,000.00 | | 2,000.00 | 0.00 | 2,000.00 | - | 7 |
| 91 | DRILL PRESS BITS | 11/18/1988 | 128.00 | | 128.00 | 0.00 | 128.00 | - | 5 |
| 92 | MISC TOOLS | 3/27/1989 | 257.84 | | 257.84 | 0.00 | 257.84 | - | 5 |
| 106 | SMALL TOOLS | 1/1/1990 | 183.24 | | 183.24 | 0.00 | 183.24 | - | 5 |
| 110 | SKILL SAW | 8/1/1990 | 176.02 | | 176.02 | 0.00 | 176.02 | - | 5 |
| 111 | SMALL TOOLS | 10/1/1990 | 173.00 | | 173.00 | 0.00 | 173.00 | - | 5 |
| 112 | POCKET COMPACTOR | 12/24/1990 | 210.35 | | 210.35 | 0.00 | 210.35 | - | 5 |
| 113 | LEAK DETECTOR | 1/21/1991 | 1,692.16 | | 1,692.16 | 0.00 | 1,692.16 | - | 7 |
| 114 | LOCATOR | 4/1/1991 | 105.12 | | 105.12 | 0.00 | 105.12 | - | 5 |
| 115 | SMALL TOOLS | 6/7/1991 | 48.00 | | 48.00 | 0.00 | 48.00 | - | 5 |
| 119 | VALVE WRENCH | 8/1/1992 | 33.00 | | 33.00 | 0.00 | 33.00 | - | 5 |
| 120 | TEST MAKE | 8/9/1991 | 67.46 | | 67.46 | 0.00 | 67.46 | - | 5 |
| 121 | METAL DETECTOR | 9/26/1992 | 150.00 | | 150.00 | 0.00 | 150.00 | - | 5 |
| 136 | SMALL TOOLS | 8/1/1992 | 11.95 | | 11.95 | 0.00 | 11.95 | - | 5 |
| 137 | CHOP SAW | 10/1/1992 | 49.06 | | 49.06 | 0.00 | 49.06 | - | 5 |
| 138 | SHOVEL | 11/1/1992 | 24.87 | | 24.87 | 0.00 | 24.87 | - | 5 |
| 139 | GAS TRASH PUMP | 1/1/1993 | 40.00 | | 40.00 | 0.00 | 40.00 | - | 5 |
| 140 | ROAD WAY SIGNS | 3/1/1993 | 439.34 | | 439.34 | 0.00 | 439.34 | - | 5 |
| 141 | WATER TESTER | 5/1/1993 | 143.00 | | 143.00 | 0.00 | 143.00 | - | 5 |
| 145 | FUEL TANK | 7/1/1993 | 50.00 | | 50.00 | 0.00 | 50.00 | - | 5 |
| 146 | SMALL TOOLS | 9/1/1993 | 80.12 | | 80.12 | 0.00 | 80.12 | - | 5 |
| 148 | TRAILER | 12/1/1993 | 3,500.00 | | 3,500.00 | 0.00 | 3,500.00 | - | 10 |
| 149 | TRASH PUMP | 3/30/1995 | 826.14 | | 826.14 | 0.00 | 826.14 | - | 7 |
| 154 | UNLOADER | 7/1/1995 | 21,095.00 | | 21,095.00 | 0.00 | 21,095.00 | - | 10 |
| 155 | AL TIMETER | 8/1/1995 | 272.10 | | 272.10 | 0.00 | 272.10 | - | 10 |
| 156 | HACKSAW | 8/1/1995 | 41.27 | | 41.27 | 0.00 | 41.27 | - | 10 |
| 157 | WIRE POST CLIPPERS | 8/1/1995 | 80.80 | | 80.80 | 0.00 | 80.80 | - | 10 |
| 158 | STHL CHAINSAW | 12/1/1995 | 201.95 | | 201.95 | 0.00 | 201.95 | - | 10 |
| 159 | MISCELLANEOUS EQUIPMENT | 4/1/1996 | 153.26 | | 153.26 | 0.00 | 153.26 | - | 10 |
| 167 | DITCHWITCH TRENCHER MOD | 8/19/1996 | 60,500.23 | | 60,500.23 | 0.00 | 60,500.23 | - | 10 |
| 168 | USED T144 DITCHWITCH SMALL TOOL STEEL TRUC | 8/8/1996 | 2,000.00 | | 2,000.00 | 0.00 | 2,000.00 | - | 10 |
| 176 | SMALL TOOL | 9/9/1997 | 460.00 | | 460.00 | 0.00 | 460.00 | - | 7 |
| 181 | STEEL TRUCKBOX COVER | 1/22/1999 | 443.98 | | 443.98 | 0.00 | 443.98 | - | 7 |
| 182 | SMALL TOOL | 1/1/1999 | 491.20 | | 491.20 | 0.00 | 491.20 | - | 7 |
| 183 | SMALL TOOL | 1/1/1999 | 111.18 | | 111.18 | 0.00 | 111.18 | - | 7 |
| 207 | NEW TOOLS | 1/1/2003 | 2,057.89 | | 2,057.89 | 0.00 | 2,057.89 | - | 3 |
| 234 | DITCH WITCH EQUIPMENT | 7/15/2008 | 1,096.00 | | 1,096.00 | 0.00 | 1,096.00 | - | 7 |
| 240 | EQUIPMENT | 2/18/2010 | 25,078.33 | | 25,078.33 | 0.00 | 25,078.33 | - | 10 |
| 241 | EXCAVATOR - GBB00985 | 2/18/2010 | 19,405.00 | | 19,405.00 | 0.00 | 19,405.00 | - | 7 |
| 242 | TOWMASTER - 4KNUC162661,16174 | 2/18/2010 | 5,330.00 | | 5,330.00 | 0.00 | 5,330.00 | - | 7 |
| 243 | HDSUPPLY | 3/31/2010 | 92,532.57 | | 31,545.22 | 2,804.02 | 34,349.24 | 58,183.33 | 33 |
| 244 | TOOLS & EQUIPMENT | 1/1/2011 | 95,829.27 | | 95,829.27 | 0.00 | 95,829.27 | - | 5 |
| 258 | PRESSURE SENSOR - NONSUBMERSIBLE | 7/15/2011 | 1,000.76 | | 1,000.76 | 0.00 | 1,000.76 | - | 5 |
| 259 | RTU CONTROL CHANNEL NEMA BLACK | 7/15/2011 | 3,366.80 | | 3,366.80 | 0.00 | 3,366.80 | - | 5 |

REVISED CAPITAL IMPROVEMENT (DRAFT)
TUCKALEECHIE UTILITY DISTRICT

MAY 16, 2022

| | PROJECT | SCHEDULE |
|----|---|--------------------------|
| 1 | Blueberry Ln. Pumping Station upgrade | Summer '22 |
| 2 | Hawkview Generator | Summer '22 |
| 3 | Develop a Intense and Continuing Waterloss Program | Fall '22 |
| 4 | Refine Hydraulic Model | Fall '22 |
| 5 | Mountain Ave. Tank Project | Fall '22 |
| 6 | Dry Valley Tank Replacement (Redesign) | Fall '22 |
| 7 | ARP Project (Including Connections to SBCUD and KCUD) | Fall '22 thru Fall '26 |
| 8 | 411 Pumping Station Upgrade | Winter '22 thru Spring |
| 9 | Kinzel Springs Pumping Station Upgrade | Spring '23 thru Fall '24 |
| 10 | New and upgraded Physical Facilities | Summer '23 thru Sumn |
| 11 | Upgrade Pipe Network in the Ellejoy Area | Summer '24 thru Fall '2 |
| 12 | Cold Springs Waterline Relocation | Summer '25 thru Sumn |

'24

ner '26

'7

ner '26

1. Provide a written statement concerning the following labeled as Exhibit 12:
 - a. Does the utility operation currently have any concern with the ability to provide safe water in compliance with all related environmental regulations to **current** customers? **No concerns at this time**
 - b. Does the utility operation currently have any concern with the ability to provide safe water in compliance with all related environmental regulations to **future** customers? **No concerns at this time**
 - c. If there are any concerns with the current or future ability to provide safe water at normal pressure, is there a plan in place to improve the system to alleviate the concerns? **No concerns at this time**



June 15, 2022

Taylor Excavating responsibilities are to find and repair any leaks that are found by him through leak detection or by customer reporting, TUD reporting or any other reporting. He also is tasked with maintenance and repair of any and all pump stations in the system as well as maintenance on all Scada systems. He is also is required to provide personal for after-hours rotation when needed. This also included any side repairs requested by the district.

ORIGINAL**MAINTENANCE AND LEAK DETECTION AGREEMENT**

This AGREEMENT made and executed this 17 day of November 2020 by and between TUCKALEECHEE UTILITY DISTRICT, hereinafter referred to as DISTRICT and TAYLOR EXCAVATING, hereinafter referred to as TAYLOR.

Whereas, the DISTRICT own a potable water system which purchases water for resale, and

Whereas, the infrastructure owned by the DISTRICT includes but not limited to: a) pipe, b) pumping facilities, c) storage facilities and d) instrumentation and electrical controls, and

Whereas, the DISTRICT intends to build its staff over the next two (2) years to perform all the operational and maintenance activities required, and

Whereas, it is desirable for the DISTRICT and TAYLOR to continue a mutually agreeable relationship for at least twenty-four (24) months, and

Whereas, the DISTRICT has embarked on a renewed water loss program, and

Whereas, TAYLOR has expertise and equipment to assist the DISTRICT in the water loss reduction program, and

Whereas, TAYLOR has expertise in the maintenance and operation of the DISTRICT'S pumping and SCADA equipment, and

Whereas, it is desirable for the DISTRICT to have an AGREEMENT with TAYLOR for training DISTRICT personnel with operation and maintenance of the pumping and SCADA equipment, and

Whereas, TAYLOR is an independent contractor and shall provide personnel and equipment to discharge the terms of this Agreement, and

WITNESSETH

That for and in consideration of Mutual Covenants between the parties, hereto, it is agreed that for a period of two (2) years from this date, and potential extension:

SECTION I SERVICES RELATIVE TO WATER LOSS PROGRAM

- A- By direction of the DISTRICT General Manager TAYLOR shall:
- 1- Provide leak detection equipment
 - 2- Service truck and other necessary equipment

- 3- Personnel [two (2) man crew]
- 4- Keep records of findings in an agreeable format.

TERMS OF PAYMENT FOR SECTION I

On a monthly basis the DISTRICT shall compensate TAYLOR for services rendered based on \$85.00 crew per hour. Invoice shall contain, but not limited to, hours spent, location for service on a daily basis. A monthly fee of \$100.00 will be paid to TAYLOR for a tablet with cellular service.

SECTION II PERSONNEL TRAINING, AND GENERAL SYSTEM OPERATION, LEAK REPAIR

- A- Under the Direction of the DISTRICT'S General Manager TAYLOR shall
 - 1- Provide all necessary tools, equipment and personnel to discharge the responsibilities of this Section.
 - 2- The DISTRICT will provide one (1) or more people for TAYLOR to utilize in a training and operations mode.
 - 3- Repair service for leaks both main-line and service lines. It is recognized that by the nature of this work activities outside regular work hours (7:00 am to 5:00 pm) may be required. After hours work shall be pre-approved by the DISTRICT. After hours labor will be charged at 1.5 times regular cost.
 - 4- It is not the intent of this AGREEMENT for TAYLOR to provide major new extensions to the system. However, due to the nature of needed service some construction will be required.

TERMS OF PAYMENT FOR SECTION II

On a monthly basis the DISTRICT shall compensate TAYLOR for services rendered based on the following:

Labor:

| | |
|--------------------|-------------------|
| Forman Supervisor | \$ 40.00 per hour |
| Labor per man hour | \$ 35.00 per hour |
| Pump/SCADA repair | \$ 85.00 per hour |

Equipment:

| | |
|---------------------------------------|-------------------|
| Backhoe | \$ 70.00 per hour |
| Track hoe (under 20,000 lb. capacity) | \$ 87.50 per hour |
| Track hoe (over 20,000 lb. capacity) | \$132.00 per hour |

| | |
|-------------------|-------------------|
| Service Truck | \$ 15.00 per hour |
| Pick-up Truck | \$ 10.00 per hour |
| Dump Truck | \$ 70.00 per hour |
| Skid Steer Loader | \$ 65.0 per hour |
| Dozer | \$ 75.00 per hour |
| Grader | \$130.00 per hour |
| Hoe Hog | \$80.00 per hour |

Note: on a quarterly basis an adjustment for fuel reviewed.

The DISTRICT shall provide all necessary materials. This Section is only for labor and equipment.

SECTION III RESPONSIBILITIES OF THE DISTRICT

- A- The DISTRICT shall communicate work needs in a clear message conveyed electronically.
- B- The DISTRICT will attempt to schedule work to minimize emergency situations.
- C- The DISTRICT shall not supervise, direct, or have control or authority, not responsibility for, TAYLOR'S means, methods, techniques, sequence, or procedures of construction or the safety precautions and programs incident thereto, or for any failure of TAYLOR to comply with laws and regulations applicable to the performance of TAYLOR work.
- D- The DISTRICT will pay TAYLOR by invoice once monthly as applicable.
- E- The DISTRICT will provide all necessary material such as pipe, valves, electrical components, and stone to support TAYLOR'S work.
- F- The DISTRICT will co-operate with the Blount Highway Department and others for all required paving.

SECTION IV SPECIAL PROVISIONS

- A- TAYLOR shall provide the DISTRICT with evidence of insurance as follows:
 - 1- Liability and property damage of not less than one million dollars (\$1,000,000.00) combine single limits for bodily and/or property damage.
 - 2- Worker's Compensation – at least the minimum amount required by Tennessee law.
- B- The regular work day is from 7:00 am – 5:00 pm with one (1) hour for lunch (payment 8 hours/day) time off for lunch will not be paid by DISTRICT.
- C- Travel time not paid by DISTRICT except when traveling from job site to job site throughout the Utility on any given day.

- D- Time for labor and equipment shall be submitted by TAYLOR on a daily basis in an electronic format acceptable to the DISTRICT.

SECTION V TERMINATION OF AGREEMENT

It is agreed by and between each of the Parties hereto, respectively that each of the Parties hereto shall have, and there is hereby reserved to such Parties and each of them the absolute right to cancel and annul this AGREEMENT at any time upon sixty (60) days written notice to the other Party.

SECTION IV SUCCESSORS AND ASSIGNMENTS

The DISTRICT and TAYLOR each bind themselves, their successors and assigns to all covenants of this AGREEMENT. None of the Parties hereto shall assign, sublet or transfer its interest in this AGREEMENT without written consent of all other Parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their duly authorized officials, this AGREEMENT in triplicate on the respective dates indicated below.

OWNER: Tuckaleechee Utility District

By: _____

Type Name: Lynn Valentine

Title: General Manager

Date: November 17, 2020

CONTRACTOR: Taylor Excavating

By: _____

Type Name: Mike Taylor

Title: Owner

Date: November 17, 2020

LEAK DETECTION AND MAINTENANCE AGREEMENT FOR WATER DISTRIBUTION SYSTEM

This Agreement made this **1st day of July, 2015** by and between **Tuckaleechee Utility District**, hereafter referred to as TUD, and **Taylor Excavating** hereinafter referred to as TE:

WITNESSETH:

That for and in consideration of the mutual covenants and promises between the parties, hereto, it is hereby agreed that for a period of one year from date of Agreement (with the option to extend said Agreement an additional one-year if agreeable to both parties):

SECTION A – REQUIRED SERVICES

TE shall, on an *as-needed* basis, provide services as follows at the stated compensation:

1. Cost of providing leak detecting equipment, truck and labor for leak detection: Cost per hour for two (2) men and truck: **\$75.00.**
2. REPAIR of water distribution system including furnishing labor, equipment and material.
3. Cost of labor and equipment (per hour) for REPAIR of distribution system at the following:

| | | |
|--------------------------|--------------------------------------|-----------------|
| <input type="checkbox"/> | Backhoe | \$65.00 |
| <input type="checkbox"/> | Trackhoe (under 20,000 lb. capacity) | \$72.50 |
| <input type="checkbox"/> | Trackhoe (over 20,000 lb. capacity) | \$125.00 |
| <input type="checkbox"/> | Labor (per hour per man) | \$30.00 |
| <input type="checkbox"/> | Foreman/Supervisor | \$38.00 |
| <input type="checkbox"/> | Pump/ SCADA Repair | \$75.00 |
| <input type="checkbox"/> | Service Truck | \$10.00 |
| <input type="checkbox"/> | Pick-Up Truck | \$5.00 |
| <input type="checkbox"/> | Dump Truck | \$65.00 |
| <input type="checkbox"/> | Skid Steer Loader | \$60.00 |
| <input type="checkbox"/> | Dozer | \$70.00 |

Regular working hours are 8:00AM to 4:30PM Monday-Friday. Work performed after 4:30PM or weekends to be compensated at 1.5 times the above. ALL after-hours work to be pre-approved by TUD.

4. Travel time NOT to be paid by TUD except when traveling from job to job throughout the Utility on any given day.
5. CONSTRUCTION of miscellaneous line projects including furnishing labor, equipment and material.
6. Cost of labor and equipment for CONSTRUCTION of waterlines at the following:

| | | |
|--------------------------|-------------------------|----------------|
| <input type="checkbox"/> | 16" Waterline – DI (LF) | \$18.00 |
|--------------------------|-------------------------|----------------|

| | | |
|--------------------------|-------------------------------------|------------|
| <input type="checkbox"/> | 12" Waterline – DI/C900 (LF) | \$15.50 |
| <input type="checkbox"/> | 12" Waterline – PVC (LF) | \$14.00 |
| <input type="checkbox"/> | 10" Waterline – DI/C900 (LF) | \$14.75 |
| <input type="checkbox"/> | 10" Waterline – PVC (LF) | \$13.50 |
| <input type="checkbox"/> | 8" Waterline – DI/C900 (LF) | \$13.50 |
| <input type="checkbox"/> | 8" Waterline – PVC (LF) | \$11.50 |
| <input type="checkbox"/> | 6" Waterline – DI (LF) | \$8.75 |
| <input type="checkbox"/> | 6" Waterline – PVC (LF) | \$8.00 |
| <input type="checkbox"/> | 4" Waterline – DI (LF) | \$8.00 |
| <input type="checkbox"/> | 4" Waterline – PVC (LF) | \$7.00 |
| <input type="checkbox"/> | 3" Waterline - PVC (LF) | \$7.00 |
| <input type="checkbox"/> | 2" Waterline - PVC (LF) | \$6.50 |
| <input type="checkbox"/> | ¾" and 1" Service Tubing (LF) | \$6.75 |
| <input type="checkbox"/> | 16" Gate Valves (EA) | \$575.00 |
| <input type="checkbox"/> | 12" Gate Valves (EA) | \$525.00 |
| <input type="checkbox"/> | 10" Gate Valves (EA) | \$525.00 |
| <input type="checkbox"/> | 8" Gate Valves (EA) | \$400.00 |
| <input type="checkbox"/> | 6", 4", 3", & 2" Gate Valves | \$400.00 |
| <input type="checkbox"/> | 4" to 6" Valve Nest (EA) | \$1,250.00 |
| <input type="checkbox"/> | 8" to 12" Valve Nest (EA) | \$1,400.00 |
| <input type="checkbox"/> | 16" Valve Nest (EA) | \$2,100.00 |
| <input type="checkbox"/> | 4" to 6" Cut & Plug (EA) | \$400.00 |
| <input type="checkbox"/> | 8" to 12" Cut & Plug (EA) | \$400.00 |
| <input type="checkbox"/> | 16" Cut & Plug (EA) | \$550.00 |
| <input type="checkbox"/> | Air Release Valve (EA) | \$400.00 |
| <input type="checkbox"/> | Blow-off Valve (EA) | \$275.00 |
| <input type="checkbox"/> | Fire Hydrant & Valve (EA) | \$1,550.00 |
| <input type="checkbox"/> | ¾" and 1" Hole Hog (LF) | \$25.00 |
| <input type="checkbox"/> | 2" and above Hole Hog (LF) | \$30.00 |
| <input type="checkbox"/> | Pavement Restoration (SY)* | \$100.00 |
| <input type="checkbox"/> | Stone (TON) | \$18.75 |
| <input type="checkbox"/> | Rock Removal (CY) | \$300.00 |
| <input type="checkbox"/> | MJ Fitting (EA) | \$175.00 |
| <input type="checkbox"/> | Restrainers (EA) | \$125.00 |
| <input type="checkbox"/> | Tie-Ins to Existing Line – Dry (EA) | \$200.00 |

*\$1500 minimum on Pavement Restoration as per asphalt provider.

7. Cost of materials required for repairs and construction of waterlines: Cost plus 15%.
8. Cost of furnishing labor and equipment for the construction of the following:

| | | |
|--------------------------|---|----------|
| <input type="checkbox"/> | ¾" Service Tap & Meter (8" Pipe and below) | \$675.00 |
| <input type="checkbox"/> | ¾" Service Tap & Meter (10" Pipe and above) | \$800.00 |
| <input type="checkbox"/> | 1" Service Tap & Meter (8" Pipe and below) | \$675.00 |
| <input type="checkbox"/> | 1" Service Tap & Meter (10" Pipe and above) | \$800.00 |

TUD will provide meter, meter yoke, radio read equipment, meter box and lid for all service taps.

- 9. Cost of service tubing and hole hog for service tubing (if required) for service tap compensated as stated in Items 6 and 7.
- 10. Cost of providing iPad® or Android Tablet with cellular service: Cost per month: **\$80.00.**
- 11. TE must furnish liability and property damage insurance of not less than one million dollars (\$1,000,000.00) combined single limits for bodily and /or property damage.
- 12. TE must carry Workers' Compensation Insurance.
- 13. TE will provide a complete line item list with detailed quote of services and will adhere to that list when billing. TE will provide days and hours worked when billing.
- 14. TE will provide all necessary tools and equipment to perform services.
- 15. TE will complete tasks in a safe and timely manner. Time off for lunch will not be paid by TUD.
- 16. If a situation arises that is not on the detailed quote list, TE agrees that TUD Manager's approval will be required before completion or payment.
- 17. TE will provide a one-year warranty on all work.

SECTION B – TUD’S RESPONSIBILITIES

TUD shall be responsible for the following:

- 1. TUD will not withhold any taxes and will provide a 1099 to TE annually. Because this business relationship is that of independent contractor, there is no entitlement to benefits such as health insurance, life insurance, retirement, or unemployment insurance.
- 2. TUD will pay TE by invoice once monthly as applicable and will pay in strict accordance with line item quotes by TE and verified by TUD.
- 3. TUD will make every attempt to schedule work with TE except in emergency situations.
- 4. TUD will communicate work needed via work orders posted on the internet.
- 5. TUD shall not supervise, direct, or have control or authority over, not be responsible for, TE's means, methods, techniques, sequences, or procedures of construction or the safety precautions and programs incident thereto, or for any failure of TE to comply with Laws and Regulations applicable to the performance of TE's work.

This Agreement may be terminated by either party with a 60-day notice.

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their duly authorized officials, this Agreement in triplicate on the respective dates indicated below.

OWNER: **Tuckaleechee Utility District**

By 

Type Name Lynn Valentine

Title District Manager

Date 6-26-15

CONTRACTOR: **Taylor Excavating**

By Mike Taylor

Type Name Mike Taylor

Title Owner

Date 6/26/2015

**MAINTENANCE AND LEAK DETECTION AGREEMENT
FOR
WATER DISTRIBUTION SYSTEM**

This Agreement made this **1st day of July, 2017** by and between **Tuckaleechee Utility District**, hereafter referred to as TUD, and **Taylor Excavating** hereinafter referred to as TE:

WITNESSETH:

That for and in consideration of the mutual covenants and promises between the parties, hereto, it is hereby agreed that for a period of one year from date of Agreement (with the option to extend said Agreement an additional one-year if agreeable to both parties):

SECTION A – REQUIRED SERVICES

TE shall, on an *as-needed* basis, provide services as follows at the stated compensation:

1. Cost of providing leak detecting equipment, truck and labor for leak detection: Cost per hour for two (2) men and truck: **\$85.00**.
2. REPAIR of water distribution system including furnishing labor, equipment and material.
3. Cost of labor and equipment (per hour) for REPAIR of distribution system at the following:

| | |
|--|-----------------|
| • Backhoe | \$70.00 |
| • Trackhoe (under 20,000 lb. capacity) | \$82.50 |
| • Trackhoe (over 20,000 lb. capacity) | \$132.00 |
| • Labor (per hour per man) | \$35.00 |
| • Foreman/Supervisor | \$40.00 |
| • Pump/ SCADA Repair | \$85.00 |
| • Service Truck | \$15.00 |
| • Pick-Up Truck | \$10.00 |
| • Dump Truck | \$70.00 |
| • Skid Steer Loader | \$65.00 |
| • Dozer | \$75.00 |
| • Grader | \$130.00 |

Regular working hours are 7:00AM to 5:00PM Monday-Friday. Work performed after 5:00PM or weekends to be compensated at 1.5 times the above. ALL after-hours work to be pre-approved by TUD.

4. Travel time NOT to be paid by TUD except when traveling from job to job throughout the Utility on any given day.
5. CONSTRUCTION of miscellaneous line projects including furnishing labor, equipment and material.
6. Cost of labor and equipment for CONSTRUCTION of waterlines at the following:

| | |
|--------------------------------|----------------|
| • 16" Waterline – DI (LF) | \$14.00 |
| • 12" Waterline – DI/C900 (LF) | \$12.00 |
| • 12" Waterline – PVC (LF) | \$12.00 |

| | |
|---------------------------------------|-------------------|
| • 10" Waterline – DI/C900 (LF) | \$10.00 |
| • 10" Waterline – PVC (LF) | \$10.00 |
| • 8" Waterline – DI/C900 (LF) | \$8.00 |
| • 8" Waterline – PVC (LF) | \$8.00 |
| • 6" Waterline – DI (LF) | \$6.00 |
| • 6" Waterline – PVC (LF) | \$6.00 |
| • 4" Waterline – DI (LF) | \$5.00 |
| • 4" Waterline – PVC (LF) | \$5.00 |
| • 3" Waterline - PVC (LF) | \$5.00 |
| • 2" Waterline - PVC (LF) | \$5.00 |
| • ¾" and 1" Service Tubing (LF) | \$5.00 |
| • 16" Gate Valves (EA) | \$500.00 |
| • 12" Gate Valves (EA) | \$500.00 |
| • 10" Gate Valves (EA) | \$500.00 |
| • 8" Gate Valves (EA) | \$400.00 |
| • 6", 4", 3", & 2" Gate Valves | \$350.00 |
| • 4" to 6" Valve Nest (EA) | \$1,800.00 |
| • 8" to 12" Valve Nest (EA) | \$2,000.00 |
| • 16" Valve Nest (EA) | \$3,000.00 |
| • 4" to 6" Cut & Plug (EA) | \$1,500.00 |
| • 8" to 12" Cut & Plug (EA) | \$3,000.00 |
| • 16" Cut & Plug (EA) | \$3,500.00 |
| • Air Release Valve (EA) | \$400.00 |
| • Blow-off Valve (EA) | \$300.00 |
| • Fire Hydrant & Valve (EA) | \$1,500.00 |
| • ¾" and 1" Hole Hog (LF) | \$30.00 |
| • 2" and above Hole Hog (LF) | \$35.00 |
| • Pavement Restoration (SY)* | \$80.00 |
| • Stone (TON) | \$6.00 |
| • Rock Removal (CY) | \$250.00 |
| • MJ Fitting (EA) | \$150.00 |
| • Restrainers (EA) | \$150.00 |
| • Tie-Ins to Existing Line – Dry (EA) | \$500.00 |

7. Cost of materials required for repairs and construction of waterlines: Cost plus **20%**.
8. Cost of furnishing labor and equipment for the construction of the following:

| | |
|---|-----------------|
| • ¾" Service Tap & Meter (8" Pipe and below) | \$750.00 |
| • ¾" Service Tap & Meter (10" Pipe and above) | \$850.00 |
| • 1" Service Tap & Meter (8" Pipe and below) | \$750.00 |
| • 1" Service Tap & Meter (10" Pipe and above) | \$850.00 |

TUD will provide meter, meter yoke, radio read equipment, meter box and lid for all service taps.

9. Cost of service tubing and hole hog for service tubing (if required) for service tap compensated as stated in Items 6 and 7.
10. Cost of providing iPad® or Android Tablet with cellular service: Cost per month: **\$100.00**.

11. TE must furnish liability and property damage insurance of not less than one million dollars (\$1,000,000.00) combined single limits for bodily and /or property damage.
12. TE must carry Workers' Compensation Insurance.
13. TE will provide a complete line item list with detailed quote of services and will adhere to that list when billing. TE will provide days and hours worked when billing.
14. TE will provide all necessary tools and equipment to perform services.
15. TE will complete tasks in a safe and timely manner. Time off for lunch will not be paid by TUD.
16. If a situation arises that is not on the detailed quote list, TE agrees that TUD Manager's approval will be required before completion or payment.
17. TE will provide a one-year warranty on all work.

SECTION B – TUD'S RESPONSIBILITIES

TUD shall be responsible for the following:

1. TUD will not withhold any taxes and will provide a 1099 to TE annually. Because this business relationship is that of independent contractor, there is no entitlement to benefits such as health insurance, life insurance, retirement, or unemployment insurance.
2. TUD will pay TE by invoice once monthly as applicable and will pay in strict accordance with line item quotes by TE and verified by TUD.
3. TUD will make every attempt to schedule work with TE except in emergency situations.
4. TUD will communicate work needed via work orders posted on the internet.
5. TUD shall not supervise, direct, or have control or authority over, not be responsible for, TE's means, methods, techniques, sequences, or procedures of construction or the safety precautions and programs incident thereto, or for any failure of TE to comply with Laws and Regulations applicable to the performance of TE's work.

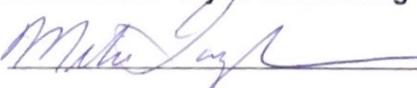
This Agreement may be terminated by either party with a 60-day notice.

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their duly authorized officials, this Agreement in triplicate on the respective dates indicated below.

OWNER: **Tuckaleechee Utility District**

By 
 Type Name Lynn Valentine
 Title District Manager
 Date 8/15/2017

CONTRACTOR: **Taylor Excavating**

By 
 Type Name Mike Taylor
 Title Owner
 Date 8/15/2017

Tuckaleechee Utility District Vendor History Report

Order By Vendor Number
 Vendor Number Range 199 To 199
 Vendor Name Range Not Applicable
 Vendor Type All Vendor Types
 Transaction Date Range 01/01/2018 To 06/09/2022
 Include Miscellaneous Vendors
 Include Checks
 Include Vouchers Print Voucher Expense Detail
 Print Vendor Totals Only

| Voucher Type | Voucher Number | Invoice Date | Invoice Number | AP Account | Invoice Amount | Void |
|--------------|----------------|-------------------|---------------------------|--------------------|----------------|-------------------------------------|
| Vendor | 199 | Taylor Excavating | 281 Mays Valley Rd. | Harriman, TN 37748 | | |
| Invoice | 15424 | 01/22/2018 | 12/31/17 | 15504-0000 | \$27,676.54 | <input type="checkbox"/> |
| Invoice | 15502 | 02/19/2018 | Thru-January Item#66 | 15504-0000 | \$37,582.10 | <input type="checkbox"/> |
| Invoice | 15564 | 03/16/2018 | Thru Feb 28 2018 | 15504-0000 | \$31,037.81 | <input type="checkbox"/> |
| Invoice | 15628 | 04/16/2018 | McKenry/Bethlehem Rd | 15504-0000 | \$19,690.00 | <input type="checkbox"/> |
| Invoice | 15647 | 04/19/2018 | March252018 | 15504-0000 | \$34,108.38 | <input type="checkbox"/> |
| Invoice | 15726 | 05/29/2018 | 4/30/18 | 15504-0000 | \$35,219.09 | <input type="checkbox"/> |
| Invoice | 15782 | 06/20/2018 | June 2018 | 15504-0000 | \$30,138.63 | <input type="checkbox"/> |
| Invoice | 15781 | 06/20/2018 | May2018 | 15504-0000 | \$31,913.85 | <input type="checkbox"/> |
| Invoice | 15868 | 07/23/2018 | 6/29/18 | 20000-0000 | \$40,423.44 | <input type="checkbox"/> |
| Invoice | 15908 | 08/07/2018 | July282018 | 20000-0000 | \$18,675.00 | <input type="checkbox"/> |
| Invoice | 15950 | 08/27/2018 | July2018 | 20000-0000 | \$51,722.05 | <input type="checkbox"/> |
| Invoice | 16004 | 09/21/2018 | August 31 2018 | 20000-0000 | \$40,408.38 | <input type="checkbox"/> |
| Invoice | 16077 | 10/22/2018 | thru 9/31/18 | 20000-0000 | \$26,989.42 | <input type="checkbox"/> |
| Invoice | 16161 | 11/26/2018 | November2018 | 20000-0000 | \$47,194.86 | <input type="checkbox"/> |
| Invoice | 16212 | 12/19/2018 | Thru 11/30/18 | 20000-0000 | \$31,171.37 | <input type="checkbox"/> |
| Invoice | 16305 | 12/30/2018 | Thru-12/30/2018 | 20000-0000 | \$35,391.34 | <input type="checkbox"/> |
| Invoice | 16362 | 02/19/2019 | Thru 1/31/2019 | 20000-0000 | \$32,459.16 | <input type="checkbox"/> |
| Invoice | 16433 | 03/20/2019 | Thru 2/28/19 | 20000-0000 | \$33,334.10 | <input type="checkbox"/> |
| Invoice | 16501 | 04/17/2019 | Thru 3/31/2019 | 20000-0000 | \$27,793.59 | <input type="checkbox"/> |
| Invoice | 16599 | 05/29/2019 | Thru 4/31/19 | 20000-0000 | \$38,531.22 | <input type="checkbox"/> |
| Invoice | 16600 | 05/29/2019 | Materials Laurel Valley | 20000-0000 | \$4,162.68 | <input type="checkbox"/> |
| Invoice | 16601 | 05/30/2019 | Dry Valley Line Replaceme | 20000-0000 | \$109,840.00 | <input type="checkbox"/> |
| Invoice | 16661 | 06/24/2019 | thru May 31 2019 | 20000-0000 | \$62,153.26 | <input type="checkbox"/> |
| Invoice | 16731 | 07/18/2019 | Thru June 31,2019 | 20000-0000 | \$58,972.27 | <input type="checkbox"/> |
| Invoice | 16836 | 08/26/2019 | August 10 2019 | 20000-0000 | \$4,589.89 | <input type="checkbox"/> |
| Invoice | 16837 | 08/26/2019 | thru 7/31/9 | 20000-0000 | \$63,577.34 | <input type="checkbox"/> |
| Invoice | 16887 | 09/19/2019 | 8/31/19 | 20000-0000 | \$4,343.34 | <input type="checkbox"/> |
| Invoice | 16888 | 09/19/2019 | August2019 | 20000-0000 | \$54,753.01 | <input type="checkbox"/> |
| Invoice | 16973 | 10/21/2019 | thruSeptember302019 | 20000-0000 | \$50,834.47 | <input type="checkbox"/> |
| Invoice | 17049 | 11/21/2019 | Thru Oct.31, 2019 | 20000-0000 | \$40,457.94 | <input type="checkbox"/> |
| Invoice | 17127 | 12/19/2019 | Thur11/28/19 | 20000-0000 | \$42,081.87 | <input type="checkbox"/> |
| Invoice | 17179 | 01/08/2020 | Mtluke1/5/20 | 20000-0000 | \$65,226.40 | <input type="checkbox"/> |
| Invoice | 17180 | 01/09/2020 | Thru 12/31/2019 | 20000-0000 | \$31,332.39 | <input type="checkbox"/> |
| Invoice | 17253 | 02/11/2020 | February12020 | 20000-0000 | \$38,203.68 | <input checked="" type="checkbox"/> |
| Invoice | 17254 | 02/11/2020 | Thru January 31 2020 | 20000-0000 | \$52,938.94 | <input type="checkbox"/> |
| Invoice | 17259 | 02/11/2020 | February | 20000-0000 | \$38,503.68 | <input type="checkbox"/> |
| Invoice | 17330 | 03/12/2020 | Thru2/29/2020 | 20000-0000 | \$71,296.12 | <input type="checkbox"/> |
| Invoice | 17331 | 03/12/2020 | Thru 2/29/2020 | 20000-0000 | \$39,638.98 | <input type="checkbox"/> |
| Invoice | 17402 | 04/08/2020 | Tatorwater thru 4/6/2020 | 20000-0000 | \$50,326.94 | <input type="checkbox"/> |

| | | | | | | 193 | |
|---|-------|------------|---------------------------|------------|----------------|--------------------------|--|
| Invoice | 17403 | 04/08/2020 | Thru 3/31/2020 | 20000-0000 | \$38,969.10 | <input type="checkbox"/> | |
| Invoice | 17473 | 05/13/2020 | Thru 4/30/2020 | 20000-0000 | \$32,206.19 | <input type="checkbox"/> | |
| Invoice | 17487 | 05/19/2020 | May 5 2020 | 20000-0000 | \$89,002.12 | <input type="checkbox"/> | |
| Invoice | 17579 | 06/23/2020 | Thru May 30,2020 | 20000-0000 | \$47,959.87 | <input type="checkbox"/> | |
| Invoice | 17599 | 06/30/2020 | May302020 | 20000-0000 | \$8,703.63 | <input type="checkbox"/> | |
| Invoice | 17600 | 06/30/2020 | May302020 | 20000-0000 | \$11,823.17 | <input type="checkbox"/> | |
| Invoice | 17650 | 07/21/2020 | Thru June 30 2020 | 20000-0000 | \$56,408.62 | <input type="checkbox"/> | |
| Invoice | 17656 | 07/22/2020 | Thru 7-15-2020 | 20000-0000 | \$24,847.16 | <input type="checkbox"/> | |
| Invoice | 17739 | 08/19/2020 | Thru 7/31/2020 | 20000-0000 | \$67,634.37 | <input type="checkbox"/> | |
| Invoice | 17819 | 09/22/2020 | Thru August 31 2020 | 20000-0000 | \$55,520.51 | <input type="checkbox"/> | |
| Invoice | 17879 | 10/13/2020 | Pump Controlers | 20000-0000 | \$18,210.44 | <input type="checkbox"/> | |
| Invoice | 17882 | 10/15/2020 | Thru 9/30/2020 | 20000-0000 | \$44,299.02 | <input type="checkbox"/> | |
| Invoice | 17957 | 11/18/2020 | Thru October 31 2020 | 20000-0000 | \$49,185.93 | <input type="checkbox"/> | |
| Invoice | 18012 | 12/11/2020 | Thru 11/30/2020 | 20000-0000 | \$43,746.76 | <input type="checkbox"/> | |
| Invoice | 18095 | 01/18/2021 | Thru 12/31/2020 | 20000-0000 | \$38,347.08 | <input type="checkbox"/> | |
| Invoice | 18163 | 02/11/2021 | Thru1/31/2021 | 20000-0000 | \$36,185.99 | <input type="checkbox"/> | |
| Invoice | 18241 | 03/18/2021 | Thru Feb 28, 2021 | 20000-0000 | \$28,918.75 | <input type="checkbox"/> | |
| Invoice | 18327 | 04/21/2021 | Thru3/31/21 | 20000-0000 | \$40,331.87 | <input type="checkbox"/> | |
| Invoice | 18404 | 05/25/2021 | Thru 4/30/21 | 20000-0000 | \$33,872.75 | <input type="checkbox"/> | |
| Invoice | 18453 | 06/08/2021 | Thru 5/31/2021 | 20000-0000 | \$41,593.37 | <input type="checkbox"/> | |
| Invoice | 18533 | 06/30/2021 | Thru June 30 2021 | 20000-0000 | \$41,811.00 | <input type="checkbox"/> | |
| Invoice | 18644 | 08/27/2021 | Thru July 31 2021 | 20000-0000 | \$45,706.29 | <input type="checkbox"/> | |
| Invoice | 18707 | 09/21/2021 | Thur August 31,2021 | 20000-0000 | \$59,295.62 | <input type="checkbox"/> | |
| Invoice | 18784 | 10/14/2021 | Thru 9/30/21 | 20000-0000 | \$43,648.12 | <input type="checkbox"/> | |
| Invoice | 18885 | 11/16/2021 | Thru 10/31/21 | 20000-0000 | \$34,390.73 | <input type="checkbox"/> | |
| Invoice | 18963 | 12/14/2021 | Thru11/30/21 | 20000-0000 | \$46,110.37 | <input type="checkbox"/> | |
| Invoice | 19046 | 01/19/2022 | Dec 31 2021 | 20000-0000 | \$49,052.38 | <input type="checkbox"/> | |
| Invoice | 19132 | 02/21/2022 | ThurJanuary312022 | 20000-0000 | \$40,760.00 | <input type="checkbox"/> | |
| Invoice | 19206 | 03/18/2022 | ThruFebruary282022 | 20000-0000 | \$25,360.60 | <input type="checkbox"/> | |
| Invoice | 19301 | 04/20/2022 | Thru 3/31/2022 | 20000-0000 | \$33,335.00 | <input type="checkbox"/> | |
| Invoice | 19409 | 05/31/2022 | 4/29/22 Hwy 411 Line Exte | 20000-0000 | \$39,666.74 | <input type="checkbox"/> | |
| Invoice | 19410 | 05/31/2022 | Thru 4/31/22 | 20000-0000 | \$28,717.50 | <input type="checkbox"/> | |
| Voucher Totals For Vendor 199 Taylor Excavating | | | | | 70 Vouchers | \$2,812,110.90 | |
| | | | | | 1 Void Voucher | \$38,203.68 | |



Jason E. Mumpower
Comptroller

Entity Referred: **Bedford County Utility District**

Referral Reason: **Negative Net Position**

Utility Type Referred: **Gas**

Staff Summary: The Bedford County Utility District (the "Entity") has been referred to the Utility Management Review Board ("the Board") for financial distress since 2015. The Entity has complied with prior directives of the Board. The Entity has shown in consecutive audits positive changes in net position, and Board staff believes the Entity should be released from Board oversight.

Staff Recommendation:

1. The Entity is officially released from the Board's oversight.
2. Board staff shall close the Entity's case for financial distress.

Bedford County Utility District

| | Category: Gas | | County: Bedford | |
|---|----------------------|----------------|------------------------|----------------|
| | 2019 | 2020 | 2021 | 2022 |
| Net Assets | \$5,485,272.00 | \$5,483,200.00 | \$5,517,748.00 | \$5,449,087.00 |
| Deferred Outflow Resources | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Net Liabilities | \$5,375,778.00 | \$4,835,462.00 | \$4,304,363.00 | \$3,690,068.00 |
| Deferred Inflow Resources | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Total Net Position | \$109,494.00 | \$647,738.00 | \$1,213,385.00 | \$1,759,019.00 |
| Operating Revenues | \$1,294,959.00 | \$1,243,507.00 | \$1,361,946.00 | \$1,880,511.00 |
| Net Sales | \$1,284,668.00 | \$1,234,257.00 | \$1,332,000.00 | \$1,864,036.00 |
| Operating Expenses | \$704,461.00 | \$583,986.00 | \$701,149.00 | \$1,229,374.00 |
| Depreciation Expenses | \$175,081.00 | \$192,696.00 | \$195,216.00 | \$188,936.00 |
| Non Operating Revenues | -\$125,958.00 | -\$121,277.00 | -\$117,520.00 | -\$112,503.00 |
| Capital Contributions | \$664,906.00 | \$0.00 | \$22,370.00 | \$7,000.00 |
| Transfers In | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Transfers Out | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| GAAP Change In Net Position | \$1,129,446.00 | \$538,244.00 | \$565,647.00 | \$545,634.00 |
| Statutory Change In Net Position | \$464,540.00 | \$538,244.00 | \$543,277.00 | \$538,634.00 |



Jason E. Mumpower
Comptroller

Entity Referred: **Blountville Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

The Blountville Utility District ("the Entity") has been referred to the Utility Management Review Board ("the Board") for financial distress since 2020. The Entity returned its financial distress questionnaire timely. The Entity reported salaries and benefits expenses of \$558,946, \$955,966, and \$692,923 in 2019, 2020, and 2021 respectively. Board staff believes that stabilizing these expenses will ease the Entity's future financial planning. TAUD has completed a rate study for the Entity. The Entity is currently in the middle of adopting TAUD's recommendations.

Staff Recommendation:

The Board should order the following:

1. By March 31, 2023, the Entity shall provide Board staff with proof of implementation of the recommendations.
2. The Entity shall send financial updates to Board staff by March 1st and September 1st of each year beginning September 1, 2023, until the Board releases the Entity from its oversight.

Blountville Utility District

| | Category: Water | | County: Sullivan | |
|---|------------------------|----------------|-------------------------|-----------------|
| | 2018 | 2019 | 2020 | 2021 |
| Net Assets | \$5,219,082.00 | \$7,827,177.00 | \$13,283,973.00 | \$12,558,549.00 |
| Deferred Outflow Resources | \$0.00 | \$0.00 | \$0.00 | \$77,827.00 |
| Net Liabilities | \$920,544.00 | \$3,409,267.00 | \$8,462,158.00 | \$7,835,443.00 |
| Deferred Inflow Resources | \$0.00 | \$0.00 | \$0.00 | \$3,484.00 |
| Total Net Position | \$4,298,538.00 | \$4,417,910.00 | \$4,821,815.00 | \$4,797,449.00 |
| Operating Revenues | \$2,463,018.00 | \$2,461,969.00 | \$2,653,280.00 | \$2,745,973.00 |
| Net Sales | \$2,358,705.00 | \$2,360,437.00 | \$2,554,584.00 | \$2,612,686.00 |
| Operating Expenses | \$2,086,635.00 | \$2,298,068.00 | \$2,910,992.00 | \$2,849,158.00 |
| Depreciation Expenses | \$261,044.00 | \$294,340.00 | \$335,820.00 | \$441,507.00 |
| Non Operating Revenues | -\$7,837.00 | -\$44,529.00 | -\$138,383.00 | -\$207,109.00 |
| Capital Contributions | \$0.00 | \$0.00 | \$800,000.00 | \$0.00 |
| Transfers In | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Transfers Out | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| GAAP Change In Net Position | \$368,546.00 | \$119,372.00 | \$403,905.00 | -\$310,294.00 |
| Statutory Change In Net Position | \$368,546.00 | \$119,372.00 | -\$396,095.00 | -\$310,294.00 |

**BLOUNTVILLE UTILITY DISTRICT
SUGGESTED RATE INCREASES**

| <u>Suggested Rates</u> | <u>Current Rates</u> | <u>FY 22-23</u> (start 1/1/23) | <u>FY 23-24</u> | <u>FY 24-25</u> | <u>FY 25-26</u> |
|------------------------|------------------------|-----------------------------------|------------------------|------------------------|------------------------|
| Minimum Bill | \$19.02 | \$20.00 | \$20.00 | \$20.50 | \$21.10 |
| Every 1,000 Gallons | \$6.49 / 1,000 gallons | \$7.15 / 1,000 gallons | \$7.15 / 1,000 gallons | \$7.35 / 1,000 gallons | \$7.55 / 1,000 gallons |

| | | | | | |
|--------------------------------|-------------|----------|----------|----------|-------|
| Average Bill for 4,000 gallons | \$ 19.02 \$ | 20.00 \$ | 20.00 \$ | 20.50 \$ | 21.10 |
| per month | \$ 25.96 \$ | 28.60 \$ | 28.60 \$ | 29.40 \$ | 30.20 |
| | \$ 44.98 \$ | 48.60 \$ | 48.60 \$ | 49.90 \$ | 51.30 |

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Blountville Utility District**Historical Statements of Revenues and Expenses and Changes in Net Position**

| | Audited 6/30/2019 | Audited 6/30/2020 | Audited 6/30/2021 | Unaudited 6/30/2022 |
|--|----------------------|----------------------|----------------------|------------------------|
| Operating Revenues: | | | | |
| Water Sales & Late Payment Penalties | 2,360,437 | 2,554,584 | 2,612,686 | 2,873,221 |
| Service Fees | 73,577 | 68,320 | 96,497 | 101,560 |
| Tap Fees & Extension Income | 14,148 | 15,285 | 20,000 | 44,473 |
| Commissions - City of Bristol Sewer | 11,567 | 12,073 | 10,373 | 12,397 |
| Other Income | 2,240 | 3,018 | 6,417 | 2,908 |
| Total Operating Revenues | 2,461,969 | 2,653,280 | 2,745,973 | 3,034,559 |
| Operating Expenses: | | | | |
| Water Purchased | 707,835 | 705,064 | 714,205 | 650,000 |
| Salaries & Employee Benefits | 558,946 | 955,966 | 692,823 | 697,136 |
| Depreciation | 294,340 | 335,820 | 441,507 | 508,131 |
| Engineering, Operations & Maintenance | 262,399 | 297,183 | 200,720 | 211,597 |
| Insurance | 215,511 | 242,655 | 288,992 | 294,282 |
| General & Administrative | 95,844 | 207,777 | 78,864 | 118,496 |
| Utilities | 48,667 | 43,566 | 42,821 | 44,068 |
| Payroll Taxes | 45,328 | 51,150 | 55,508 | 55,677 |
| Legal & Accounting | 22,375 | 25,275 | 23,200 | 22,900 |
| Bad Debt Expense | 17,362 | 14,200 | 11,046 | 31,721 |
| Tap Connection & Line Extension Exp | 17,211 | 19,736 | 27,802 | 45,725 |
| Commissioner Fees | 12,250 | 12,600 | 11,550 | 12,600 |
| Pension Plan Expense | - | - | 259,450 | 71,189 |
| OPEB Expense | - | - | 670 | - |
| Total Operating Expenses | 2,298,068 | 2,910,992 | 2,849,158 | 2,763,522 |
| Operating Income (Loss) | 163,901 | (257,712) | (103,185) | 271,037 |
| Nonoperating Revenues (Expenses) | | | | |
| Interest Income | 145 | - | - | - |
| Interest Expense | (44,674) | (138,383) | (207,109) | (199,311) |
| Total Nonoperating Revenues (Expenses) | (44,529) | (138,383) | (207,109) | (199,311) |
| Change in Net Position before Contributed Capital | 119,372 | (396,095) | (310,294) | 71,726 |
| Capital Contributions & Grants | - | 800,000 | - | - |
| Change in Net Position | 119,372 | 403,905 | (310,294) | 71,726 |

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Blountville Utility District

Projected Statements of Revenues and Expenses and Changes in Net Position

| | Projected 6/30/2023 | Projected 6/30/2024 | Projected 6/30/2025 | Projected 6/30/2026 |
|---|------------------------|------------------------|------------------------|------------------------|
| Operating Revenues: | | | | |
| Water Sales & Late Payment Penalties | 2,962,410 | 2,962,410 | 2,962,410 | 2,962,410 |
| Service Fees | 90,900 | 90,900 | 90,900 | 90,900 |
| Tap Fees & Extension Income | 35,000 | 35,000 | 35,000 | 35,000 |
| Commissions - City of Bristol Sewer | 12,600 | 12,600 | 12,600 | 12,600 |
| Other Income | 4,000 | 4,000 | 4,000 | 4,000 |
| Total Operating Revenues | 3,104,910 | 3,104,910 | 3,104,910 | 3,104,910 |
| Operating Expenses: | | | | |
| Water Purchased | 708,500 | 743,925 | 781,121 | 820,177 |
| Salaries & Employee Benefits | 677,136 | 744,850 | 782,092 | 821,197 |
| Depreciation | 468,460 | 419,226 | 384,596 | 372,793 |
| Engineering, Operations & Maintenance | 330,300 | 346,815 | 364,156 | 382,364 |
| Insurance | 305,180 | 320,439 | 336,461 | 353,284 |
| General & Administrative | 96,385 | 101,204 | 106,264 | 111,578 |
| Utilities | 48,910 | 51,356 | 53,923 | 56,619 |
| Payroll Taxes | 58,500 | 61,425 | 64,496 | 67,721 |
| Legal & Accounting | 23,650 | 24,833 | 26,074 | 27,378 |
| Tap Connection & Line Extension Exp | 36,764 | 38,602 | 40,532 | 42,559 |
| Commissioner Fees | 12,600 | 12,600 | 12,600 | 12,600 |
| Pension Plan Expense | 92,249 | 92,249 | 92,249 | 92,249 |
| Total Operating Expenses | 2,858,634 | 2,957,523 | 3,044,565 | 3,160,518 |
| Operating Income (Loss) | 246,276 | 147,387 | 60,345 | (55,608) |
| Nonoperating Revenues (Expenses) | | | | |
| Interest Expense | (193,279) | (188,704) | (184,031) | (179,261) |
| Total Nonoperating Revenues (Expenses) | (193,279) | (188,704) | (184,031) | (179,261) |
| Change in Net Position | 52,997 | (41,317) | (123,686) | (234,869) |
| Estimated Revenue from Suggested Rate Increase | 120,034 | 240,069 | 325,837 | 418,018 |
| Change in Net Position after Suggested Rate Increase | 173,031 | 198,752 | 202,150 | 183,148 |

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NOTE: Estimated all expenses to increase by 5% every year, with the exception of depreciation and interest and Commissioner fees. Salaries expense increased 10% for CPI for FY 23-24, then went back to 5% for subsequent years. Depreciation expense is estimated from depreciation schedules. Commissioner fees remained the same per law. Interest expense is from the amortization schedule in the audit.

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Blountville Utility District - Test Year

| | District | Last 2 Year | Test Year | |
|---|---------------------|------------------|------------------|--------------------------------------|
| | <u>Budget 22-23</u> | <u>Average</u> | <u>22-23</u> | <u>Explanation</u> |
| Operating Revenues: | | | | |
| Water Sales & Late Payment Penalties | 3,105,355 | 2,742,954 | 2,962,410 | Calculated from usage reports |
| Service Fees | 90,900 | 99,029 | 90,900 | From District budget |
| Tap Fees & Extension Income | 35,000 | 32,237 | 35,000 | From District budget |
| Commissions - City of Bristol Sewer | 12,600 | 11,385 | 12,600 | From District budget |
| Other Income | 4,000 | 4,663 | 4,000 | From District budget |
| Total Operating Revenues | 3,247,855 | 2,890,266 | 3,104,910 | |
| Operating Expenses: | | | | |
| Water Purchased | 708,500 | 682,103 | 708,500 | From District budget |
| Salaries & Employee Benefits | 743,400 | 694,980 | 677,136 | From prior year - Denise + new |
| Depreciation | 475,102 | 474,819 | 468,460 | From Projected Depreciation Schedule |
| Engineering, Operations & Maintenance | 330,300 | 206,159 | 330,300 | From District budget |
| Insurance | 305,180 | 291,637 | 305,180 | From District budget |
| General & Administrative | 96,385 | 98,680 | 96,385 | From District budget |
| Utilities | 48,910 | 43,445 | 48,910 | From District budget |
| Payroll Taxes | 58,500 | 55,593 | 58,500 | From District budget |
| Legal & Accounting | 23,650 | 23,050 | 23,650 | From District budget |
| Bad Debt Expense | - | 21,384 | - | N/A |
| Tap Connection & Line Extension Exp | - | 36,764 | 36,764 | From last 2 year average |
| Commissioner Fees | 12,600 | 12,075 | 12,600 | From District budget |
| Pension Plan Expense | 75,700 | 165,320 | 92,249 | From prior year plus new entry |
| OPEB Expense | - | 335 | - | N/A |
| Total Operating Expenses | 2,878,227 | 2,806,340 | 2,858,634 | |
| Operating Income (Loss) | 369,628 | 83,926 | 246,276 | |
| Nonoperating Revenues (Expenses) | | | | |
| Interest Income | - | - | - | N/A |
| Interest Expense | (193,279) | (203,210) | (193,279) | From Amortization Schedule |

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| | | | |
|--|-----------|-----------|-----------|
| Total Nonoperating Revenues (Expenses) | (193,279) | (203,210) | (193,279) |
| Change in Net Position before Contributed Capital | 176,349 | (119,284) | 52,997 |
| Capital Contributions & Grants | - | - | - |
| | | | N/A |
| Change in Net Position | 176,349 | (119,284) | 52,997 |

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Blountville Utility District Revenue Calculations

Recalculated revenue based on usage for the year ended June 30, 2022

| | Rates | Gallons | Calculated Revenue |
|--------------------------|------------------------|-------------|--------------------|
| Customers - 5,344 | | | |
| Minimum Bill | \$19.02 | - | \$ 1,219,715 |
| Every 1,000 Gallons | \$6.49 / 1,000 gallons | 268,520,100 | \$ 1,742,695 |
| | | 268,520,100 | \$ 2,962,410 |

base amount

Estimated revenue based on rate increase effective 1/1/23

| | Rates | Gallons | Calculated Revenue |
|--------------------------|------------------------|-------------|--------------------|
| 5% Increase | | | |
| Customers - 5,344 | | | |
| Minimum Bill | \$20.00 | - | \$ 1,282,560 |
| Every 1,000 Gallons | \$7.15 / 1,000 gallons | 268,520,100 | \$ 1,919,919 |
| | | 268,520,100 | \$ 3,202,479 |

\$ 240,069 annual increase
\$ 120,034 6 months

Estimated revenue based on rate increase effective 7/1/24

| | Rates | Gallons | Calculated Revenue |
|--------------------------|------------------------|-------------|--------------------|
| 2.5% Increase | | | |
| Customers - 5,344 | | | |
| Minimum Bill | \$20.50 | - | \$ 1,314,624 |
| Every 1,000 Gallons | \$7.35 / 1,000 gallons | 268,520,100 | \$ 1,973,623 |
| | | 268,520,100 | \$ 3,288,247 |

\$ 325,837 increase

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| Estimated revenue based on rate increase effective 7/1/25 | | | |
|--|------------------------|-------------|---------------------|
| 3% Increase | | | |
| | Rates | Gallons | Calculated Revenue |
| Customers - 5,344 | | | |
| Minimum Bill | \$21.10 | - | \$ 1,353,101 |
| Every 1,000 Gallons | \$7.55 / 1,000 gallons | 268,520,100 | \$ 2,027,327 |
| | | 268,520,100 | \$ 3,380,428 |
| | | | \$ 418,018 increase |

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**Blountville Utility District
Current Year and 3 Year Projected Capital Asset Plan**

| | <u>6/30/2023</u> | <u>6/30/2024</u> | <u>6/30/2025</u> | <u>6/30/2026</u> |
|--|------------------|-------------------|---------------------|------------------|
| Dump Trailer | \$ 5,000 | \$ - | \$ - | \$ - |
| Truck | 35,000 | - | - | - |
| ARP Projects | - | - | - | - |
| Water Line Replacement - Cave Hill Rd | - | - | 658,000 | - |
| Water Line Replacement - Big Hollow Rd | - | - | 424,875 | - |
| Water Line Replacement - Amity Heights | - | - | 453,000 | - |
| Bristol Pump Station - Renovate | - | 200,000 | - | - |
| Additional Costs | - | - | 208,569 | - |
| Total | \$ 40,000 | \$ 200,000 | \$ 1,744,444 | \$ - |
| Cumulative Depreciation | 4,000 | 14,667 | 58,278 | 58,278 |
| Total Capital Outlay & Depreciation | \$ 44,000 | \$ 214,667 | \$ 1,802,722 | \$ 58,278 |
| Source of Funds | | | | |
| Loans | - | - | - | - |
| Grants | - | 200,000 | 1,550,000 | - |
| Cash | 40,000 | - | 194,444 | - |
| Total Funding Sources | 40,000 | 200,000 | 1,744,444 | - |

DRAFT

| <u>Depreciation Expense 6/30/23</u> | | | | |
|-------------------------------------|---------------|-------------|---------------------|--------------|
| | <u>Cost</u> | <u>Life</u> | <u>Depreciation</u> | |
| Dump Trailer | 5,000 | 5 | \$ | 500 |
| Truck | 35,000 | 5 | \$ | 3,500 |
| | <u>40,000</u> | | \$ | <u>4,000</u> |
| | | | \$ | 8,000 |

6 months
annual

| <u>Depreciation Expense 6/30/24</u> | | | | |
|-------------------------------------|----------------|-------------|---------------------|--------------|
| | <u>Cost</u> | <u>Life</u> | <u>Depreciation</u> | |
| Bristol Pump Station - Renovate | 200,000 | 30 | \$ | 6,667 |
| | <u>200,000</u> | | \$ | <u>6,667</u> |

14,667 cumulative

| <u>Depreciation Expense 6/30/25</u> | | | | |
|--|------------------|-------------|---------------------|---------------|
| | <u>Cost</u> | <u>Life</u> | <u>Depreciation</u> | |
| Water Line Replacement - Cave Hill Rd | 658,000 | 40 | \$ | 16,450 |
| Water Line Replacement - Big Hollow Rd | 424,875 | 40 | \$ | 10,622 |
| Water Line Replacement - Amity Heights | 453,000 | 40 | \$ | 11,325 |
| Additional Costs | 208,569 | 40 | \$ | 5,214 |
| | <u>1,744,444</u> | | \$ | <u>43,611</u> |

58,278 cumulative

DRAFT



Jason E. Mumpower
Comptroller

Entity Referred: **Bristol-Bluff City Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

The Bristol-Bluff City Utility District ("the Entity") has been financially distressed since a referral made from Local Government Audit in 2022. The Entity has been actively working with TAUD to improve its overall operations. Board staff is confident in the progress that the Entity will make with the assistance of TAUD.

Board staff believes that a merger between the Entity and South Fork Utility District could be in the best interest of the customers of both Districts. Based on a preliminary judgement from Jackson Thornton, a merger would benefit the ratepayers of South Fork Utility District. Board staff believes a cost of service study including proforma statements evaluating the merger should be completed to evaluate the effect of the merger on the Entity. South Fork purchases all of its water from the Entity to sell to its customers. Board staff believes that a merger between these utilities could help decrease or stabilize the rates for customers of each system. Board staff believes a cost of service study should be completed that looks at a merger with South Fork Utility District.

Staff Recommendation:

The Board should order the following:

1. The Entity shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a cost of service study that includes the creation of pro forma statements that evaluate a merger between the Entity and South Fork Utility District.

Bristol-Bluff City Utility District

| | Category: Water | | County: Sullivan | |
|---|------------------------|----------------|-------------------------|-----------------|
| | 2018 | 2019 | 2020 | 2021 |
| Net Assets | N/A | \$8,658,949.00 | \$8,514,052.00 | \$11,610,028.00 |
| Deferred Outflow Resources | N/A | \$0.00 | \$0.00 | \$0.00 |
| Net Liabilities | N/A | \$5,498,833.00 | \$5,362,693.00 | \$8,575,857.00 |
| Deferred Inflow Resources | N/A | \$0.00 | \$0.00 | \$0.00 |
| Total Net Position | N/A | \$3,160,116.00 | \$3,151,359.00 | \$3,034,171.00 |
| Operating Revenues | N/A | \$1,686,898.00 | \$1,592,391.00 | \$1,874,384.00 |
| Net Sales | N/A | \$1,608,036.00 | \$1,493,305.00 | \$1,762,754.00 |
| Operating Expenses | N/A | \$1,428,577.00 | \$1,385,112.00 | \$1,544,569.00 |
| Depreciation Expenses | N/A | \$262,237.00 | \$298,838.00 | \$391,983.00 |
| Non Operating Revenues | N/A | -\$235,397.00 | -\$216,036.00 | -\$447,003.00 |
| Capital Contributions | N/A | \$0.00 | \$0.00 | \$0.00 |
| Transfers In | N/A | \$0.00 | \$0.00 | \$0.00 |
| Transfers Out | N/A | \$0.00 | \$0.00 | \$0.00 |
| GAAP Change In Net Position | N/A | \$22,924.00 | -\$8,757.00 | -\$117,188.00 |
| Statutory Change In Net Position | N/A | \$22,924.00 | -\$8,757.00 | -\$117,188.00 |



Jason E. Mumpower
Comptroller

Entity Referred: **Clearfork Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

The Clearfork Utility District ("the Entity") has been referred to the Utility Management Review Board ("the Board") for financial distress since its fiscal year 2018 audit. The Entity has several years of delinquent audits. The Entity has not returned its financial distress questionnaire. Board staff is not comfortable waiting until updated audits are submitted prior to the Entity received outside assistance. The Entity should contract with a third-party immediately to ensure the financial health of the Entity.

Staff Recommendation:

The Board should order the following:

1. The Entity shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
 - a. a review of the capitalization policy, including any recommended modifications;
 - b. a review of the debt management policy, including any recommended modifications;
 - c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
 - d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
 - e. verification that all governing body members of the utility are in compliance with all relevant training requirements;
 - f. a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;
 - g. and a review of any possible mergers with surrounding utilities including a preliminary judgment on whether any merger options are feasible and should be explored further.
2. By March 31, 2023, the Entity shall send Board staff a copy of the contract between the Entity and the qualified expert who is to perform the tasks in paragraph 1.
3. By July 31, 2023 the Entity shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.
4. Board staff is given the authority to grant one extension of up to six months of the foregoing deadlines upon a showing of good cause by the Entity.
5. If the Entity does not comply with any provision of this order Board staff shall, with full authority of the Board, subpoena the Entity's utility manager and all governing board members to compel their attendance at the next Board meeting.

Clearfork Utility District

| | Category: Water | | County: Claiborne | |
|---|------------------------|-------------|--------------------------|----------------|
| | 2015 | 2016 | 2017 | 2018 |
| Net Assets | N/A | N/A | \$2,225,382.00 | \$2,176,840.00 |
| Deferred Outflow Resources | N/A | N/A | \$0.00 | \$0.00 |
| Net Liabilities | N/A | N/A | \$20,836.00 | \$15,580.00 |
| Deferred Inflow Resources | N/A | N/A | \$0.00 | \$0.00 |
| Total Net Position | N/A | N/A | \$2,204,546.00 | \$2,161,260.00 |
| Operating Revenues | N/A | N/A | \$301,112.00 | \$307,820.00 |
| Net Sales | N/A | N/A | \$290,777.00 | \$293,360.00 |
| Operating Expenses | N/A | N/A | \$308,530.00 | \$367,581.00 |
| Depreciation Expenses | N/A | N/A | \$76,223.00 | \$77,148.00 |
| Non Operating Revenues | N/A | N/A | \$3,652.00 | \$4,100.00 |
| Capital Contributions | N/A | N/A | \$0.00 | \$12,375.00 |
| Transfers In | N/A | N/A | \$0.00 | \$0.00 |
| Transfers Out | N/A | N/A | \$0.00 | \$0.00 |
| GAAP Change In Net Position | N/A | N/A | -\$3,766.00 | -\$43,286.00 |
| Statutory Change In Net Position | N/A | N/A | -\$3,766.00 | -\$55,661.00 |



Jason E. Mumpower
Comptroller

Entity Referred: **Griffith Creek Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

The Griffith Creek Utility District ("the Entity") has been referred to the Utility Management Review Board ("the Board") for financial distress since 2019. The Entity has since complied with all directives regarding its financial distress from the Board. Board staff believes the Entity should be released from Board oversight for financial distress. However, the Entity is suffering from water loss out of compliance with Board standards. The Entity has completed the AWWA 6.0 Water Loss Tool as required by Board staff. The Entity's water loss case should not be released at this time.

Staff Recommendation:

1. The Entity is officially released from the Board's oversight for financial distress. Board staff will close the Entity's financial distress case.
2. The Entity remains under Board oversight for excess water loss.

Griffith Creek Utility District

| | Category: Water | | County: Marion | |
|---|------------------------|----------------|-----------------------|----------------|
| | 2018 | 2019 | 2020 | 2021 |
| Net Assets | \$1,762,840.86 | \$1,634,513.82 | \$1,673,489.76 | \$1,677,125.47 |
| Deferred Outflow Resources | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Net Liabilities | \$809,088.43 | \$769,552.02 | \$741,419.30 | \$677,318.91 |
| Deferred Inflow Resources | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Total Net Position | \$953,752.43 | \$864,961.80 | \$932,070.46 | \$999,806.56 |
| Operating Revenues | \$299,473.57 | \$341,577.48 | \$367,962.59 | \$389,163.74 |
| Net Sales | \$288,073.85 | \$331,896.96 | \$358,431.81 | \$362,541.11 |
| Operating Expenses | \$345,911.21 | \$327,892.09 | \$307,986.18 | \$332,286.30 |
| Depreciation Expenses | \$64,027.98 | \$60,483.60 | \$52,681.78 | \$47,508.74 |
| Non Operating Revenues | -\$15,810.87 | -\$102,476.02 | -\$13,385.04 | -\$12,731.67 |
| Capital Contributions | \$0.00 | \$0.00 | \$20,517.29 | \$23,590.33 |
| Transfers In | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Transfers Out | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| GAAP Change In Net Position | -\$62,248.51 | -\$88,790.63 | \$67,108.66 | \$67,736.10 |
| Statutory Change In Net Position | -\$62,248.51 | -\$88,790.63 | \$46,591.37 | \$44,145.77 |



Jason E. Mumpower
Comptroller

Entity Referred: **Iron City Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

The Iron City Utility District ("the Entity") has been referred to the Utility Management Review Board ("the Board") for financial distress since its Fiscal Year 2018 audit. The Entity has complied with implementing the rate recommendations and leak adjustment recommendations according to information provided by the Entity. Board staff believes the Entity should be required to submit biannual financial updates to the board. These updates will consist of changes in fund balance, changes in revenues, pro-forma statements of revenues, expenses, and changes in net position, or other financial documents that indicate the Entity's financial distress is being remedied. The Entity has reported excessive water loss in its Annual Information Report submission. Board staff is still waiting for the AWWA 6.0 Water Loss Tool submission from the Entity.

Staff Recommendation:

The Board should order the following:

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

Iron City Utility District

| | Category: Water | | County: Lawrence | |
|---|------------------------|--------------|-------------------------|----------------|
| | 2017 | 2018 | 2019 | 2020 |
| Net Assets | N/A | \$556,687.00 | \$523,144.00 | \$1,094,317.00 |
| Deferred Outflow Resources | N/A | \$0.00 | \$0.00 | \$0.00 |
| Net Liabilities | N/A | \$8,660.00 | \$7,271.00 | \$6,368.00 |
| Deferred Inflow Resources | N/A | \$0.00 | \$0.00 | \$0.00 |
| Total Net Position | N/A | \$548,027.00 | \$515,873.00 | \$1,087,949.00 |
| Operating Revenues | N/A | \$139,853.00 | \$146,137.00 | \$149,550.00 |
| Net Sales | N/A | \$139,803.00 | \$145,919.00 | \$147,914.00 |
| Operating Expenses | N/A | \$178,051.00 | \$178,342.00 | \$160,870.00 |
| Depreciation Expenses | N/A | \$25,435.00 | \$25,435.00 | \$30,296.00 |
| Non Operating Revenues | N/A | \$75.00 | \$51.00 | \$63.00 |
| Capital Contributions | N/A | \$0.00 | \$0.00 | \$583,333.00 |
| Transfers In | N/A | \$0.00 | \$0.00 | \$0.00 |
| Transfers Out | N/A | \$0.00 | \$0.00 | \$0.00 |
| GAAP Change In Net Position | N/A | -\$38,123.00 | -\$32,154.00 | \$572,076.00 |
| Statutory Change In Net Position | N/A | -\$38,123.00 | -\$32,154.00 | -\$11,257.00 |



Jason E. Mumpower
Comptroller

Entity Referred: **Mooresburg Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

The Mooresburg Utility District ("the Entity") has been referred to the Utility Management Review Board ("the Board") for financial distress since its fiscal year 2019 audit. In November of 2021, the UMRB sent the Entity the order contained in the accompanying pages of this document. Board staff followed up with the Entity and was reassured they will follow the order. In speaking with the Entity, Board staff was told that they would be complying with the order, but due to staffing issues they had not been attempting to follow the order in the past. Since this discussion, the Entity has not shown any ability or desire to comply with the prior order. The Entity has failed to file its annual information report. The Entity is delinquent in its 2021 audit submission.

Board staff believes the Entity's governing board and executive level staff should be subpoenaed to attend the first UMRB meeting in 2023 to discuss the actions the District must undergo to correct the deficiencies in the utility.

Staff Recommendation:

The Board should rescind its prior order and order the following.

1. The Entity shall have the Tennessee Association of Utility Districts, or another qualified expert as approved by Board staff, perform a rate study that includes the following:
 - a. a review of the capitalization policy, including any recommended modifications;
 - b. a review of the debt management policy, including any recommended modifications;
 - c. the creation of a five-year capital asset budget, to be taken from the current capital asset list and to include future anticipated needs;
 - d. a review of relevant utility fees including but not limited to connection or tap fees, including any recommended modifications;
 - e. verification that all governing body members of the utility are in compliance with all relevant training requirements;
 - f. a review of the leak adjustment policy, including any recommended modifications or adoption of such policy should one not exist;
 - g. and a review of any possible mergers with surrounding utilities including a preliminary judgment on whether any merger options are feasible and should be explored further.
2. By May 1 2023, the Entity shall send Board staff a copy of the contract between the Entity and the qualified expert who is to perform the tasks in paragraph 1.
3. By May 1, 2023, the Entity shall complete its 2023 Annual Information Report.
4. By September 1, 2023, the Entity shall provide Board staff with the completed rate study and either proof of implementation of the resulting recommendations or a proposed plan of implementation.

5. The Commissioners of the Mooresburg Utility District, along with the District's general manager (or other employee(s) who perform the duties traditionally assigned to a general manager), will attend the first regularly-scheduled UMRB meeting in 2023. Board staff, acting with the Board's authority, will issue subpoenas to ensure these individuals' attendance. Board staff are further authorized to pursue this matter in Chancery court if necessary to secure attendance.



Jason E. Mumpower
Comptroller

Entity Referred: **South Fork Utility District**

Referral Reason: **Decrease In Net Position**

Utility Type Referred: **Water**

Staff Summary:

The South Fork Utility District (“SFUD”) is a Utility District created by a merger between the Holston Utility District and the South Bristol- Weaver Pike Utility District. On April 7, 2022, the Comptroller’s Office Division of Investigations released an investigative report relative to SFUD.

Since the last UMRB meeting, the SFUD manager has resigned his position with the utility.

The UMRB ordered SFUD to contract with a third party to review the feasibility of a merger between SFUD and surrounding utilities. The results of which can be found in accompanying pages. The study found that if SFUD were to merge with the City of Bristol, Bristol-Bluff City Utility District, or Blountville Utility District, then the customers of the utility will save money.

Board staff believes a merger should be pursued with either Bristol-Bluff City Utility District (“BBCUD”) or the City of Bristol. Board staff does not believe a merger between SFUD and Blountville Utility District should be considered at this time. SFUD currently purchases all of its water from BBCUD. In the feasibility analysis, Jim Marshall on behalf of Jackson Thornton notes that BBCUD does not have any interest in merging with SFUD. Further, it is noted Bristol does have interest in merging with SFUD. Board staff has had conversations with both parties in question, and both have legitimate concerns in the potential for a merger. Board staff believes the cost of service study as mentioned in the BBCUD staff recommendation found in earlier pages will help improve the clarity on whether or not which option for the long term success of SFUD should be pursued.

Board staff is concerned with the availability of funds for necessary capital improvements for SFUD should a merger be completed with the City of Bristol. USDA has offered roughly \$800,000 in grants and roughly \$2,400,000 in favorable loan terms available to the district for capital improvements. These financial opportunities will not be available to SFUD should it choose to immediately merge with the City of Bristol. Furthermore, should SFUD merge with the City of Bristol, this could potentially have a negative effect on BBCUD. A purchasing agreement exists between SFUD and BBCUD for the sale of water. Without the wholesale of this water from BBCUD to SFUD, BBCUD could be in a difficult position financially losing such a large customer.

Board staff is not confident that the continued operation of South Fork Utility District as a sole utility is in the best interest of the roughly 3,400 customers that it serves. Board staff believes a merger with either utility will improve the service offered to customers and help customers pay lower rates in the long run.

Staff Recommendation:

1. The Entity shall send an updates to Board staff by April 1st, 2023 regarding grants and loans that have been accepted, capital projects that are under way, and any updates on mergers that are being pursued by the district.

JACKSON THORNTON

Certified Public Accountants
& Consultants

November 21, 2022

Mr. Garry Smith, General Manager
South Fork Utility District
2800 Highway 421 #5
Bristol, Tennessee 37620

Re: Feasibility Analysis

Dear Mr. Smith:

Jackson Thornton & Co. ("JT") was asked by South Fork Utility District ("the District") to help the District comply with requirements of the Tennessee Utility Management Review Board's Order pursuant to Tenn. Code Ann. §§ 7-82-307, 401, items 3a-d. This letter constitutes the report of our observations and analysis as to the feasibility of the District and its rates. Our analysis and report rely on information as provided by the District and the other utilities listed in the order.

Item 3a – JT completed a Cost of Service and Rate Study for the District. The results of this study were presented to the District's Board in July 2022.

Item 3b – Over the last several months, JT has had multiple conversations with representatives from Bristol Bluff City Utility District ("BBCUD"). At this time, BBCUD has no interest in pursuing a potential merger with the District. For informational purposes, a rate comparison is attached.

Item 3c – Over the last several months, JT has had multiple conversations with representatives from Blountville Utility District ("BUD"). At this time, BUD has no interest in pursuing a potential merger with the District. For informational purposes, a rate comparison is attached.

Item 3d – Over the last several months, JT has had multiple communications with representatives from the City of Bristol ("the City"). At this time, the City is interested in merging the District into their system. To a 5,000 gallon/month residential customer, the City's current outside city limit rates are approximately 43%, or \$30.17/month, less than the current rates for the District. Another major factor relative to the potential feasibility of this merger is availability of USDA Rural Development Funds. Based on information provided by the District, USDA has made available a grant in the amount of \$787,900 and favorable financing terms for another \$2,422,100. Based on the number of customers as of December 2021, this is equal to approximately \$235/meter in grant funds and another \$722/meter with favorable financing terms. It is my understanding that this Rural Development would no longer be available if the District is merged into the City of Bristol.

JACKSON THORNTON & CO., P.C.



James B. Marshall, III
Principal

**South Fork Utility District
Feasibility Analysis
Comparison of Current Residential Rates**

| South Fork Utility District | | |
|------------------------------|-----------------------|---------------|
| Customer Charge | \$ | 23.00 |
| Volumetric Rate | \$ | 9.45 |
| Consumption (kGal) | Estimated Bill Amount | |
| 1.00 | \$ | 32.45 |
| 2.00 | \$ | 41.90 |
| 3.00 | \$ | 51.35 |
| 4.00 | \$ | 60.80 |
| 5.00 | \$ | 70.25 |
| 6.00 | \$ | 79.70 |
| 8.00 | \$ | 98.60 |
| 10.00 | \$ | 117.50 |
| 12.00 | \$ | 136.40 |
| 15.00 | \$ | 164.75 |
| 20.00 | \$ | 212.00 |
| 25.00 | \$ | 259.25 |
| Annual Cost of 5 kGal | \$ | 843.00 |

| Bristol-Bluff City Utility District | | |
|-------------------------------------|-----------------------|---------------|
| Customer Charge | \$ | 19.14 |
| Volumetric Rate | \$ | 6.76 |
| Consumption (kGal) | Estimated Bill Amount | |
| 1.00 | \$ | 25.90 |
| 2.00 | \$ | 32.66 |
| 3.00 | \$ | 39.42 |
| 4.00 | \$ | 46.18 |
| 5.00 | \$ | 52.94 |
| 6.00 | \$ | 59.70 |
| 8.00 | \$ | 73.22 |
| 10.00 | \$ | 86.74 |
| 12.00 | \$ | 100.26 |
| 15.00 | \$ | 120.54 |
| 20.00 | \$ | 154.34 |
| 25.00 | \$ | 188.14 |
| Annual Cost of 5 kGal | \$ | 635.28 |

| Blountville Utility District | | |
|------------------------------|-----------------------|---------------|
| Customer Charge | \$ | 19.02 |
| Volumetric Rate | \$ | 6.49 |
| Consumption (kGal) | Estimated Bill Amount | |
| 1.00 | \$ | 25.51 |
| 2.00 | \$ | 32.00 |
| 3.00 | \$ | 38.49 |
| 4.00 | \$ | 44.98 |
| 5.00 | \$ | 51.47 |
| 6.00 | \$ | 57.96 |
| 8.00 | \$ | 70.94 |
| 10.00 | \$ | 83.92 |
| 12.00 | \$ | 96.90 |
| 15.00 | \$ | 116.37 |
| 20.00 | \$ | 148.82 |
| 25.00 | \$ | 181.27 |
| Annual Cost of 5 kGal | \$ | 617.64 |

| City of Bristol (Outside City Limit Rate) | | |
|---|-----------------------|---------------|
| Customer Charge (includes 1kGal) | \$ | 14.96 |
| Volumetric Rate (1st 50 kGal) | \$ | 6.28 |
| Consumption (kGal) | Estimated Bill Amount | |
| 1.00 | \$ | 14.96 |
| 2.00 | \$ | 21.24 |
| 3.00 | \$ | 27.52 |
| 4.00 | \$ | 33.80 |
| 5.00 | \$ | 40.08 |
| 6.00 | \$ | 46.36 |
| 8.00 | \$ | 58.92 |
| 10.00 | \$ | 71.48 |
| 12.00 | \$ | 84.04 |
| 15.00 | \$ | 102.88 |
| 20.00 | \$ | 134.28 |
| 25.00 | \$ | 165.68 |
| Annual Cost of 5 kGal | \$ | 480.96 |

| Projected Annual Savings | \$ | % |
|-------------------------------------|-----------|-------|
| Bristol Bluff City Utility District | \$ 207.72 | 24.6% |
| Blountville Utility District | \$ 225.36 | 26.7% |
| City of Bristol (Outside) | \$ 362.04 | 42.9% |

Rules of the Comptroller of the Treasury

Chapter 1715-02

Utility District Revitalization Fund

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.02 Criteria for Qualification for a Plan of Mitigation Payments from the UDRF.

.03 Grant Request for Plan of Mitigation Payments from the UDRF.

.04 Miscellaneous Provisions

1715-02-.01 Definitions.

As used in these regulations:

- (1) Board is the Utility Management Review Board (“UMRB”) created in the office of the comptroller of the treasury by Tenn. Code Ann. §§ 7-82-701, *et seq.*, or its successor entity.
- (2) Board staff is the Board's Technical Secretary, counsel to the Board, and any other employee of the Comptroller of the Treasury assigned as staff to the Board.
- (3) Financial Distress or Financially Distressed Utility (“FDU”) is used to describe a Utility that, as shown by the audited annual financial reports, has a deficit in total net position, is in default on an indebtedness, or has a negative change in net position for two (2) consecutive years without regard to any grants or capital contributions. This determination may be made by any division of the Comptroller of the Treasury charged with evaluating the financial health of the Utility.
- (4) Grant is the plan of mitigation payments from the UDRF authorized by the Board.
- (5) Merger is the consolidation of two Utilities into one new Utility or the integration of one Utility into another Utility with the dissolution of the non-surviving Utility.
- (6) Order is the order entered by the Board, pursuant to Tenn. Code Ann. § 7-82-704(a)(8), ordering the merger of an FDU with another Utility.
- (7) Utility is a water system, wastewater system, or any other system regulated by the Board under Tenn. Code Ann. §§ 7-82-701, *et seq.*
- (8) Utility District Revitalization Fund (“UDRF”) is the fund created by Tenn. Code Ann. §§ 7-82-704(b) and -710 to mitigate the financial stress placed on a Utility when merging with an FDU.

1715-02-.02 Criteria for Qualification for a Grant from the UDRF.

- (1) The Board may approve a grant ~~request made by~~ a Utility that merges with an FDU, ~~an FDU ordered to merge with another Utility,~~ or a Utility created from two or more Utilities, at least one of which was financially distressed, pursuant to an Order entered by the Board.
- (2) A grant from the UDRF is only available where the merger with the FDU was ordered by the Board.
- (3) Mitigation payments may be approved to accomplish the merger ~~or consolidation~~ and offset, in whole or in part, the following expenditures:
 - a. ~~Increased~~ Amounts to offset increased administrative costs ~~related~~ relating to the merger; to the extent those costs cannot reasonably be recovered from customer revenues or other assets of the FDU;
 - b. Amounts that may be necessary to cure a default on indebtedness of the ~~financially distressed utility district;~~ FDU to the extent the defaults can, in the opinion of the board, reasonably be cured;
 - c. ~~Renovation~~ Amounts that may be necessary to renovate and repair ~~of the financially distressed utility's~~ the facilities, ~~but only of the FDU~~ to the level necessary to ~~ensure~~ enable the merged Utility to provide continued service to the ~~customers of public being served by~~ the FDU; ~~or and,~~
 - d. Other payments as may be necessary in the opinion of the board to accomplish the merger and mitigate the financial impact of the merger.
- (4) The Board will not favor any grand division, county, municipality, or service population over any other when determining whether a grant should be approved.
- (5) A grant will only be approved pursuant to a completed grant request for such payments in a form approved by the Board and timely submitted to Board staff.
- (6) The Board has sole discretion to adopt, approve, or enter a grant.
- (7) All mitigation payments are subject to the availability of funds in the UDRF.
- (8) ~~The grant may take the form of a single payment or periodic payments before the utility has incurred any expenses, or of reimbursement for expenses incurred.~~ A request for a grant may be approved prior to a merger of the Utilities, but grant payments will only be made to the consolidated or surviving Utility, and only after entry of the Order.

1715-02-.03 Request for a Grant from the UDRF.

- (1) A grant request must include the grant request form approved by the Board or be made pursuant to a public portal or website approved by the Board, if such is available.

- a. The grant request must be ~~completed~~complete, and must include the following ~~supplementary~~ information:
 - i. A summary of the need for a grant. This includes a summary of what the payments will be used for and why existing funds or customer revenue is insufficient to cover these expenses;
 - ii. The FDU's most recent audit, or written explanation why such audit cannot be provided; and,
 - iii. A feasibility study performed by the Tennessee Association of Utility Districts ("TAUD") or other qualified entity. This feasibility study may be the study required by Tenn. Code Ann. § 7-82-704(a). Any entity other than TAUD must be approved by Board staff.
 - b. The grant request may include any supplementary information the applicant wishes to include.
- (2) The Board or Board staff may request any additional information necessary to determine whether the Utility qualifies for a grant, and how or when payments should be made.
 - (3) Grant requests and additional information may be submitted by the USPS or other delivery service, email, or by any other means made available by the Board.
 - (4) Grant requests will only be approved upon a showing that all eligibility requirements are met ~~that the merged or consolidated district meets all eligibility requirements~~. This includes the requirements set forth above, in addition to ~~any other~~ statutory ~~or~~and other requirements. It is the burden of the applicant to establish eligibility for these payments.
 - (5) Grants are presumed to take the form of reimbursement for expenses incurred and will be paid to the merged Utility when proof of expenditures is submitted to Board staff. Grants may take other forms upon Board approval.
 - (6) Quarterly Reports
 - a. Any Utility that receives a grantgrant payments under this section, ~~or a district created from, or which absorbed a district that received a grant under this section,~~ must submit a quarterly report to the Board on a form approved by the Board.
 - b. Reports must be submitted within 90 days from the date of the first disbursement of funds, and every 90 days thereafter.
 - c. Two quarterly reports must be submitted after the date of the last grant disbursement.
 - d. These reports may be submitted in the same manner as a grant request.

1715-02-.04 Miscellaneous Provisions

- (1) A grant request may be submitted prior to the Order, and up to 180 days after the Order. A grant request is received when Board staff receive the grant request on a form approved by the Board and all required supplemental information.
- (2) Board staff will review and acknowledge grant requests within 30 days of receipt of the initial grant request. The Board will review grant requests at the first meeting following Board staff's acknowledgement of the request. At this meeting the Board will approve, deny, or modify the grant, or request further information prior to issuing a final order.
- (3) If an ordered merger does not occur, any party that received grant payments must reimburse the UDRF in full, ~~within thirty (30) days.~~
- (4) Any grant amount that is not used for approved purposes must be reimbursed to the UDRF.

**Department of State
Division of Publications**

312 Rosa L. Parks Ave., 8th Floor, Snodgrass/TN Tower
Nashville, TN 37243
Phone: 615-741-2650
Email: publications.information@tn.gov

For Department of State Use Only

Sequence Number: _____
Rule ID(s): _____
File Date: _____
Effective Date: _____

Rulemaking Hearing Rule(s) Filing Form

Rulemaking Hearing Rules are rules filed after and as a result of a rulemaking hearing (Tenn. Code Ann. § 4-5-205).

Pursuant to Tenn. Code Ann. § 4-5-229, any new fee or fee increase promulgated by state agency rule shall take effect on July 1, following the expiration of the ninety (90) day period as provided in § 4-5-207. This section shall not apply to rules that implement new fees or fee increases that are promulgated as emergency rules pursuant to § 4-5-208(a) and to subsequent rules that make permanent such emergency rules, as amended during the rulemaking process. In addition, this section shall not apply to state agencies that did not, during the preceding two (2) fiscal years, collect fees in an amount sufficient to pay the cost of operating the board, commission or entity in accordance with § 4-29-121(b).

| | |
|---------------------------------|--|
| Agency/Board/Commission: | Comptroller of the Treasury |
| Division: | Utility Management Review Board |
| Contact Person: | J. Seth May, board counsel |
| Address: | 425 Rep. John Lewis Way North, Nashville, TN 37243 |
| Phone: | 615-747-5207 |
| Email: | Seth.may@cot.tn.gov |

Revision Type (check all that apply):

- Amendment
 New
 Repeal

Rule(s) (ALL chapters and rules contained in filing must be listed here. If needed, copy and paste additional tables to accommodate multiple chapters. Please make sure that **ALL** new rule and repealed rule numbers are listed in the chart below. Please enter only **ONE** Rule Number/Rule Title per row.)

| Chapter Number | Chapter Title |
|----------------|---|
| 1715-02 | Utility District Revitalization Fund |
| Rule Number | Rule Title |
| 1715-02-.01 | Definitions. |
| 1715-02-.02 | Criteria for Qualification for a Grant from the UDRF. |
| 1715-02-.03 | Request for a Grant from the UDRF. |
| 1715-02-.04 | Miscellaneous Provisions. |

Place substance of rules and other info here. Please be sure to include a detailed explanation of the changes being made to the listed rule(s). Statutory authority must be given for each rule change. For information on formatting rules go to <https://sos.tn.gov/products/division-publications/rulemaking-guidelines>.

These are new rules.

1715-02-.01 Definitions.

As used in these regulations:

- (1) Board is the Utility Management Review Board (“UMRB”) created in the office of the comptroller of the treasury by Tenn. Code Ann. §§ 7-82-701, *et seq.*, or its successor entity.
- (2) Board staff is the Board's Technical Secretary, counsel to the Board, and any other employee of the Comptroller of the Treasury assigned as staff to the Board.
- (3) Financial Distress or Financially Distressed Utility (“FDU”) is used to describe a Utility that, as shown by the audited annual financial reports, has a deficit in total net position, is in default on an indebtedness, or has a negative change in net position for two (2) consecutive years without regard to any grants or capital contributions. This determination may be made by any division of the Comptroller of the Treasury charged with evaluating the financial health of the Utility.
- (4) Grant is the plan of mitigation payments from the UDRF authorized by the Board.
- (5) Merger is the consolidation of two Utilities into one new Utility or the integration of one Utility into another Utility with the dissolution of the non-surviving Utility.
- (6) Order is the order entered by the Board, pursuant to Tenn. Code Ann. § 7-82-704(a)(8), ordering the merger of an FDU with another Utility.
- (7) Utility is a water system, wastewater system, or any other system regulated by the Board under Tenn. Code Ann. §§ 7-82-701, *et seq.*
- (8) Utility District Revitalization Fund (“UDRF”) is the fund created by Tenn. Code Ann. §§ 7-82-704(b) and -710 to mitigate the financial stress placed on a Utility when merging with an FDU.

Authority: T.C.A. §§ 4-5-202, 7-82-702(a)(1), 7-82-704(b), 7-82-707(a)(2).

1715-02-.02 Criteria for Qualification for a Grant from the UDRF.

- (1) The Board may approve a grant request made by a Utility that merges with an FDU, an FDU ordered to merge with another Utility, or a Utility created from two or more Utilities, at least one of which was financially distressed, pursuant to an Order entered by the Board.
- (2) A grant from the UDRF is only available where the merger with the FDU was ordered by the Board.
- (3) Mitigation payments may be approved to accomplish the merger and offset, in whole or in part, the following expenditures:
 - a. Amounts to offset increased administrative costs relating to the merger, to the extent those costs cannot reasonably be recovered from customer revenues or other assets of the FDU;
 - b. Amounts that may be necessary to cure a default on indebtedness of the FDU to the extent the defaults can, in the opinion of the board, reasonably be cured;
 - c. Amounts that may be necessary to renovate and repair the facilities of the FDU to the level necessary to enable the merged Utility to provide continued service to the public being served by the FDU; and,
 - d. Other payments as may be necessary in the opinion of the board to accomplish the merger and mitigate the financial impact of the merger.

- (4) The Board will not favor any grand division, county, municipality, or service population over any other when determining whether a grant should be approved.
- (5) A grant will only be approved pursuant to a completed grant request for such payments in a form approved by the Board and timely submitted to Board staff.
- (6) The Board has sole discretion to adopt, approve, or enter a grant.
- (7) All mitigation payments are subject to the availability of funds in the UDRF.
- (8) A request for a grant may be approved prior to a merger of the Utilities, but grant payments will only be made to the consolidated or surviving Utility, and only after entry of the Order.

Authority: T.C.A. §§ 4-5-202, 7-82-702(a)(1), 7-82-704(b), 7-82-707(a)(2).

1715-02-.03 Request for a Grant from the UDRF.

- (1) A grant request must include the grant request form approved by the Board or be made pursuant to a public portal or website approved by the Board, if such is available.
 - a. The grant request must be complete, and must include the following information:
 - i. A summary of the need for a grant. This includes a summary of what the payments will be used for and why existing funds or customer revenue is insufficient to cover these expenses;
 - ii. The FDU's most recent audit, or written explanation why such audit cannot be provided; and,
 - iii. A feasibility study performed by the Tennessee Association of Utility Districts ("TAUD") or other qualified entity. This feasibility study may be the study required by Tenn. Code Ann. § 7-82-704(a). Any entity other than TAUD must be approved by Board staff.
 - b. The grant request may include any supplementary information the applicant wishes to include.
- (2) The Board or Board staff may request any additional information necessary to determine whether the Utility qualifies for a grant, and how or when payments should be made.
- (3) Grant requests and additional information may be submitted by the USPS or other delivery service, email, or by any other means made available by the Board.
- (4) Grant requests will only be approved upon a showing that all eligibility requirements are met. This includes the requirements set forth above, in addition to statutory and other requirements. It is the burden of the applicant to establish eligibility for these payments.
- (5) Grants are presumed to take the form of reimbursement for expenses incurred and will be paid to the merged Utility when proof of expenditures is submitted to Board staff. Grants may take other forms upon Board approval.
- (6) Quarterly Reports
 - a. Any Utility that receives grant payments under this section must submit a quarterly report to the Board on a form approved by the Board.
 - b. Reports must be submitted within 90 days from the date of the first disbursement of funds, and every 90 days thereafter.
 - c. Two quarterly reports must be submitted after the date of the last grant disbursement.
 - d. These reports may be submitted in the same manner as a grant request.

Authority: T.C.A. §§ 4-5-202, 7-82-702(a)(1), 7-82-704(b), 7-82-707(a)(2).

1715-02-.04 Miscellaneous Provisions

- (1) A grant request may be submitted prior to the Order, and up to 180 days after the Order. A grant request is received when Board staff receive the grant request on a form approved by the Board and all required supplemental information.
- (2) Board staff will review and acknowledge grant requests within 30 days of receipt of the initial grant request. The Board will review grant requests at the first meeting following Board staff's acknowledgement of the request. At this meeting the Board will approve, deny, or modify the grant, or request further information prior to issuing a final order.
- (3) If an ordered merger does not occur, any party that received grant payments must reimburse the UDRF in full.
- (4) Any grant amount that is not used for approved purposes must be reimbursed to the UDRF.

Authority: T.C.A. §§ 4-5-202, 7-82-702(a)(1), 7-82-704(b), 7-82-707(a)(2).

* If a roll-call vote was necessary, the vote by the Agency on these rulemaking hearing rules was as follows:

| Board Member | Aye | No | Abstain | Absent | Signature (if required) |
|----------------|-----|----|---------|--------|-------------------------|
| Greg Moody | | | | | |
| Tom Moss | | | | | |
| Rebecca Hunter | | | | | |
| Kevin Botts | | | | | |
| Dan Coley | | | | | |
| Bruce Giles | | | | | |
| Phillip Combs | | | | | |
| Anthony Pelham | | | | | |
| Steve Stone | | | | | |

I certify that this is an accurate and complete copy of rulemaking hearing rules, lawfully promulgated and adopted by the Utility Management Review Board on 12/8/2022, and is in compliance with the provisions of T.C.A. § 4-5-222.

I further certify the following:

Notice of Rulemaking Hearing filed with the Department of State on: (05/09/2022) May 9, 2022

Rulemaking Hearing(s) Conducted on: (add more dates). (06/30/2022) June 30, 2022

Date: _____

Signature: _____

Name of Officer: _____

Title of Officer: _____

Agency/Board/Commission: Utility Management Review Board

Rule Chapter Number(s): 0715-02

All rulemaking hearing rules provided for herein have been examined by the Attorney General and Reporter of the State of Tennessee and are approved as to legality pursuant to the provisions of the Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5.

Jonathan Skrmetti
Attorney General and Reporter

Date

Department of State Use Only

Filed with the Department of State on: _____

Effective on: _____

Tre Hargett
Secretary of State

Public Hearing Comments

One copy of a document that satisfies T.C.A. § 4-5-222 must accompany the filing.

No public comments were submitted.

Regulatory Flexibility Addendum

Pursuant to T.C.A. §§ 4-5-401 through 4-5-404, prior to initiating the rule making process, all agencies shall conduct a review of whether a proposed rule or rule affects small business.

These rules will have no effect on small businesses.

Impact on Local Governments

Pursuant to T.C.A. §§ 4-5-220 and 4-5-228, "On any rule and regulation proposed to be promulgated, the proposing agency shall state in a simple declarative sentence, without additional comments on the merits or the policy of the rule or regulation, whether the rule or regulation may have a projected financial impact on local governments. The statement shall describe the financial impact in terms of increase in expenditures or decrease in revenues."

These rules will have no impact on local governments.

Additional Information Required by Joint Government Operations Committee

All agencies, upon filing a rule, must also submit the following pursuant to T.C.A. § 4-5-226(i)(1).

- (A)** A brief summary of the rule and a description of all relevant changes in previous regulations effectuated by such rule;

These rules govern disbursements from a new fund created in the 2022 legislative session. They do not replace or amend any existing rules.

- (B)** A citation to and brief description of any federal law or regulation or any state law or regulation mandating promulgation of such rule or establishing guidelines relevant thereto;

Tenn. Code Ann. 7-82-710(a)(2) requires the Utility Management Review Board to adopt rules to govern disbursements from the Utility District Revitalization Fund.

- (C)** Identification of persons, organizations, corporations or governmental entities most directly affected by this rule, and whether those persons, organizations, corporations or governmental entities urge adoption or rejection of this rule;

None known.

- (D)** Identification of any opinions of the attorney general and reporter or any judicial ruling that directly relates to the rule or the necessity to promulgate the rule;

None known.

- (E)** An estimate of the probable increase or decrease in state and local government revenues and expenditures, if any, resulting from the promulgation of this rule, and assumptions and reasoning upon which the estimate is based. An agency shall not state that the fiscal impact is minimal if the fiscal impact is more than two percent (2%) of the agency's annual budget or five hundred thousand dollars (\$500,000), whichever is less;

No fiscal impact.

- (F)** Identification of the appropriate agency representative or representatives, possessing substantial knowledge and understanding of the rule;

Lauren Webb, J. Seth May

- (G)** Identification of the appropriate agency representative or representatives who will explain the rule at a scheduled meeting of the committees;

Lauren Webb, J. Seth May

- (H)** Office address, telephone number, and email address of the agency representative or representatives who will explain the rule at a scheduled meeting of the committees; and

Lauren Webb: (615) 401-7874 lauren.webb@cot.tn.gov J. Seth May: (615) 519-3211 seth.may@cot.tn.gov
Comptroller of the Treasury, Cordell Hull Building, 425 Rep. John Lewis Way North, Nashville, TN 37243

- (I)** Any additional information relevant to the rule proposed for continuation that the committee requests.

2023 Meeting Dates

April 20, 2023

August 31, 2023

December 7, 2023