

METROPOLITAN LYNCHBURG MOORE
UTILITY DEPARTMENT
BOARD MEETING
April 9, 2024

The Metropolitan Lynchburg Moore County Utility Department Board meeting on April 9, 2024, 6:00 PM is called to order by Shane Taylor. We will start out first recognizing that we're going to allow public comment which I've not had any calls about prior to the meeting.


We have our all our board members are present: Shane Taylor, Barry Posluszny, Charles "Boo" Johnston, Glen Thomas, Greg Guinn, and Ronnie Cunningham.

Visitors: Tabitha Moore, *The Lynchburg Times*, Anna Coburn, *Moore County News*, Bryant Griffin with Hethcoat & Davis (the engineering firm), Rance Frye and Mr. Chip Hayes from The Whiskey Creek Development, Joey Smith (Metro Utility) and you are you Mr. Bert Carson? Yes? Mr. Carson. Ok we welcome Sustainability Partners.

Shane Taylor said, "And before we approve the minutes Mr. Glen Thomas asked me before the meeting if we could add on the sewer rate study he wants to address. We will add that on past the Manager's report for you guys, unless there's any objections. Ok, now I ask that everybody has had a chance to look at the minutes we're going to ask for a motion to approve. I'll be looking for a motion to approve both sets of minutes (February and March). Mr. Greg Guinn with the motion is this seconded? Mr. Glen Thomas with the second. Is there any discussion with these guys? Alright no discussion, all those in favor of approving both might say aye. Five yes'. Any opposed? Ok those motions passed 5-0.

Shane Taylor asks, "Mr. Tim Durm is not here. I'll cross that off for now. I skipped the public comment is anybody from the public wish to address the board. "

Shane Taylor states, "Skipping right on to Bert Carson next in line with **Sustainability Partners**. Mr. Bert Carson says," I was called about providing a different way of doing funding. It's kind of what we do. Basically, my product is a different kind of funding where there's someone else doing what we do whatever your project is. Wherever your infrastructure, water meters, water towers or whatever matters to you. We're going to get the item for you we're going to install it, going to maintain, repair and replace it as needed. When I say we're going to do that, we're going to pay for it, we're going to use the people that y'all are familiar with, we're trying to infuse money into the community, not take it out. So, people around here that you've been dealing with or whatever, you know, we'll get them out here and then, you know, we'll hire those same people. So, you'll still be working with the same companies. We figure out what the items are and what we will be having to take care of with some forecasting. We came up with what we call monthly usage fees. So, think

about the software used by staff. They use it and it can kind of go out of date in three years, so then what do you do. You have like the subscription rate for software that you pay monthly, yearly, or whatever. That software is always not up to date new. We do the same thing with infrastructure. As things need to be maintained or replaced or whatever we're deploying more capital and taking care of that problem for you. Basically, in America what we've been seeing is debt has been doing this  to maintain the infrastructure. We keep the payment here →. Our monthly usage fee takes care of everything that there is that needs to be taken care of. If you have a problem or an issue or something stops working, we stop billing. So therefore, we're going to work as fast as possible to get whatever repaired so you're not having to sit there going, "" oh here we go, there you know they're taking 2-3 months to get something repaired, "" so we want to get repaired as fast as possible because we're not billing you until it's working. Our contract is, Mr. Glen Thomas asks, "if he can butt in?" and Mr. Carson answers, "sure". Mr. Thomas asks, "if we have something like that, y'all fix it? or you said something that you send someone out", Mr. Carson replies, "yes we send someone out and we pay them." Mr. Carson further explains, "we're just the money, but yes we will." Mr. Carson continues by saying, "I'm going to use the example of an air conditioner; you're using Joe's Air Conditioner down the road, and you've been using Joe's Air Conditioner for 20 years. We put in a new air conditioner that goes out, we're going to call Joe to take care of things and you don't spark your monthly usage as long as it's not working. Our standard agreement is a multi-usage service agreement, it's a 10-page standard contract. It's the same contract in all 50 states. Once you sign that you're basically just saying it's a non-binding ...you're just saying, ""hey we want to look into doing business with you, "" and then once we figure out what your project is then we'll start you know looking at numbers usage fees something like will actually put it into a service one or two paid services and then you look those over, like it, will sign off on it, we then tweak everything and then come back to you with your final numbers and you sign those to proceed that's when you're actually saying, ""we want you to start deploying capital"", and from then on it could be five years from now you want to do another project still under the same master contract it's just another one or two page addendum. Our contract is a 30-day contract so every month you can say, "" hey we want to get out"", "" what does it take to get out?"" We're very easy to work in and easy to get out of because we can pull our capital fast." We can also show you where you know you can get out of it. We don't mark up any products or your services or anything, so therefore, whatever the useful life is on something, based on let's say it's 5 years from now you're buying it at 2024 prices, you're not buying it with any kind of penalties. You're not getting any prepayment penalty or these kind of fees from getting out early. None of that's there. It's every 30 days, so the reason why we're called Sustainability Partners is because we're going to sustain your infrastructure from now on as long as you want to stay in the program. We're your silent partner so we're always going to be here for you. We don't do any UCC filings. So basically, you know what you have is not being the way we just come in and take it over, take over your

system, you have full rights to do whatever you want to do in the agreement. I mean that's pretty much it in a nutshell. I'm sure there are some other things, but I'll open it up to questions." Mr. Glen Thomas states, "just so you know now we have water problems major problems." Mr. Carson replies, "Ok, do y'all have water loss problems or meter problems?" Mr. Thomas replies, "we have found out that the problems are in the meters." Mr. Thomas continues with, "can you replace those meters by you looking at our meters to make sure that what we're seeing is wrong, or you just take our word for it?" Mr. Carson asks, "what brand of meters do you have?" Mr. Ronnie Cunningham states "Zenner meters." Mr. Carson replies, "yeah you got problems." Lots of laughter from the room. Mr. Carson continues with, "well do you and again I'm not the meter guy you know, but I can tell you what we've done, we've got new meter projects and probably at this point, in at least 20 states. Are any of you familiar with Kamstrup meters?" Ronnie Cunningham states, "Kamstrup meters are ones we are testing out now." Mr. Carson replies, "Ok, so again we get out and come up with the best solution for our project, no matter what the infrastructure is. We're not going to do value engineering or go with who's the cheapest and all that. We're going to do robust engineering because we want to know we're using the best solution because we're putting up the money. We're the ones maintaining it, so we're mitigating that risk away from you. You know should you find out what you purchased going forward or if you bought the wrong thing you're out of luck. You know there's nothing you can do. If we bought the wrong thing then we screwed up and it's our problem. We're mitigating that risk so we're going to look at you know best case scenarios. What we found out with Kamstrup meters, and we've done so many of these projects, I'm going to sound like the meter salesman, because we've done so much with them. But what we found out is, first, you're probably going to get an 8% increase in revenue just off workflow. They are the best meter around that gives you that low flow. You use a water pick toothbrush; it's going to record it because they are ultrasonic. There are no moving parts, so you don't have a grain to sand stop up the wheel turning or having issues and whatever. It's an all-in-one unit, so basically, with them if the meter stopped working, we just replace the meter. We're not about to mandate our stuff. In Louisiana, we have an average increase in revenue of \$17.00 per meter per month per customer. Now that's not just off the backs of the customer. Let me explain about revenues. If you buy 1,000 gallons of water and you sell 500 gallons, whatever that cost is and now that the meter is measuring what people are using, you're buying 1,000 gallons if you're selling 1,000 gallons. I just saved you an expense. That's a revenue. You're treating that water. I'll save that expense. That's revenue, so there's hidden revenue that comes about through this process, that comes up with that \$17.00. We are finding dependent on the meter you go with <pause> because you have AMR, AMI, etc. there are a lot of expenses that come along with that. Let's just call it \$5, \$6 or \$7 bucks a meter depending on the meter you get, then the software you might get, the collectors you might need or whatever. I always say if I hand you \$17.00 a month every month would you give me \$7 back? Pretty much that's what we're finding. We've yet to have one customer; not one in the entire United States; that didn't make more money with the new meters than what they were

paying us. Basically, where the Kamstrup meters alone help with revenue. We can't say that about other meters." Mr. Thomas asks, "do we have to buy these meters, now before you do that part?" Mr. Carson answers with, "no, I'm going to buy the meter." Mr. Thomas reiterates, "you're going to buy it." Mr. Carson says again, "yes, and later install them and then I'm going to maintain, repair, replace, whatever maintenance you need for as long as you want to stay with the program." Mr. Barry Posluszny says, "and then we're going to pay you \$7.00 a month per meter?" Mr. Carson replies, "yes, and again I'm just throwing numbers around there." Glen Thomas asks, "Is this forever?". Mr. Carson says, "it's forever but let's say that 10 years from now the meter has to be changed, it has a 20-year warranty, where let's say 10 years from now that meter goes out why deploy more capital on that meter when a new meter can be installed and you're still paying." Glen Thomas says, "Ok, that's part of that I want you to explain to me how that meter changeout and there's no wheels inside, isn't this this an ultrasonic?" Mr. Carson says, "they've got some meters in the ground here in the United States that's been there 23 or 24 years and still running 98% accuracy. Ronnie Cunningham asks, "The cost is \$7.00 right for the big meters too?" Mr. Carson replies, "for all the big meters the price would obviously probably be more because of the cost of the meter. I mean that's kind of what's faced up... I'm going to give you a good example and this is like a mixture of meters. Pearl River, LA was collecting \$14,000 a month... we put in new meters, they now collect \$45,000 a month. And they pay us \$5. So, he's getting 2.85 times more money than he was collecting." Shane Taylor asks, "So we start with you and say in 10 years, the utility decides they want out of this service... the utility board at that time decide not to be partners with you anymore... you guys cut out a rate of a buyout I'm assuming?" Mr. Carson answers, "you at that point, ok yeah, we'll come up with a buyout. Let's say it's got a typically 20-year life... so let's say for easy math the meters at a cost of \$20 got a 20-year life... you want out at year 10 so you would pay \$10.00... but here's where we protect our investment. We're going to bring a third-party appraiser in, that you agree to, and we agree to, and we're going to have them analyzed by industry leaders. The analysts will ask, "do these meters have 10 years left?" And if he says, "no they only have seven", then you only pay \$7.00. If he says, "they have \$12" ... you still only pay \$10. We're protecting on both sides of the investment. The reason why we need to do that is when you're buying out something you need to be buying out what the value would only be. That's just the risk that we take." Shane Taylor asked, "in my second part of my question is, partners in Tennessee, how many Tennessee partners do you guys currently have? If you can share that number." Mr. Carson replied, "you mean like having projects in Tennessee? Yeah, at this point, I don't think we have any completed. But we are good...so for municipalities or counties we're not down on the books." Mr. Carson continued, "and we've been working with the education department for about two years now and we had everything lined up... but we are still trying to get that letter from the Comptroller. I think we finally got it about three months ago... so now we've got a green light to do a bunch of different projects here." Shane Taylor asks again, "Ok, have you already near completion on any of them" I'm interested in someone we could call for references." Mr. Carson answers with, "No, not in Tennessee... but

obviously we have a lot of references crossing United States. I don't know if y'all are familiar with the debacle in Jackson, MS. But you we went there and replaced the meters... you know fixed everything. When they got taken over by the federal government the federal government got rid of every vendor that was working on anything at Jackson, MS. They have now hired us to do more projects. Glen Thomas states, "y'all come in and look at something and find that it's wrong and fix it. You don't find somebody else to fix it?" Mr. Carson replies with, "so we're going to ask you who do you want to fix it." He continues with, "let me give an example, we will get permission. We won't just put it in water meters and if we find a 2-inch pipe that is busted... we may say "do you want us to go on and take care of that and begin rolling into the monthly usage fee?" Mr. Carson continues with, "if that's something y'all want to do or you I say again, we're going to ask permission and I'm not just going to you know go do it." "It frees up staff to go and work on other things like... if you've done your land testing or whatever that needs to be done... a lot of people are doing that while we're putting the meters in. Because it cuts that cost down with staff. And it's rolled into the monthly usage fee... while people are already out there anyway. You know if you're not having spare staff, it makes sense to put the money out there. Greg Guinn says, "Second and I'll be done... at the same time... so the software that assuming is probably needs to go along with these meters is something you'll provide, or we just get the meters and figure it out?" He continues asking with, "I mean how does that play out?" Mr. Carson says, "I'm assuming we could do all... we're very flexible however you want to do it. But again 99.9% of people have us replace the software. Barry Posluszny says, "You would check to see if it's compatible because this is a relatively new system that we have." Mr. Carson says, "yes, we will make sure it is compatible. He continues with, "we haven't come across any utilities software that we couldn't make compatible." Ronnie Cunningham says, "we just got 30 meters trying them out of the Kamstrup meters." Mr. Carson asks, "Do you have a pilot program trying them out?" Ronnie Cunningham replies, "that was the one that Core & Main had of the ultrasonic meters, and we got thirty of them in the system right now." Mr. Carson says, "yeah, I mean it's really the going thing... I mean guys I'm not trying to bash other meters... but you know for example... I think it's Badger meters that has lead (Pb) in the meter. Charles Johnston asks, "so you'll do whatever and the monthly rate goes up?" Mr. Carson replies, "yeah, we know we can add in and whatever you want." Mr. Carson continues to explain, "I mean we could put in a water tower instead of you paying based on gallons of water, we can just figure it out as we add cents to each meter if that's what you want to do. That's why I say we're not the standard... what you're used to with finance... and we are very flexible to what's the best way for y'all. We can show you different options." Mr. Glen Thomas points out, "we wouldn't have to go through any process to get money approved." Mr. Carson replies with, "no, we don't have to get approved. We go and buy the materials and install it." Mr. Glen Thomas clarifies, "if we don't like this process, we can get out of it and go back to doing it our way." Mr. Carson says, "yes, that's it." Mr. Thomas says, "ok." Mr. Carson states, "we don't have to bid out any goods we just go buy goods." He continues with, "we're just the service, we're really not on your books... wherever you have

that light bill is where we will go in the expenses.” “You were we pay this forever. Some people look at that and say,” well that's debt,” well you're going to pay that light bill forever but that's not debt. It's not debt on your books, we're a service... every 30 days. We're flexible, we're an adjustable amount. We fit the capel law the capella rule, so we're not debt. So, it makes you financially stronger, because now you've got all these new assets and no debt.” Mr. Glen Thomas says, “ummmhmmm.” Mr. Greg Guinn asks, “if we decided to move forward on something like, is it going to be a problem? Because we don't really know anybody that can come in and work on our software... and obviously they'll (Sustainability Partners) provide the meters...but you're able to locate somebody that's going to give us someone in this office to operate the software.” Mr. Carson replies, “you know there's a company called UMS, and they're nationwide, and the largest meter installer and computer software company as well. So, if someone doesn't have anyone to help with that, we can get them to come in and that's not a problem or issue.” “That's what they do all over the country.” Barry Posluszny says, “so when Greg (Guinn) presented this to us a while back and I saw the pages where you listed some of the references... in that I'm being from Lafayette Parish... I'm a recent transplant. So, I reached out to Mayor Johnson and Cheneyville and Reverend Draper in Simmesport. “I spoke to the office staff... so I never got a chance to speak to Mayor Johnson, but I asked him to send me this e-mail. We talked about it being too good to be true and it usually is, and this is his response, it says, “Sustainability Partners has been a lifeline to our municipality. We're amazed at the user-friendly process, and more so instant increase in our revenue, which is above 50%, now. In addition to the efficiency of our digital meters, generated savings in several areas, including but not limited to, employee overtime, repairs expenditures, constant rereads, and have a ton of administrative changes and corrections through SP's agreement. We were able to pay out nearly \$1,000,000 in debt and increase the infrastructure quality of our community. SP provides maintenance and upgrades as needed for as long as the agreement is active. We have absolutely no regrets. In addition, we submitted our unique agreement with SP to the Louisiana municipal associations and received first place for outstanding community service and economic development. Your response to the question, “would we do business with SP again?” “Yes, and we have the initial agreement allows us to do addendums to the original agreement without reinventing the wheel. We have completed our 40-year-old upgrade to our water treatment plant, and we are proud of the results. The integrity and commitment of the client exemplifies the partnership, and we look forward to doing business again with them.” Mr. Posluszny continues, “so that's good from Mayor Draper. His town is kind of a small little rule river parish in a river parish area of Louisiana, and they've had a lot of economic downturns and a lot of it had to do with water and wastewater. They couldn't build they couldn't invite certain businesses because they're not that far from Baton Rouge. They couldn't afford to do these upgrades without this service. The parish without having these upgrades. I asked him to send me that, because having the phone conversation with him... and like I said with Mayor Johnson's office staff said basically the same thing. They're really easy to work with, they're available all the time

for any unanswered questions, and such so I was impressed with their response.” Mr. Carson says, “so in the case of Simmesport, they were about to be taken over by the state of LA. And in the final tally, they have brand new water meters and paid off \$3,000,000 upgrades to their sewer treatment plant. And it didn't cost the city one penny. Because of the new revenue we generated for them. You know it's kind of like I said water is kind of low hanging fruit. The way our program works, you're going to make money off us. It's just you know Nacogdoches, LA, they're losing almost \$1,000,000 a month in lost water.” Mr. Glen Thomas says, “now if we don't make a lot of extra money, you don't to?” Mr. Carson says, “no, we don't do profit sharing. So actually you're \$7.00 is locked in. Your water rates are probably not going to be the same. But you're still paying us the same thing, so you're making more down the road. We're not profiteering. Another good story in Jackson, MS. There was a leak, and we went out there and looked and this guy came out you and asked, “if I can help you out”, we said, “yes, we're looking for a leak.” The guy says “oh, it's right over there” and we said “oh, there by that that little pond?” He had that little pond where the leak had been leaking for 20 years. It had developed into a Wildlife Refuge full of cat tails. They had to get wetlands permits to stop the leak. As soon as we put the leak detector on and almost immediately, we found the leak. Shane Taylor said, “Thank you Mr. Carson, anybody else got anything? Greg Guinn says, “Obviously, we will think about it. If we decide, how do we go about looking at that as a board... that contract... and say what all that entails?” Mr. Carson says,” what I can do is send, if I haven't already, I can send a copy of the title page agreement so that your legal whoever can look at it. That would be the next step. Take a look at it and say, “We're happy with it.” You sign off on it, again it's non-binding and then we can move forward with the project. Greg Guinn clarifies,” so you would work with the manager, Ronnie, and we provided say we do want to replace these meters 2600 ish or whatever then we get that price? Mr. Carson says, “There is a distributor here in Tennessee like for Kamstrup meters, which I'm sure you are probably already working with, will give you the price of the meter and the installation. And then like I said we we've done hundreds and hundreds of these.” Mr. Greg Guinn then says, “at that point we'll get what we're going to pay.” Mr. Carson says, “and in that monthly fee is a good estimate letter which may have some options in there. You may start looking at this thing and say, “good God! this thing comes up with \$13 a meter!” “But it may be an option one includes software is this much money, and option 2 software is this much money. You would only pick one of those. I'm not saying it would total that, but you may be looking at the totals on the side again depending on the project. Because we want to give you some options there. You would just pick one of those... and some two or three other lines may come completely out. Mr. Greg Guinn says, “can the manager kind of give you some options that we would like to have and see what happens?” Charles Johnstons asks,” what if something crazy happened to your business and you said we are going to get out of the water business? Do you break your contract in 30 days, do y'all come get all our meters?” Mr. Carson replies, “no if we go out of business you kind of got free beer. But in essence, what happens is our investors...they're put out money for bonds. They're pitching funds to insurance

companies. Our goal is, we're looking for 100-year customers, they're looking for 100-year customers, they don't want to keep you know putting money into this bond and then 10 years later they have to finance a different bond. They are going to go find somewhere else to put it. They also take a low single digit yield. It's a yield and not an interest rate. Once you stay in a certain amount of time, they're not going to make that yield. Then what we'll do is come up with an SPV special vehicle LLC that you are a member of. The pension fund where you're a member of and we're a member of... it's all of a special LLC. It's all in QuickBooks on the cloud, so you can look at it anytime you want. Everything's transparent. We have nothing to hide. Each county has their own LLC, so you aren't showing anyone else or not locked in with someone else. So, another county that all of a sudden is taken over by the state or whatever thing you're not affected here. You're your own individual entity. "Barry Posluszny says, "Thank you so much" Greg Guinn says, "Thank you for coming in and make sure to get that copy of that to us." Mr. Carson says, "I'll get it over to you. I'll actually answer you tomorrow while I'm flying back."

Shane Taylor says, "next on our agenda tonight is going to be **The Retreat of Whiskey Creek development of contract review**. Mr. Chip? You want to jump in here? "Mr. Chip Hayes replies, "I think Rance can probably help us with this." Mr. Shane Taylor replies, "that works as well, thank you and Lance do you want to get up? I apologize Rance... I'm sorry." Mr. Chip Hayes begins, "yes Sir... so with regard to the contract, we want to get it done with y'all and get to work on this. There are just some issues we've got with the contract. We're hoping we can clear up for both of our benefits. So, some of this I might say some of the confusion with it is when we first went through the whole planning process and approval... none of this was ever discussed. As we started talking about helping (MUD) to run the water line up to the water tower and this stuff came up with the contract and there's just some pieces to it that... if we didn't know earlier it would have been a problem... now it's kind of a problem. I've made some notes on it, and (looking to Rance) so you can speak to a lot of this. So, we've developed a model in Grundy County of about 300 three to 445 lots now I believe. And so, the way we've done all that is we run the infrastructure, they inspect it, and we hand it over to the county. We warranty it for a year just like what you all got in this contract. But there were none of these like buying all the water meters and everything upfront. That's never been a part of anything that we've had to do. And it was never discussed at the front end of the development. So, what we're asking is that in lieu of paying \$118,000 for water taps and \$134,000 for sewer taps... these are all parts that we had for the construction process for the home. So, what we would like to do is you get the money still we're not questioning you getting the funds... but we didn't build that into the cost of lots. We put those in for when they go for water. Which we will be doing a lot of those. But we've already sold a lot of the lots and so we have no way to go back and collect that from the homeowners from the property owners. Rance Frye says, "Our assumptions that money would be collected when they came to build... and go to the tap fees. Because

when we met with Russell at the beginning, Russell didn't give us the information up front. He never said that would all be done up front. We've now looked at it, and seen that in contract, but he didn't give us that information up front. Mr. Chip Hayes says, "so the guidelines that you have in front of you, we got a copy for the first-time last week from our attorney. So that's the challenge. It's not that we don't want you to get the money or anything to that effect... I mean it's just we didn't get told this on the front end. Mr. Glen Thomas agrees with Chip Hayes by saying, "I agree with you on that part. You are going to put it all in... you're going to make the tap. We're not trying to make money off of you. We are just trying to get you water. Somebody has to pay the \$50 fee. But the \$50 is what goes on our books when somebody comes and puts the water into their name. I didn't like that the first time I looked over this contract. I mentioned that to Ronnie or someone here the first time I saw it and got on the board." Mr. Thomas went on to say," we've had several subdivisions built and the developer puts all the taps in and they don't pay any types of fees. The property owners pay the \$50 fee when they put the water in their name. This is the way it has always been done." Chip Hayes say," we aren't trying to make money off of you or anything." Glen Thomas continues saying," when I first thing got on the board we've had those same issues, they put everything in, we take it, you put it into our specs right?" Chip Hayes answers, "absolutely, it will always be done, and you have to approve it before..." Glen Thomas interrupts with, "right, I have no problem with that point, and this problem paying y'all so much" Chip Hayes says again, "like we're not... we're not trying to make money on anything. So honestly that number's probably high when we get down to it. We had a guy that was... Russell's not here now and nothing against him, he is very nice person in my my experience... so I'm not trying to speak ill of the man... I just didn't get this information." Glen Thomas interjects with, "that's your opinion." Chip Hayes continues, "so we did things based on the information we had. We had a gentleman that was working for us, Zach McManus, and he wasn't used to this kind of thing. He's now gone. He didn't do a lot of stuff right; we're not point fingers. What we would like to see with those dollar amounts is when the when the property owner goes into construction, they apply for the water tap. They pay those fees and that's all our assumptions were." Rance Frye says," We would like that they would pay those, now if we need to do something different in future phases... you know as we go forward... then we can change that going forward and collect money up front. But we didn't, because we didn't understand... we didn't have that understanding. We've got one of the things that was said... that went between the lawyers... there's the question about the lots and so we had said all lots of future and MUD's lawyer had said 79 lots because what it's approved... that's fine, 79 lots is approved... we're good with that. We were just trying to save a step as we did phase two. But we're ok with that in terms of just getting everything together. I mean, that was the first thing that was on the list with the lawyers and Michael Wall we talked about that with Ronnie and Brooke when we were here. So that was fine... just the upfront money was not what Russell talked about. He's like hey y'all help us put this water line in and we will get to all that in a minute." Barry Posluszny speaks up," So listen, Ronnie is only trying to go with

our policy. The policy states, when a developer comes in and develops a piece of property with 10 lots, 20 lots, 100 lots, or whatever it is... they are responsible for putting in the sewer lines of sewer taps and the water meters and the water taps. That is in our policy," Ronnie Cunningham says, "correct". Barry Posluszny continues, "yeah and so basically, what I saw was that because in our policy it says, if there's any kind of discrepancy... it always falls back to the policy. I was not... none of us were privy to what you and Russell had talked about... so that's why we have to fall back on policy. That was relayed to us by our attorney, as well. You know our hands, in my opinion, this is me speaking... I can't speak for the others... but our hands are pretty much tied. We have a policy that we have to go by." Chip Hayes responds with, "well don't take this the wrong way... but y'all didn't follow your own policy. Upon approval you're supposed to give us all that information and we weren't. We didn't get that information until last week. Glen Thomas says, "This policy you're speaking of is Planning Commission policy, too. The Planning Commission decides what size the lines". Dexter Golden (Metro Planning Commission) chimes in, "we don't size lines." Glen Thomas argues, "Yes you do. You need to read it then. I voted on time to put a 4" line in and then we got a different group of people on the Planning Commission and we built a subdivision and they had a 6" water line put in... so the Planning Commission decides stuff like that." Dexter Golden responded, "any buildings or developments we fall back on to our policies and the planning books when reviewing building and developments. We were this instructed that this was not a subdivision this is a retreat." Glen Thomas responds with, "Do what now?" Dexter Golden repeats, "we were instructed that this development was not a subdivision this is a retreat. So whatever verbiage might be in the Planning Commission subdivision book..." Glen Thomas interrupts with, "whatever ... it got changed to... R3 or R1 or R2 it's still a subdivision to me." Chip Hayes says again, "it's a subdivision, actually right... but again and... I don't mean to be disrespecting with what I said... but we didn't get that information, literally, until last week. So, we've been heading through this whole process, and nobody gave us this. Shane Taylor asks, "You're talking about the information from the utilities policy?" Chip Hayes replies, "yes correct." Shane Taylor then asks, "so as far as the policy... did you asked for it?" Chip Hayes replies, "we didn't know it existed... I'm meeting with Russell..." Barry Posluszny says, "with no disrespect you guys have been on the agenda... and I could pull the agendas... numerous times, to discuss all this... nobody from your organization has ever showed up." Chip Hayes says, "as far as it goes r attorney reviewed..." Barry Posluszny interrupts with, "no I'm talking about months and months and months... that you guys have been on our agenda... and to speak about because, technically I was under the impression that you were delaying a lot of our progress with the water lines. You guys are the last stop." Chip Hayes states, "As far as it goes, this last month... was the first time I was asked to come." Barry Posluszny says, "Ok well you guys showed up on our agenda. I don't know who puts you on or who asked to put you on... I don't know... if you were... I again I don't know... but sure... you showed up on the agenda numerous times for numerous months leading back into last year and nobody ever showed up." Chip Hayes repeats, "until Ronnie asked us to come last

month, and we couldn't get it reviewed by our attorney quick enough... that was the first time we've ever been asked to come." Greg Guinn says, "So I'm new to this board, but I'm not new to the industry. So, for you to say you never knew those policies, I don't buy that. Because I'm in the building business. I did my homework. You go to that county, you find out the rules and regulations, or you know what started this. So, you are saying that... I'm not calling you a liar... but I just find it hard to believe. If it's so, then I don't understand how you make it, because as a businessman, I know all of those policies and procedures before I ever start in a different county. Chip Hayes defends himself with, "If I'm meeting with the gentleman who's in charge on the property and talking to your business manager..." Greg Guinn reiterates, "you're in business... you're supposed to ask those questions..." Barry Posluszny says, "and have it in writing." Chip Hayes says, "literally we went through this process for over a year and a half to get it approved" Greg Guinn continues with, "I find it ridiculous that we're in here going over a contract that started a year and a half ago." Barry Posluszny says, "right, because you know as well as I do, nothing is binding unless it's in the four corners of this page. I can tell you that the sun is green all day long, but if it's not in the four corners of this page, it's not a binding agreement. I again I I'm only letting you know that it's our policy... you could have asked for the policy... I mean that way you know... the verbiage... you could make sure that that you're getting it... because what if what if the policy was wrong? Then you would have been able to fall back on that, correct? Chip Hayes says, "We have been working in Grundy County and they do not have a policy." Shane Taylor asks, "Mr. Hayes, can I ask a question? In the beginning, when this contract came out... Jack Daniels, the utility, everybody's in play, the projects kicked off... why was this never addressed at the beginning of the project? Because we initially had a deadline, I believe of November 23rd, that this whole project was supposed to be finished. And here we are on April 24th, and we're just now talking about the contract with you guys." Chip Hayes responds, "Zach McManus was handling all of this and he's not with us anymore. There's a reason for that... and beyond that... like beyond that we weren't pushing to do it... because we didn't have our TDEC approval. You know it took it took us a year to get TDEC approval." Shane Taylor says, "I think even the water line of Prince and Sons, Ronnie correct me if I'm wrong, but I believe the waterline even as originally discussed... and I was new to the board then... I think it was originally discussed that it would come under there by the bridge... and have the creeks already been bored? On the waters the Whiskey Creek side was waiting on the next phase. There was eventually a point where you guys had a... from what I remember it... part of that was going on... speaking to the agreement, that I guess you and Ronnie, which we learned in discussion with... but was you guys were cutting the (trenching) installing that side. And there was a trencher there at one time, and it disappeared." Chip Hayes says, "we had theft on the property... so I didn't want to... have to..." Chip Hayes continued with, "TDEC would be for the approval to get through the creek... TDEC would be for approval to do any trenching on the property. Shane Taylor says, "It's just hard to believe." Glen Thomas speaks up and says, "so you should come... come to our manager, Ronnie and let him deal with that." Chip Hayes says, "deal with what?" Glen Thomas says,

“our engineer... our engineer had worked on this line...that's part of the line. I mean, when I got on the board... one of the first thing I was told... was that y'all were going to help put money in to getting the line from the tank...” Chip Hayes says, “we absolutely offered that with Russell.” Glen Thomas says, “yeah so you know, that line is not... is not in yet.” Barry Posluszny says, “that was another reason why they should have been at these meetings. Because it was supposed to be a 6-inch line and then it was agreed upon that we would split the cost and put in a 12-inch line. Have we bought the line? Because you guys didn't show up to the meetings. Again, I don't know what happened, I'm just telling you that... so we don't have even the infrastructure to put in... because we would have gotten the line with all the rest of the line that we had delivered for this project. And I would see you on the agenda... where are they? not here, again.” Chip Hayes says again, “if nobody invites us... we didn't know to come.” Barry Posluszny says, “so I didn't ask for you to come... I get the agenda... they called me to come get my packet... and I see the Retreat at Whiskey Creek on the agenda. So, I assume you guys called or they asked you to come. And if they asked you to come... you didn't come. That's not good. But if you called somebody called... maybe you're fellow Zach or whatever... maybe he asked to be put on and now he's not here. However it may be, we don't even have the line to put in.” Chip Hayes says, “All I can tell you is we were asked to come for the first time, that I'm aware of, last month, when Ronnie asked us to come, and it was literally the week before the meeting, and we couldn't get everything ready to come. So this is this next month... we're here...so it's not unwillingness to come.” Glen Thomas says, “let me ask you... what are you going to put in over there? What do you want to pay to go in over there?” Chip Hayes says, “I mean, as far as it goes...” Glen Thomas interrupts with, “it was sewer line, water line, electrical line, I'm not really worried about the electrical line... that's not us. What is your proposal of what you want to put in?” Chip Hayes says, “the engineers have everything laid out and the only question was/is currently being discussed... I guess...is to do a gravity fed system. We think it would make more sense to use grinder pumps and not do gravity fed.” Glen Thomas asks, “if we put in grinder pumps won't they be on the person's property?” Chip Hayes replies, “yes.” Glen Thomas also asks, “who will provide electricity to that grinder pump?” Chip Hayes replies, “the homeowner they will be 100% responsible for everything to do with that private property.” Shane Taylor interjects saying, “I think state law might contradict that.” Barry Posluszny states, “yeah, we have a copy of the law stating that the utility owns any part of that utility.” Chip Hayes says, “so Bill Penny's our attorney... that's been talking to your attorney (Michael Wall) so when it comes to TDEC matters... Bill's the best there is...and as far as that goes...he said that would mean that... as he put it... you would be responsible for every septic pump on every property.” Barry Posluszny says, “well you need to have TDEC send us a letter saying that.” Chip Hayes says, “Ok.” Rance Frye says: Bill Penny sent us a note saying “that if there's guidelines... but not rules on some of that... and he was talking through it... “Barry Posluszny argues, “So what we have today is saying the contrary. So, we must follow...” Chip Hayes interrupts and says, “so again like... that can... it can go either way ...like we're not hanging our hat on it. We think it's better for all parties

involved. But again, like this this really doesn't have to be confrontational. We want to work with you, and we want to benefit the city by running the water line up to help with this. But again, this is just information we weren't given. So, we're not asking to take anything away from you. We're just asking for changes in how it's done. And I understand there's policy... but again, we weren't provided the policy." Shane Taylor says," I think on that hand... saying it in that way... and in that light... I can respect the fact that you weren't told something... maybe by the previous manager. I can also respect the fact that you had somebody handling business for you that you chose to handle business for you that might not have been handling business well and may have fumbled the ball. We set all that aside. What we have with this board... with this thing today... is to protect the citizens of Moore County. With the grinder pumps... I'm a "no". I think from the white line up should be on the any home builder or developer ...just like it is with every subdivision and if we make an exception to the rule... we're going to make it exception to the rule for every subdivision that comes in in the future. That's my opinion and you know it's the same with the meters. I mean, if Greg or anybody else develops a subdivision I'm assuming it's on that contractor to handle all that and that's per our policy. And like kind of stemming off what Barry said, I'm sorry for what's happened in the past and on both sides I'm willing to say that. But what we must do is pick up the ball and go forward and what we must go back on is that policy." Chip Hayes says, "And again like... we're pretty easy to get along with ...all this stuff we're asking for a few changes in the contract." Glen Thomas asks, " what changes are you asking for?" Chip Hayes says, "the few things like we talked about... on buying all the water taps and sewer taps up front." Glen Thomas says, "I have no problem with that." Chip Hayes says, "so yeah, you're getting your money... there's nothing changing on that... it's just not getting written a check up front. It's coming from the property owners, because we didn't know to put that in the price up front." Glen Thomas says, "no that's not going to come from the property owners because the property owners only have to pay a \$50 fee up front to put the water in their name." Greg Guinn says," no, what he's saying is... whenever... if I'm building you a house there's a box set in place. We come down and we buy the meter which is \$1500 -\$2000, whatever it is for a three quarter versus a one-inch tap. It's the same with the sewer. We buy that... what so the \$2,175 which is the \$175 for the review... I think should be an upfront cost. I can buy into like you said not purchasing all the meters because it's really on the builder or whoever decides to build a house. But as far as change this other... I just... like I said ...if you're the business owner and I'm assuming you're like a Superintendent or whatever... you put your eggs in those folks' basket... then you are going to ride in that basket with them whether it's right or wrong. They should have waited until it got supplied to you. You should have had those policies up front... I'm not entering any anything that has the homeowner included... much less accounting before I cover my b***, you know. That's just the way anybody in business would do it. I don't really buy and I'm not trying to argue with you, but you know, we'll debate the rest of it. But those are, I do kind of understand that that is based on a contractor or homeowner just the way... I've never pulled up... unless it's something and not had to buy a meter. going to go but the water

meter it just gets set and that whenever is that the current policy or am I wrong?" Ronnie Cunningham says, "I mean I know well there already is like a Ridgeville subdivision ...there is already a water line installed with water taps. Only charges a \$150 meter set fee to the homeowners building a new house. Because we got those lines from Winchester when they had the subdivision. All the lines and taps were already put in. Barry Posluszny asks, "now, what what's your debate?" Chip Hayes says, "we have no idea what water meter you're using what that fee is for us to go and buy those..." Glen Thomas says, "well that's where you need to check with Ronnie." Chips Hayes continues with, "so these are just points in the contract... that we just need the information on page four Section 8 the eminent domain. So even the MUD attorney commented, I believe, that it was it was poorly written on that... but I think the concern is making sure that you have access to get over it between lots 20 and 21... to get to the water tower... I think that's the primary concern, right?" Chip Hayes continues with, "the right of ingress and egress for the purpose of installing and maintaining the... same... there's another section... it says easements for installation and maintenance of utilities and drainage facilities are reserved 10 feet in with alongside rock lines and along lot lines joining any road or street in addition all lots were subject to such easements setbacks and roadways as shown. We already have easements in place, if that's your concern, but effectively what that section wave reads are MUD I guess even after the development... if you felt that you had to retain an easement... you can go and for whatever dollar amount do it. And I'm just an open check." Greg Guinn interjects with, "I don't understand why you're saying... you don't pay for an easement." Chip Hayes says, "that contract, it says that if you have to go get any easements... that you can go and do so and at whatever expense it is ...I'm obligated to pay." Chip Hayes continues with, "I'm paying for it already... but if you go do something after the fact... that I have no control over... I'm responsible for paying for it. It's saying I'm just a blank check. And given the way the covenants are written, there's no need for that, so the verbiage just needs to be changed." Glen Thomas states, "It may be me, but all the utilities should have been in the ground before you sold any of the lots." Chip Hayes responds, "They weren't required to be." Glen Thomas further stated, "it might not have been required but it would have been easier on everybody if it had been." Shane Taylor asks, "Was there a contract between each buyer of these lots and you guys, as far as, what you provide? Chip Hayes answers, "yes." Shane Taylor continues with, " Ok and was everybody that you sold lots to and aware they're going to have to pay for a meter and their own grinder pumps and all that goes with it?" Chip Hayes asks, "as far as vertical? Yeah, so I mean that's so ..." Shane Taylor presses, "every... everybody that bought a lot from you know that they're going to have to come and buy a \$1500 meter? And they know that they're going to have to have grinder pump?" Chip Hayes replies, "yeah at this point... yeah...if they require one at their property (grinder pump). But I mean it's the same thing we've done like in Grundy County... it's the same thing." Shane Taylor responds with, "the only issue with that Grundy County, according to you, has no policies." Chip Hayes says, "they made it up as they went... and so as far as the process here... I don't know when the last development was in the city. But it was a long

process and it seemed like it hadn't been done before. Then the meeting with Russell and having conversations with him... and literally nothing wrong... I'm the one that offered to help run the water line." Charles Johnston stated, "when I got on the board didn't someone say that they owed MUD \$20,000?" Barry Posluszny says. "Brooke says there are some outstanding engineering and lawyer fees." Glen Thomas says, "in fact this board has voted if we're not going to go any further until you pay us that money." Chip Hayes responds with, "nobody's ever given us a thing if you have a bill, and you don't give it to me... I don't know how to pay it." Glen Thomas says, "I agree with that." Glen Thomas continues with, "the previous administration made it as plain as this could be and we're stuck with it. We're trying to straighten it out for you. Or I'm for trying to straighten it out." Glen Thomas continues instructing Ronnie Cunningham by saying, "Ronnie's sitting here right now... and we were talking more...send him a bill and then we will talk more. I mean that's the way I look at it." Shane Taylor states, "Ok, I would entertain a motion of what you would like to see in this contract; other than the grinder pumps and the tap fees going to the homeowners or the landowners, now. I'd like to be clear what you're asking." Chip Hayes says, "I believe we sent the requests over to your attorney as well." Greg Guinn asks, "do we have water and sewer plans... the drawings as they're going to be?" Barry Posluszny clarifies with, "in other word, was there was a plat that was submitted including with the easement of where they were going to put in water lines and sewer lines?" Shane Taylor says, "I don't think there was one?" Greg Guinn continues with, "so is that what we're saying... they're out there... because I've never seen them... that's what we're saying the \$20,000 involves?" Shane Taylor says, "that was something with engineering fees." Ronnie Cunningham says, "the \$20,000 from the fees came from the engineer we had when Russell was here." Barry Posluszny says, "we're doing... there's still you know... I still see they're still in charge of that project, so they're still working with us to complete this project. Greg Guinn says, "y'all have engineer plans that you're planning on going from?" Chip Hayes says, "you'll have to sign off on the work." Shane Taylor says, "there was engineering... probably was over that project... they will have to continue that project, when it picks back up. I think there were plans, I think they did some work for the utility on that behalf... and quite honestly interaction from here on out here really needs to be between you and LJA." Shane Taylor says, "Ronnie needs to send a bill... if you've never seen a bill on it... you can get your bill explained to you outside of this meeting. So next, would be what you guys would like to see the customer or your customers to pay for... and pick up from here... to make sure we're clear for further action." Shane Taylor says again, "and we've got the grinder pumps... we know what you're asking for there... so the grinder pumps... I mean it can go either way." Chip Hayes says, "I think it's a better system for both parties, but again like I mean, I think it's more cost efficient... it's going to be easier to maintain... it's not going to put it on you. So that's all I've got. Just understanding what you're going to use and what the cost is with it eminent domain issue, the verbiage must be changed. I can't stop that, so and then the only other thing that doesn't make sense to me, you want... so you want bonds for the work to be done. Which we're doing the work ...which you must approve... prior to

taking possession of...then you want 15% bonds on the back end as well. I have no problem with the 15%, but if we're doing the work on it and you're not taking it till it's approved... what's the point? We're just spending more money. Bryant Griffin asks, "can you say the question again?" Chip Hayes repeats, "if they don't take, they don't take possession until they approve it is and since we're doing the work it ..." Bryant Griffin asks again, "a 15% bond is pretty standard. But if you're doing it and you don't finish it who is going to complete it? Then MUD now is it going to be responsible to complete it and paying for it." Chip Hayes says, "but if you walk there and take possession of it... everything in that document says that they can... they can decline the work..." Bryant Griffin says, "I've not seen the document." Chip Hayes says, "but I mean, on the front of this, I agree." Bryant Griffin says, "but if a 15% bond is something you agree with then why are you asking the question? Chip Hayes says, "because it wasn't asked for in the first place." Glen Thomas states again, "It's the previous administration." Shane Taylor says, "as far as state law goes and we're going to follow our attorney's advice on that... and will go forward with it when that comes down to a vote. We'll follow his advice on that, and these other things are noted. We will bounce back to our attorneys and then will talk about it amongst the board and see how we will proceed."

Engineer's report: Ronnie Cunningham says, "well they finished the TDOT project on their water and sewer part by the nursing home. They are working on pulling their last bore under the creek down here by the Funeral Home... so we can pull that 12-inch line the rest of the way."

Bryant Griffin asks if he can pose a question. Shane Taylor grants him the time to ask his question. Bryant asks, "sounds like that you had LJA Engineering come up with a standard developer's policy... because a lot of stuff y'all were talking about was just standard development policy language." Shane Taylor says, "that's kind of what I was saying." Bryant Griffin continues, "we've done that same type language... I've done one for Castilian Springs Utility District, Westmoreland, that's in the past three years. And in the bottom on the front end... I think in ours... it's 120% and I think y'all are asking for 115%?" Shane Taylor says, "I think that's what he said." Bryant Griffin says, "well 100%... it doesn't sound like you need less... I've not read it, but it sounds like that's all pretty standard stuff. I mean... I've not read it... but I assume that LJA is responsible for helping you guys with the developer's policy. And a lot of that stuff is just boiler plate stuff." Greg Guinn asks Bryant, "so you have capacity fees... y'all call them capacity fees, or you call them...?" Shane Taylor answers, "yeah, there was... LJA did some work up there... I think there are some site surveys ... was several things down there... which is where I believe the 20,000 came from. If they've never got a bill... they never got a bill... again get them a bill. And then... they can argue that at that point... and we can decide whether we're going to move forward, whether

it's paid or not, which we probably have decided... uh but... the rest of it I think we were all kind of tapping around the mark there of... this is standard developer stuff. If we develop a subdivision and I go out and sell all my places... if I'm one of these buyers up here... I expect that place is going to include my meter and tap whenever my house goes up." Bryant Griffin says, "generally have tap fees and you also have something called capacity fees and maintenance fees or different things. This is where they pay an additional fee for each tap. Whether it be water or sewer to pay because you have to pay depreciation on that. So, you get capacity fees up front that's to both pay the depreciation expense and to ensure... so they're paying the tap fees... are also paying to help you pay the depreciation expense for the next 40 years. And ensure, because when they sign that, you're saying ...forever we're going to give you water and sewer. We're insuring that. I'm certain all that is in there." Shane Taylor says, "yeah and... I and I'm pretty sure that it was well stated back then... my mind is a little foggy on all that... but pretty sure all that was standard, and I'm pretty sure that it was it was well stated back then. Because at some point in time there was some talk about giving them a break because they're putting 80 something houses in. And 80 something meters that would have to be bought. That's \$200,000, and I know... at least in my opinion... on that is like... I mean, if Boo builds subdivision tomorrow, he's going to have to pay that \$1,500 per 20 lots... then it should be the same for everybody. We can't set a precedence and give them a break without having to go back and give everybody else in the future a break. That's my opinion." Barry Posluszny asks, "Can I ask a question? Because apparently nobody said anything. I figured that you got it, but I didn't understand it ...what's the difference between a retreat and a subdivision? What what's the difference?" Shane Taylor defers to Dexter Golden (Metro Planning Commission) Greg Guinn speaks up before Dexter speaks saying, "So I'm going to give you my \$0.10 opinion. It's never been... it's always been... R1/R2... my understanding... he will (referring to Dexter Golden) probably tell you more. But I investigated that. So, suddenly... they want to clarify this as a retreat... so Moore County, our... somehow or another... you got voted in as an R3. What I understand is they basically wrote the policies of how it's going to work. So, am I wrong?" Dexter Golden says, "A) It did not fit what we currently have in the books... we had a subdivision book played out. It was brought up by several board members, and you know, this is a subdivision. It was told to us... this is not a subdivision; this is a retreat. You didn't understand what a retreat was... they compared this to a, you know, hotel or something... you would go to on the beach. This is not a subdivision... but at the same time and in those minutes... they were saying that you can probably live there, you know, like a short-term rental. But to us it was a subdivision." Barry Posluszny interrupts to ask, "so will they be subject to the hotel/motel tax?" Dexter Golden answers with, "no, it didn't get written down that way. What we had to do was create (incidentally fit what they needed) and at that same time exactly to a "tee" and that we have an R3 that was adopted by the county it was presented that this was not a subdivision. Barry Posluszny asks, "So is this why they don't follow....?" Scott Fruehauf speaking from the gallery says, "this is why they aren't following any of the subdivision rules or regulations. It's why they don't have to have a bond. I tried to argue that

this was a subdivision, and it was voted down.” Barry Posluszny further asks, “does this exempt them from following the utility’s policy?” Shane Taylor and Dexter Golden reply, “no” at the same time. Shane Taylor says, “Let’s move on guys. I respect everyone’s time and this meeting is taking longer than the three hours I had allotted in my mind. We have a long way to go. We can discuss Metro Council business at another meeting. We have utility policies set in place for a reason and we need to follow our own policies for this reason.”

Shane Taylor moves on to the **2022-2023 Financial Audit**: Glen Thomas interrupts Shane Taylor and says, "we need to do the manager's report." Shane apologizes and asks Ronnie if he has anything else to add? Ronnie says no he reported all of his part. Shane then asks Bryant if he has anything else to add? Bryant says he has nothing further to add. Glen Thomas again says, "I'd like to bring up something. I will bring up one thing. We're going to... we're going to talk about...maybe like do something... of about the water plant. And has been talked to the past that it would cost \$20 million. I would like to see how y'all feel about this. Get Bryant to do a study... that we buy water from Tullahoma and fill the Griffin Tank and the Coyhill Tank. And put a pump station out where the meters is at and see what that would cost. And if by doing that... also if we got into trouble... we could also. run that water into Lynchburg, I believe. Have him look, just do a study to see what the cost to do that... versus...building on to that water plant." Charles Johnston asks, "so we can't get all of the water all the way to Lynchburg today?" Glen Thomas answers, "not today." Ronnie Cunningham replies, "We can get it all way down to Jacey Lane but there's no water pressure." Barry Posluszny says, "I thought we were coming... where West Lincoln stops." Ronnie Cunningham says, "We are coming all way out to where Cobb Hollow is now. Where the master meter is at." Glen Thomas says, "alright, that's why we get a pump and pump it up there and then we could serve everybody." Ronnie Cunningham replies, "But in Tullahoma if they can force enough water to get this way, we might could...but they struggle in Tullahoma because they feed everybody like Wartrace, Normandy and us." Glen Thomas says, " that's why I'm wanting Bryant to do a study to see if we can do this." Shane Taylor interjects, "Gentleman...we have a lot of ground to cover, and I want stick to the agenda items right now. If that's something, we need to look at in the future... let's get it on the agenda and let's make an educated decision about it... at that point." Glen Thomas argues, "we can make educated decisions without the engineers report." Shane Taylor comes back with, "that's something we're also going to have to make a vote on, too... because and..." Glen Thomas continues to argue his point by saying, "well, that's what I was asking for... whether we need to... I mean... that \$20 million plant... that's going to be hard for me to swallow, right there." Shane Taylor counter argues, "we've got a lot of other projects that are in dire need, too. But we can't solve them all tonight... I know that. 2022-2023 Financial Audit -- I just had some notes here: we're in a positive position \$1.3 million... is what we came in at, overall. I'll open the table to any comments. If anybody wants to say anything on this." Glen Thomas says, "yeah, every year interest expense is being budgeted at \$350,000 and it was only \$153,000. I don't know where these figures are coming from, you know. I hate to budget that kind of money for interest when we don't need but half of that. That's something that bothers me." Greg Guinn speaks, "One of the things that I highlighted is... and it says on here specifically... special assessment Jack Daniel Distillery \$1,030,576 dollars, page 10... I'm sorry, I'm sorry... this is the third line down. It says special assessment." Shane Taylor says, "yeah, and I think that's something that has lapsed recently. (speaking to Greg) but once you and I spoke... I think ... I didn't have this in front of me... and I couldn't explain anything to you... but I think that is something that we were

getting... because that has lapsed. That's why it's in the 2024-2025 budget. They're asking for in the next upcoming budget for this because Jack Daniels is 55% of our business. This is why they're asking for the impact fee... which I believe...was a Comptroller suggestion. So, am I right on that, Ronnie? So that's, so I think that's why they're asking in the budget for the impact fee." Glen Thomas points out, "this payment here is just paying for the 12-inch water line." Shane Taylor agrees, "yes, it was going for a certain project. And that's right... that's why... that's on there. That project is nearly over... with the exception of a hangnail." Ronnie Cunningham says, "you know, they used to give a donation of \$16,000... which was all cut out when they donated for the 12-inch water line. So, once all that got out, we don't get nothing from them as a donation anymore." Shane Taylor says, "and I think it's been a suggestion of the Comptroller's office for several years that your big industry that takes up that much of your business, or that makes up that much of your business... is to charge impact fee for future projects. Especially with you know...an industry like Jack Daniels... that has projects on their books right now... that we have no idea about... like maybe a hotel and what it's going to take to supply utilities to that hotel. We don't have anything that we can plan for ourselves. They've not shared any details with us so far. And all that affects our bottom line. So, I think that's why I believe... Ronnie, correct me if that's wrong...jump in anytime... but I believe that's why that they're asking for the impact fee. We need to have something there collecting interest... so when we must make a big jump like that on another project" Ronnie Cunningham says, "it's to help...we got something... we can help pay for it with in the bank." Shane Taylor agrees, "yes." Greg Guinn points out, "that's on page 20 it says at the bottom of the page that 55% of the local water and sewer revenues." Shane Taylor says, "yeah, so that project funding is going away this year. That's why you were seeing that that big number. And I think since that's going away... and has since gone away...because of this 12-inch line project being nearly completed... this is sustainability going forward. I think this is why the impact fee is being asked for on this budget." Ronnie Cunningham says, "I know Sloan Stewart (Metro Mayor) met with Melvin (Keebler of JDD) and in 2-3 years... they are still talking about building that hotel up there." Shane Taylor agrees, "and who knows what other projects they are having in the works up there." Ronnie Cunningham says," Sloan told him (Melvin Keebler) that the water plant wasn't made big enough to handle all of that. And they're (JDD) not going to build it, they are going to sell it to somebody else. So, it's going to be a third party." Shane Taylor points out, "Three Rivers ended up being a third-party (JDD) project. Greg Guinn says, "I went through it, and I just got questions. Prince Utility on page 22... we don't owe them very much money... are they... what are we getting from that group? Because I think I heard in a meeting that they've asked for more money." Shane Taylor answers, "they got there's from Jack Daniel funding. We denied them and sent them back to Jack Daniels. Jack Daniels... I think it was about \$66,000... so they had originally bid to cut the creek... and because it (creek cutting) was going to happen in the winter/fall of the year... which ended up not tapping in in the spring. We actually... the board... sent them back to Jack Daniels to ask for more money." Greg Guinn asks, "so... but we still we still owe them some money?" Ronnie Cunningham says,

“correct, until they get it all hooked together.” Glen Thomas states, “and then we have a water problem. They safe drinking water was one of the problems with \$3,700 fee we were assessed.” Greg Guinn says, “we were assessed an \$18,000 fee.” Glenn Thomas asks, “what was all that for, uh?” Shane Taylor answers, “yeah, that was some of the Comptroller’s... come in on that... there were several issues... well that was the first time I got one of those letters in my name... right after Keith (Moses) left. And that was scary... but there were some issues with the water plant, I think. I really remember something about risers and part of the bill was the filter beds... that we've since remediated... they've all been redone. It took a while to get the media in stock. But that's finished and it was a total of like \$18,000 if we didn't do anything but a lot of its remediated, we had to pay the \$3,000 something up front. I think we're in good graces on all that right now.” Ronnie Cunningham says, “yes, we also got the pumps at Coyhill running correctly.” Shane Taylor says, “as long as we keep the items remediated and done, what we've said...we won't be assessed the full \$18,000.” Shane continues, “a part of it with dealt with some testing that wasn't getting tested so many times... and I think we should have that under control now. There have been several changes made.” Ronnie Cunningham mentions, “that we have to put that on the CCR Report, too.” Shane Taylor asks, “Anybody else got anything else? I think we must do the motion to approve” Ronnie says, “I think it's just for the review... I think it's just reviewed”.

Shane Taylor says, “the next item on our agenda is the **water and sewer rate study review**. You should find it in your packet. Something I missed totally at the last meeting... and sometimes I do some skim reading... and I think I didn't spend enough time reading word for word on that, but I missed in there where it was put as the last rate study. And some may agree or disagree... but during the last rate study... it was from a previous board... who agreed upon... that there would be an automatic 5% increase in the water sales bill this year in 2024... and that's something I missed. I think we need to address; whether we retain it and go forward, and let that go through, or whether we kill it with a motion. And then the second part of that... the Comptroller's Office recommends every few years... which we're in year four...of having the rate study. I personally would like to say this before you guys and it's open for discussion afterwards. We're looking at doing some things and I totally understand what Mr. Glen and the work he's put in on the sewer rate... there's been some numbers there...I don't know what's right, I don't know what's wrong. I know that there was a study done in 2020. There were some things changed... I personally feel like... that if we're going to start changing rates... then I personally feel like... that I would like to have a professional opinion on where the utility stands. As far as sewer rates, as far as water rates, and all that ... and the second part of what I want to say is... amidst any Comptroller scrutiny we've had so far, I definitely don't want to push down the road 4-5 and 6-7 years and not have a rate study. I understand that utility is doing pretty good right now as far as our net return and everything and I personally feel like it would be decent idea to have a rate

study and see where the utility stands now and the sustainability of it going forward for the next five years or three or four. So, I wanted to say those things and open it up for discussion.” Barry Posluszny says, “I agree and what Mr. Glen brought up about the commercial side. I received this and I passed this out to you this is from MTAS. It’s them stating exactly what Mr. Glen had said... that it's got to be fair and that the utility rates typically commercial utility rates are charged to all businesses. Commercial utility rates should be assessed on institutions, nonprofit organizations, some agricultural operations, recreational facilities. It is imperative that the utility district be fair and equitable for all entities across the district. It would be inequitable to charge one business the residential rate and the other business commercial rate. So, I mean, we do our rate study... which I think we need to... because I came in when this gentleman came to do the proposal. So, I wasn't part of the study. But this is coming from MTAS... so they're basically saying what Mr. Glen had said... that all businesses should be charged to commercial rate. So, I'm just throwing that out there. I'm not making a motion or saying it... I'm just letting you know that if we are going to look at the right structure this should be taken into account. Because this is coming from the state authority who we usually go to when we want direction.” Greg Guinn says, “so to address the rate increase... I'm prepared to make a motion that we kill this 5% increase. I don't think it's fair for us to go up on the water rates... whenever I feel as if as a whole, we're ok at the moment. If we don't do something about this water loss that could change. But I'd like to make a motion that we kill that 5% increase that goes into effect July 2024.” Barry Posluszny says, “I’ll make a second for a comment. “Shane Taylor jumps in, “so you know seconded? (to Barry) OK, so I've got a motion to stop any increases of the 5% increase that was set back in 2020... and so you're (Greg Guinn) saying no increase this year correct... so that's why we got a motion from Greg... to stop any increase this year... second from Barry. Is there any discussion?” Barry Posluszny says, “so when I sat through this and I saw that what they had up on the screen... about all there was... more than what was in here... and I was opposed to these big jumps and increases and I said why aren't we increasing it a little bit each year ? One percent, two percent, etc... instead of hitting people with five and 9% because it was 9% in 2021... at the end of 2020-2021. I came in September of 2020, and I was looked at like I was speaking Chinese. I said because if you come and just hit me with a 10% raise on my bill I'm going to be upset. Why? I mean people understand it there are increases every year. There's cost of doing business... we should feather this out, you know... instead of dumping this on everybody. Although, I do agree that we should look at a rate study... not increasing anything can be a problem, as well, I mean after hearing that the state says you going to keep a fund balance and you’re going to have X amount of money in case things happen. Increases are needed... but I don't think that we should be hitting them with these big, large increases” Shane Taylor, “so to add to what Mr. Barry said... I was just new to the board when that study was completed. I do remember Mr. Barry making the point that it would make more sense to do one-two percent each year until we get to 2025... and now we have that 5%. And it wasn't... I guess... at that point... favored. You never gained any steam... but then... in light of that...

the very next year... the utility come in and ask for 2% budget increase because cost of COVID was going to raise everything up. The night that we went to vote on that I personally was prepared to go 1% and then they jumped it to three. They had formed a committee a budget committee... and that's pretty much their recommendation... was... we were going to need 3% more in budget expenses to sustain the utility... because the cost of everything that was going to go up due to COVID. A year later we've got \$1,000,000 that we're investing... so I agree we shouldn't have any increase... in my opinion... right now. But I also agree that study... you know 5%... and as far as by 2024 we went up three... the next year. So, you know in my opinion, a rate study would probably serve us well. Just to see where we're going to be 5 years from now.” Greg Guinn says, “I think that would be fairer to what you're asking, because we can see today... because I agree with some of them...I think that was looked at from a fair point of view. Because I've been looking at the businesses... I have... that you're talking about versus if we pull y'all out (Metro Sherrif's Dept) we're in a hole... we're going backwards. I think as a board we ought to look at it on a fair basis. So, somebody that's peeing in the toilet and washing their hands... if we go up whatever it is per thousand... what have we gained? If we don't look at everything fairly between like the jail, schools, and whatnot... you know?” Barry Posluszny says, “well I don't think we cannot do that... it would have to be across the board. Like I said the schools... even I mean... yeah... it's going in one pocket into another... but I mean... no matter where you go this beloved country of ours ...they're all paying the same. The schools pay you; City Hall pays, everybody pays for the utilities. I come from a city run utility department.” Shane Taylor asks,” Ronnie can we even change the school? I don't think we can't by law... I don't think we can change it... they had to pay the commercial rate.” Ronnie Cunningham says, “because they get state funded” Shane Taylor continues, “and on the other part of that I forgive me you know I left it at home.” Glen Thomas argues, “she told me when I talked to her that school was usually do because they were big users.” Barry Posluszny argues, “that's really except during the summer they're shut down.” Glen Thomas continues, “we used to just have all residential rates... that's all we had... everybody... so you know it wasn't the board to decide. And as far as harming somebody to set the rates for us... You're a manager... I can manage my money... and I imagine Boo can manage his... he had a company... so we ought to be able to do our own rate study. The reason they did that was because the state was coming in and the reason, they did that was because they lost money three years in a row. You can't do that I read the audit every year after I got off the board and I knew it's going to catch it in trouble. That's why the state comes in and set that stuff. And dang you're going to start paying somebody to come here... and do your studies for you. Just like E-solution... I wish we'd had this guy in here before we had them here. We're just paying them \$60,000 (to Shane Taylor) did you sign that contract? So, we're paying them \$60,000 for them to tell us what we already know, I think. I can't... I can't... if we're not... good enough to manage and you're not good enough to manage... Greg you shouldn't be on the Council then either. You know I've heard people say...about the Council... well the Council has raised taxes every ten years. I mean, \$0.10 every year... and

then what do you do... you find things that you want that you didn't need." Barry Posluszny asks," the service charges are the same no matter if you're residential or industrial? So, the \$8...so they're not getting an increase on that... the only thing they're doing is to turn the tap on to use the toilet then you're going to have to pay a little bit more. So, it's not like... if you said "Well, he never turns on... or like we looked at some of them and some of them don't use any water... they're just billed the flat rate. It's just putting them into that category. So, if they're not expending any water then they're not paying anymore. But they're in that category." Shane Taylor says again, "so we've jumped outside the scope of the agenda." Shane Taylor asks," any other discussion... as far as the water or the rate increase? Ok, hearing none I'm going to do a roll call vote just to be safe...with Greg's motion and Barry's second... to agree to the motion there's no rate increase this year. Greg Guinn-- no rate increase... Boo – yes... Mr. Glen – yes... Barry -- no or we're voting on no rate increase...Shane Taylor – I'm a no as well. So, that motion's going to pass that kills the five percent increase. I will yield to whatever you guys think as far as a rate study being done. I will say that Mr. Buddy Petty was contacted about a rate study that was \$10,000 last time. As of today, the cost going forward would be \$12,000 for a rate study. I want to make a motion that we do that. So, I will make a motion that we have a rate study to follow the recommendations of Comptroller's office... of having one every three to four years. And see where we're going to fall and to have the rate study and follow the recommendations rate study. Is there a second to the motion?" Greg Guinn makes a second. He says, "I want to talk about it." Greg Guinn says, "So, I understand what you're saying. So, where do we do that? Do we have a work session to go through? Because we can't... I think that is where... is how it happened last time in my understanding. So, my understanding of how it worked." Shane Taylor replies, "And I wasn't here on the inception of the last rate study... I was appointed here right after it was finished. And we'd come in... and that's exactly what it is... it's a work session. From the beginning they found out they found out... yes same guy (Buddy Petty) ... they (RateStudies, Inc) find out what the goals of the department are. He is and where everything lies... as far as, our depreciations, our projects, which we need to have addressed. As far as projects that we want to fund. They take all of that into consideration and come up with a plan for the next four to five years. I fully respect whatever everybody's comments were prior to this session." Glen Thomas says, "I mean, we make a budget out every year, and you live with your budget. You look at your revenue each month and our expenses each month... you know if you need a rate increase or not. It's simple. And it depends on the weather...you know... if it's dry here you'll sell water... and if it's wet here... you won't." Barry Posluszny argues, "Yeah... so you know...that's but... you know the Comptroller wants to see" Glen Thomas interrupts with, "listen, they want a lot, but you don't have to everything they say!" Barry Posluszny argues again, "well... they want to see a little bit more... they want to see what our projected projects are. How are we going to pay for that?" Glen Thomas counter argues, "they... the state... don't want to pay for it. Whenever the state owes Tennessee State billions of dollars and then they going to tell us what we need to do! That's a bunch of bull there! That's... you just have to... draw the line on

them sometime. Just like she (Meghan Huffstutter, State Comptroller's Office) more or less said we had to use E-Solution. I mean that was the bottom line." Shane Taylor says, "During the rate study... they take into consideration any future projects that we're working on." Glen Thomas asks, "but are we making money?" Shane Taylor answers, "you see we are... we are... but like I just said...if we have a water plant in our next five-year plan... how are we going to pay for that? They're going to study and tell us how we're going to pay for that. Or is it a better option..." Glen Thomas interrupts with, "I'll agree with that if we get... if we vote... we go out build a plant. Or they would do what I suggest... buying water. We got to start planning ahead of time. We did that with the sewer plant. Doug wanted a rate increase of sewer before we ever started that. After I got off... He told me this his self. And they wouldn't... they wouldn't give him one. But I mean... still you don't need someone else telling you that, I don't think. Our biggest fallout right now is Jack Daniel Distillery. They are doing things and not letting us know ahead of time." Shane Taylor responds, "that goes into that impact payment as well... that... that's trying to get ahead of them on that." Ronnie Cunningham says, "and you know that's just what we put on there... we can up that to whatever we want to... me and Brooke sat down and came up with was a \$33,000. You know, we can say set it higher than that." Shane Taylor responds, "She set that off of her depreciation, which we have funded and that's a way of setting an impact fee and to get Jack Daniels to help fund depreciation. Yeah so, any further discussion?" Greg Guinn says, "so I understand what both parties are saying.... but and I'm just trying to understand... I mean we're hiring him (Bryant Griffin) to do what he's saying. He's going to be paid unless you (Bryant Griffin) want to work for free. So, when you're getting paid... I'm just saying we're going to hire you to do consider putting this pump in and get it (water) from town (Tullahoma) to here (Lynchburg)... so we're going to look at your leadership and guidance... which Ronnie does...but we're supposed to know how to set the rates? In my opinion, he's going to look at the technical side of having it to work here. My point is we're hiring an expert to tell us which way the direction to go with water... but if the way I'm looking at it... I'm hoping to go with this guy \$60,000 hopefully yields... which I just I'm like you... I think we've just wasted it. But at the end of the day, we're hoping we can yield some profits out of these changes. I don't know some of the rates needs to be looked at changed." Shane Taylor asks, "Any further discussion? Ok. Roll call vote again, Mr. Glen—no, Mr. Barry – yes, Boo – yes, Mr. Greg – yes, Shane Taylor – yes, also. Ok.

"Moving forward we're done with the water rate study." Shane Taylor continues introducing the **2024-2025 Budget Proposal**: "Ronnie, do you want to go through and talk about what you're increasing? I know we've done that in the past we've even... to a point stop and say this did everybody see the water loss numbers this year? Ok. Greg had asked me if it was in there. I think sorry to jump off track, but the budget proposed going to 2025. And that was in the past we went down and talked about going...we went down the line in the past and showed what increases were made. And explanations of why, you know, you want to do it."

Ronnie replies, "we just took the audited figures of last year and increased the items no more than 10% overall for this budget." Glen Thomas says, "your revenue proposal isn't right. You have it started off too high... so you know... when you start doing that... you just ...you know...you start off in a hole. What you need to do is bring that back in. You know so set it at \$2,200,000... and I don't know if we'd like that or not but and that's \$50,000 less." pause Ronnie Cunningham says, "you know we sit down and worked through all of it. We lowered it from last year." Glen Thomas asks, "why have you not got credit card revenue, you got credit card expense. You get that money back then you charge 3% for credit card."

Ronnie replies, "I think they (credit card processing company) get most of that money."

Glen Thomas says, "but instead... of you... look at your audience... you collected \$500 something dollars last year." Barry Posluszny says, "I asked that questions as well. Because... if you use... you call it a convenience fee. I mean that should be coming back to you." Greg Guinn asks, "so, how are we going to do it? cause I got a bunch." Barry suggests they work page by page. Greg Guinn says, "so, let's start with the salaries and I'm just... I'm not trying to throw darts...but to be clarified on our so we're payments right at \$60,000 for office manager so for an office assistant or paying \$51,000 or you are asking for \$51,000 and for office assistant number two \$48,000 so there's a there's right at \$100 grand. Alright so, and then I'll scroll down through here and we've got legal professional services we went from \$40,000 to \$30,000 for paying somebody that amount of money. I don't understand why we're paying out other than like lawyers. I need to be clarified on what that is." Ronnie Cunningham replies, "I think it's like Lite Wire... that does all of our computers and stuff for the cyber security stuff... computer services." Glen Thomas says, "that is the audit report and the attorney... initially they are hiring a CPA in Tullahoma to help Brooke." Ronnie Cunningham says, "you know she got her license. She (Brooke Fanning) got her CCFO license." Glen Thomas says, "I mean... it's... I mean... but at the same time her salary was \$50,000, \$52,000 it's \$1000 this is this is still not correct. " anyway her salary this year is \$59,696 but you doing the profit funding managing you know come after that and I think what Mr. Ronnie was trying to say correct me if I'm wrong the \$54,000 was what was budgeted last year and that's what to prove on the budget but after the budget was approved Barry Posluszny says, "they dissolved... the two positions... and the I think it was a six ...was 3%... six percent... 3% and \$2.99 that was added to it... which is reflected in this budget." Shane Taylor clarifies, "there's no that there's no additional raise this year... it was just the raise that... we're... Ronnie gave from the salaries that were dissolved." Barry Posluszny says, "and I think same thing... because I mean when you're talking about this... you want to tread lightly. I understand what you're saying Greg, because I looked at it too, is generally when you're... I mean I call it cola raises... cost of living. When they give everybody a 2, 3, or 4 percent increase. But when you're talking about this kind of money... it's usually adjusted because of the amount of workload that you have or whatever. We're not doing the billing here... she's we got an accountant that's doing the books or helping with the books. I mean we're so... we're paying for other things. And generally, ... I mean if... I just like... we got rid of an assistant manager's position.... and I could see if they dumped

all that work on somebody else... then that would be you know.... commensurate with the work that they're doing. But if we're hiring outside agencies to do these things... it's not reflecting the work that a person is doing... so right..., what do we get you know. Greg Guinn says, if I higher a guy based on experience.... so, but if we're saying they're an assistant.... I don't know what that is because I'm way under paying skilled labor... if that's the case. So, if we're hiring people in here with accounts like those times.” Ronnie Cunningham says, “but I'm just saying that was something that the board done back years ago, too. They got her to come in here.” Barry Posluszny says, “because we didn't have anybody that's supposedly could do it... apparently, she's now capable of doing the book work and the bookkeeping... and all that but if we're hiring an outside agency to do it. I mean... it's just like I mean we install... you have a meter installer, but you pay somebody else to come in from Fayetteville to do it... that doesn't make any sense... so I think you're right we need to look at this... and maybe see what the job description is and have the pay reflect that job description. Since I came on... when we got these, and I talked with Shane... you know about it too... about a rate pay for employees. If I'm a laborer one and I complete X amount of training and I complete that training, then I can elevate to a laborer two.” Greg Guinn says, “ I'm sure we've got that in skilled positions, right? Talking about the different... and I'm not saying... Ok ...a secretary... their office... I'm not degrading that in any way...I don't want anybody to take that in the wrong way... I'm just presenting a question and I'd like to know an answer to it.” Barry Posluszny says, “I agree... I mean there's a lot that goes on behind those doors that we're not privy to.” Greg Guinn continues saying, “so bless her heart... Mrs. Bedford did it a long time by herself. (Mrs. Bedford worked for the utility from 1998-2013).” Bo Johnston says, “is this JoJo?” Greg Guinn replies, “yeah”. Greg Guinn asks Ronnies Cunningham, “Do you know what are we paying for the billing today?” Shane Taylor says,” look the \$20,000 professional service for program cost or the computer that went down \$15,000 that was a question... postage is \$26,000 versus 20 and I know it goes up. There's just a lot of things on there that are way down. All that money wasn't used in 2024 ...so they dropped the price over here on this column. I think it's safe to say... too that the ending of the 2022 budget... which was in prior to this budget... was in a lot of last year's budget... was put together by Russell. So, some of this I can see why.... some of this stuff was knocked back ...yeah he reached for the stars. If you don't use it they're knocking some of it back.” Boo Johnston asks Ronnie, “do you know which line item is billing?” Glen Thomas says, “listen, I know it was budgeted 23,000 but it actually 25,300... Ok... so postage just went up.” Greg Guinn says, “it's just a question...it's a big swing... and I thought he needs to bring up 28,000 Commercial Services.” Boo Johnston says, “Well we've got another over here for postage... that was 300 that went down to 100. “Ronnie Cunningham says,” We're coming off ...like saying... examples actually that was different department. You got 100, 200, 300 and 400.” Boo Johnston asks about billing, “ do they send the billing back down here to us?” Ronnie answers with,” no, we go to their website and then we send it up to them and then they put it out to the customers.” Glen Thomas says, “I don't understand why we can't do it here. They used to do it here. do it on a

postcard. A postcard is cheaper than a letter.” Boo Johnston says, wait a minute... our postage is \$26,000 that don't include the billing?” Ronnie Cunningham says, “no, I think it's our part. We've got to pay for that part.” Barry Posluszny says, “I think they're using that ...as part of the cost issues... so they're renting... a Whitney Bowes or something... like that, right?” Greg Guinn says, “I'll take it and move on... that I'm not going to get an answer on that.” Shaner Taylor says, “which question is that? You asked a lot of questions. They've been a bunch of questions... I want to make sure we're going to get back to.... what's the reasoning for three people that's \$160,000. We're not doing in house billing... I just question what I understand.” Barry Posluszny says,” I want to move everything back to in house....the mailing... we don't do all that...” Ronnie says,” you have to have post office permit and if you buy the folding machine and the envelopes and all that...” Shane Taylor says, “you're still going to be way ahead of the game unless you have to payout a contract.” Barry Posluszny says,” I think billing needs to be brought back in house.” Boo Johnston says, “I guess first... we need to know how much we are paying for billing. And then we need to know if there's a contract.” Glen Thomas says, “Come on, we have \$4,000 worth of overtime in the office... I mean... you've got that many people.” Ronnie says, “that's 100... this is all 100... so that's not just the office... that your meter readers, too.” Glen Thomas says, “you know what, JoJo sometime had Doyle sit in there during lunchtime and answer the window when one of them the other girls was out, you know?” Barry Posluszny says, “I would like to see...like I said... this here... you have a number of how much overtime you paid out last year... I'd like to see an actual figure on some of this stuff. What we budgeted, what we actually spent midyear.” Shane Taylor says, “one thing we're going to need to take into effect... consideration... just like you said as far as... knowing the numbers... knowing the is that in order for it to work... we're asking for it to be at the next meeting... but it also puts us off 30 days from having budget approved for the council. So, we have to keep all that in mind going forward. And I mean you may be come down here one day and ask for it and get that so we can study ahead.” Barry Posluszny says, “I can make this really simple... why don't we just go ahead and amend this page right now? Since, we're only on page one... why don't we just go ahead and just accept the 2023-2024 budget and keep it the same.? In other words,... what you're saying ... so in other words is that there won't be any increases.

There won't be any changes we just keep it the same... because we don't have these answers. I don't think that's possible.” Shane Taylor says, “If you do that you're not going to have enough in postage. You're not going to have enough to carry your budget for next year.”

Barry Posluszny says, “just off that one-line revision... because they do come to us from time to time for a revision.” Ronnie Cunningham says, “yeah that's what was in there was revised... when we went down to bring here... and then Glen...he didn't want that... so we put it all back.” Barry Posluszny says,” I mean we're asked to do this, and we don't have all the answers. I don't know how we can do it not faulting any one person... I'm just saying that I can't make an educated decision... if we don't have all the answers.” Greg Guinn says, “so yeah and I'm not trying to be difficult. Is it some of this stuff blows my mind, I mean... how do we go from \$150,000 on Page 3 \$15,000.” Glen Thomas says... “that's a typing

error.” Greg Guinn says, “How are we supposed to make an educated decision with this?” Is for every five years you get \$1000 and this is this is the actual for today this is what she's making right now OK alright my understanding minus the number that which Wayne gave I don't see that number to be exactly what he gave is what he was right budgeted last year I don't know where that yeah well I saw that and then I saw that when what you said makes sense say it is that the budget as an overall in all categories is a 10% increase except for the budgets the budgets have already been the budgets excuse me for that the salaries the salaries were increased throughout the year of 2020 first and we didn't put nothing in with the exception of being as far as the South right”. Greg Guinn says, “I don't know... we're just kicking the dead horse here... but why didn't yours go up?” Ronnie says, “because I got hired during the year and I go hired on at Russell pay for the end.” Greg Guinn clarifies, “so that other money you distributed amongst the people.” Ronnie says, “yeah it was. I didn't take none of it.” Glen Thomas says, “no, she's got you at \$69,190 right here,” Shane Taylor says, “yeah she put him in for a raise in this budget.” Glen Thomas says, “ohh...that says 23/24 (6/30/24) and 2024 \$69,190.00 across the line.” Barry Posluszny says, “something's not adding up here. I'm still going back...what so... you removed an employee... two employees... so it and everywhere else they zero that out...I mean that money doesn't continuously come. So how... if that money is if we're funding for two additional employees... but we're not getting those employees... and we're just raising everybody else's pay... why are we continuing to fund that position? Because this is going to be a reoccurring expense for these raises.” Shane Taylor points out, “that money is already approved... it was old money... approved from the previous budget.” Barry Posluszny says, “right, but what happens next year when that...” Shane Taylor says again, “like I said... that money was distributed to all the employees as a 6% raise with the exception of Ronnie. And on Ronnie's thing Mr. Glen... I don't know...because I don't have that figure and I don't remember exactly what the number was. What you had is longevity on your 17 years which would be \$3,000 extra added to yours, correct?” Ronnie Cunningham answers, “yeah.” Barry Posluszny says, “but what these employee raises yeah but with these employee raises you get when I've been here 20 years I'll be managers get longevity so I'm looking at you because you already built excuse me from excuse me folks alright so this should only have been a one-time raise because now this employee is gone you've distributed know what I'm saying it should have been a one-time payout not a continuous for the life it's just kind of like you buy your house you don't continue to expend that money over and over again that expenditure is gone those people were still here that expenditure would continue to go on so that's why they're not here no more. I've never in my life seen this once and once a position goes that money goes with it if you distribute that money, it should have been just a one-time payout. On that paycheck because this is something that we're funding now forever and that essentially, it's that that employee that's no longer here that's being that that money is being distributed. It should have been just a one-time payout as a bonus or call it whatever you want.” Shane Taylor says, “It was distributed per policy, we can haggle over this... yeah I mean... I don't know how to rectify that either.... but it's done... and we

had to move on that point. I understand what you're saying, too. I do see that." Glen Thomas asks, "why was depreciation so over budgeted on this side? Ok, 27 thousand to 50,000 here... that's big difference." Barry Posluszny asks, "is that's an equipment expense like the computers and stuff?" Ronnie doesn't have an answer for that. Glen Thomas asks, "Do y'all want to have a recess and come back without posting about a new meeting? We can reach this without having to advertise it or anything." Shane Taylor says, "I have interest in having a special special meeting." Glen Thomas presses to only recess the meeting. "As long as you don't adjourn you can keep on meeting." Shane Taylor says, "if we're going to do that... I've got three questions... here questions on the salary... I think it's generalized around the board we'd like to see this getting longevity... and what they're getting... so we can look at the salaries... and make sure that we're doing on that.... so an explanation on the salaries. In the past again we went page to page here... Brooke was here to answer the questions... and we went around and would say Ok... why is this... why is that... some of them that were going to ask questions on some of them... they're like yeah... natural gas. I say that's going to be the same... but that's going to be a rise and I think that would ease some of the questions there a job description I'm thinking Mr. Greg wants to find out from the office what they do. And then my other question... my other question...was on depreciation which Brooke may be better able to answer on that. You know... everybody knows... that every one of us are busy. Ok, I'd like to get as much done... as long as we can... we've been in here 2 hours... so I was expecting 3-hour meeting... usually... that's what those meetings last. But we need to at least write down questions and go page to page and see what we'd like answers to. And I think that would give us a working platform to go forward. We can find answers to it and hopefully come back in May and be able to hopefully vote for a budget to put forth before the council. Because the council's going to need to vote probably once or twice in May and June. The council's going to be looking for a budget by May... so they can vote on it... may vote on... each year they're going to have special sets ...so we've got you know tonight... and the May meeting... which is going to be a week before the council. We've got...we've got these two nights to agree with the budget. Going forward...now me... my personal opinion... I don't feel like Ronnie's trying to shortcoming us on anything. I'm looking at some of this math there is a good explanation for what I asked with regards to longevity. I wasn't taking into consideration... again my budget... at the jail.... Projects a separate line item. And I could say Greg... my salary is this... and you add my longevity... that answers that. I can see you know... regardless of the 54 five or whatever numbers I don't know why that's wrong, but it's wrong. You know... I can see that there's not a huge increase there other than what Ronnie has already given. And really quite frankly... I think we need to move on from that. Now some of this other stuff... I can see why office supplies may be going down... because they asked for too much last year. It's not an exact science. We have a lot of these are guesses of what we're going to need. Like Ronnie said... if we ask for \$26,000 or \$20,000 in postage last year then ...ohh crap... we spent over that... so we did budget amendments to rectify that. But this year they're asking for a little bit more. Which you still know is just an estimate. We might not

come in for \$15,000 next year... so you know... if we need \$30,000 this year... we're going to do another budget amendment. That's some of these things... are you know... rectifying themselves throughout the year. The question... of billing... guys...in my opinion... just my opinion... if that's something that the board... is something to do or look toward... we're not going to be able to solve that before the budget cycle. I think that's going to require looking into contracts... all that's going to require... looking into all that... and you guys know this. If we dissolve that contract and go forward to in-house billing... it's not going to happen before July 1st. I don't think... and that's just my opinion. So we can work on that... that could be a project we set. But we had to absolutely move forward somewhat tonight. Maybe get questions together and get answers to these questions... if it's you know... me coming down here and ask Tuesday morning... and set down with Brooke for 5 minutes... and say can you please just tell me...explain this to me. We have to be ready to vote in May.” Greg Guin responds with, “I understand everything you're saying, and I appreciate it. But if we're supposed to be asking Brooke these questions... my question is why is she not here? Ronnie is the manager... and he's not answering or don't know... we should have somebody here to answer.” Ronnie Cunningham defends himself with, “I am just coming in on this issue, too... you know. This my first budget.” Greg Guinn continues saying, “I understand that... but you're in position of authority... and you're going to have to make these decisions or you're going to have to have someone to make them for us.” Barry Posluszny says, “this has been a problem every year. We always get pushed with this at the end of the wire. I don't know why this thing isn't introduced in December and then we have January, February, and March to do the hammering this stuff out. But it's always... like last month we had to send it back because there were errors. We should have been getting it... because we only meet once a month. This needs to stop. This budget needs to be presented to us like I said at the end of December...at the December meeting. Just give us a prelim of the budget... which you're looking at... and we have until January to start looking at it and then we need to start figuring it out. This last minute late into the night discussion just doesn't work.” Greg Guinn reiterates,” and not going to be able to ask questions and get answers...we're not just going to rubber stamp it and send it on.” Shane Taylor says, “well... if we're not going to go forward tonight and then I'm going to ask is for everyone to look at this budget and come up with your questions. We'll prepare for a long meeting in May to hash it out, because we'll have a week to turn it into the council. We're going to put... you know... the overall budget process in limbo.” Barry Posluszny says, “well can I suggest that we meet in the interim.... And that way we can meet with half-staff with us too to answer these questions? That way they have time to write this stuff up or answer the questions and then in May we come back and vote on it.” Shane Taylor says, “we can call special meeting.” Barry Posluszny says, “Ok, I think that's what needs to happen.” Shane Taylor says, “pull out your calendars and let's set a date. Because I must advertise it ... it has to be two weeks prior to the meeting. There are several things we have to do so we don't violate the Sunshine Laws.” Glen Thomas says, “I say we can recess... we don't have to advertise... we can come back this week sometime... and reconvene the meeting.” Shane Taylor says,

"I don't personally don't know the law on recessing and reconvening. I've never been in a meeting where we took a recess. I would have to yield to you on that. "Barry Posluszny says, "yeah... this would give you 2 weeks... we can do any of the 29th or the 30th of April... Monday, Tuesday." Shane Taylor asks, "do you guys want to do...are you guys looking forward... to just not continuing on tonight... and that would go to separate pages writing down questions on each one?" Barry Posluszny says, "I'm only saying that these questions need to be answered before we vote on it. I don't want to come into the meeting and have these questions." Shane Taylor responds, "then let's compile list questions... I mean that's what we're trying to do is work on the budget." Barry Posluszny replies, "but I still think we need to come back before the meeting." Shane Taylor says, "so we will set a meeting date after we get through all this." Barry Posluszny instructs the group, "let's go to page 2..." Shane Taylor asks, "is there anything else on this previous page? I know the depreciation... write that down as a question." Greg Guinn says, "the subscriptions and dues... is there... are we going into something else?" Barry Posluszny continues, "it doesn't have to do it...professional...ohh no that's not it... yeah... I was thinking it was education or schools because they haven't paid for any seminars or anything like that. But that's not it. Because they have a line item..." Greg Guinn interrupts with, "on 2 pages... we got under on the first page \$3,760 it went from \$3,000 to \$8,800 and on the second page we went from \$1,200 to \$6,700. If it's something I know... and the Police Department, fire department, we would have recurrent training and best case..." Ronnie Cunningham says, "that's what that is." Greg Guinn responds that he can buy that." Ronnie Cunningham said, "When Russell was here, he put money for each department in tools. And we took this out because... when you got tools in maintenance.... you don't need tools for every department. If you got low money somewhere else... you can borrow from that to cover over." Ronnie Cunningham continues, "but we're going to save that salary." Glen Thomas says," I asked for a break down of everyone's hourly amounts last month. As a board, we got a right to ask for it and to get it." Greg Guinn says, "I think that's a great idea to cross train everybody." Shane Taylor says," I'm sure she can run a spreadsheet that show that just a few minutes." Shane Taylor says, "I'm going to reach out to Brooke and Ronnie and myself and try to get some answers on these. But y'all in my mind... I'll try to write them down... but I encourage everybody to ask those questions as well. I really don't want to get in there doing a special meeting because it's a little bit of a headache and definitely don't want to violate the sunshine law. I think we can get it all done by May... by the May meeting... and then that'll give us a week before the council meeting." More discussion took place. Shane Taylor ended the discussion by encouraging the board members to come in during office hours and ask questions. Shane Taylor makes a motion that as a part of remediating the TDEC finding on the tube settlers that the Tube settlers be added to the Capital Improvement Plan. Barry Posluszny seconds the motion. Roll Call vote: Greg Guinn-Yes, Boo Johnston – Yes, Barry Posluszny- Yes, Glen Thomas- Yes, and Shane Taylor -Yes. Motion passes 5-0. Greg Guinn makes the motion to add meter replacement to the Capital Improvement Plan (no second).

Roll call vote: Greg Guinn- Yes, Boo Johnston - Yes, Barry Posluszny- Yes, Glen Thomas- Yes. Motion with no second carries.

So now we've got to move on... the next thing is **managers' report**: E-Source is supposed to have their kickoff meeting with us all in the office on April 17th. Ronnie Cunningham says, "then the other thing is Shannon's (Highway Superintendent) fixing to pave on Magnolia, Morgan, and Wall Street and Wiggin... and there's a 2-inch galvanized line that runs up... and some of its broken up... to there... and I was going to see whether... because... we can try to replace that line before she paves? And put new services all in before. It's all the little streets up here by the cemetery. "Bryant said it may cost around \$200,000. She asked if we wanted to fix it before she paved the roads. Boo Johnston asks, "what would be the advantages?" Glen Thomas replies, "because its 2-inch galvanized and they leak." Ronnie Cunningham replies, "the states going to make us... eventually... change it and she was just asking about doing it before she paved the road so we didn't have to cut the new road she paved with it again." She said she didn't know exactly when... maybe in the fall... that's going to start... but sooner or later." Shane Taylor asks to see numbers before next month. Glen Thomas enters a motion to have Bryant Griffin with Hethcoat & Davis get some numbers together for replacing the water service lines in the city section of town. Shane Taylor seconds. All members voted in favor of moving forward. Ronnie Cunningham says, " I'll get him started on that...and that's all I have on my side of it."

Glen Thomas' rate study proposal: Mr. Thomas states, "in that letter that came... we sent to me... talks about what I wanted... what I said all the time. Let me ask about the lost revenue. One for being in water residential rates. \$1,190 dollars \$2875.00 so that's \$685 increase the sewer is \$6,536 we'll go to \$7,882 that's \$1,340 increase. And then on the commercial side... it's right now... it's \$25,338... yeah that is what didn't come over people.... industrial is what's going to get hit... which that's Jack Daniel it being a \$4,000 increase. If we have commercial rights industrial rights right now, they're paying \$20,000 they would pay \$24,000 which is \$4,000. There's a 8% increase in revenue, I'm sorry, and then what I'm proposing now is that we cut the... sewer rates down 5%. And that's on the 1000 gallons per thousand... not to standard rate would stay the same. And we're still having 3% and if we get these water leaks fixed like we hope we do...it would even be more than that." Greg Guinn says, "the biggest effect on anybody it's going to be on Jack Daniels." Glen Thomas continues with, "that's everyone I thought that needed to be changed right there. Here's one on the sewer...there bill was \$1,217 years ago two \$2,791 it's Pleasant Valley apartments. Pleasant Valley apartments... so they're... right now being charged residential and they should go... they go... they said apartment houses like them... that's got 1meter usually charging commercial rates. But then... if it's a house... like Dave Parks' apartments... everybody after their own meter... you charge them residential. "Shane Taylor asks, "didn't they put that back off on the end user though? Will they raise the rent to get

that paid back? Put it off on the renters?" Glen Thomas responds, "well you know that's what I was saying before.... but then the state said that most everybody... that's why everybody does." Shane Taylor continues with, "my question is, if we are going to have a rate study and Mr. Buddy Petty works with us on things that we're wondering about... because... if we voted... if we vote on the 5% sewer or just say the increase of \$4,000... what if he comes in and says no... you're way under... you need to be doing it this way. And instead of so much of an increase... that you spike... maybe Jack Daniels goes up another \$10,000. If the study is going to happen and we tell him... hey we want, you to look at this cause I think he looked at that last time. Which is why they came up with what they came up with and we throw that in his face." Glen Thomas says, "we need to cut that rate down and that's 5%. Because this is going to bring in another 8%." Shane Taylor says, "we'll have it done by then, because that's the question I asked Brooke today... is it was going to be \$12,000 he could have it done by July. But then and we don't have to have it in this budget. At least we have somebody on the outside who is professional saying "hey... absolutely you can do this... and this is what I would charge them." Greg Guinn asks, "would we ..." Shane Taylor clarifies, "yes, we can absolutely ask buddy that and say define this for us. Let's build it solid." Greg Guinn says, "I'll go along with it if we say we're doing it by July 1st. And regardless we've already voted to do the rate study. Like I said... if we go forward with that and have those in place... like you said.... instead of hitting them twice...we're may can do it all at once." Shane Taylor says, "that's what I'm getting at." Greg Guinn continues with, "I agree with the sewer... lowering it... on that part... because it kind of takes a little bit of the punch away on that part." Boo Johnston says, "you don't want to jump the sewer up too much." Shane Taylor says, "I think as soon as we get the rate study back, we can have a motion to move forward on at that time showing what we are doing." Glen Thomas says, "I'll make a motion right now that says we will stand by these rates on July 1... I've thought on these too long to be put it just...." Shane Taylor interrupts with, "wouldn't you just want to wait until after we have the rate study back... what if these rates are higher than the ones recommended?" Glen Thomas says, "you do what you have got to do. I've got... I've got... I've got... I got it right here and I'll make the comments for you. Just what my motion is... though is it added these people right and it's the only change which would 5% off of what we're charging now for thousand... that's all these residential or commercial or..." Greg Guinn asks for clarification, "so your motion is we're just going to go and do it like you said.... your commerce business this and this right here.... industrial this is what this is... and then we'll set those fees at that appropriate time?" Glen Thomas answers, "that yeah right." Shane Taylor comments, "well he may come in and say you're right you need to add these... and then you add this special rate... I just I don't want to be crucified on the cross by being one in five people sitting at this table that's going to go up and then turn around and have to go up again. I'd feel more comfortable having the study. And then saying... hey you know what... this rate study was done... this is not a fair and equitable thing and we're changing it. Just like it was changed after the last rate study. That's my that's my opinion." Greg Guinn continues to clarify, "alright, so we might have motion ... that come July 1st we

put who's in each category... like they should be... would that be fair?" Glen Thomas replies, "yes, that's what I'm saying... that come July 1st.... we're not even talking about the right study." Greg Guinn says, "we're just saying we're going to recategorize any commerce business to go into commercial... or which... three from the industrial." He continues with, "I don't think that's going to change and I'm not putting the words forward. I'm just trying to clarify... because you made a motion. Is that what you're saying? If so, I'll second that motion." Shane Taylor says, "Ok, so the motion to categorize commerce businesses as commercial... that's and we're going to the right we're going to follow the recommendation of the rate study at that point or you or you making the motion to change the rates now? So, the motion is categorize businesses and commercial now as commercial effective July 1. And Glens got that with Greg's second. "Any further discussion on Glen's motion? The motions ... just to repeat it... that effective July 1... is to change any business or commerce business that's not commercial already... to set them as commercial... and you got Greg has a second. With no further discussion... all those in favor say, aye (4) any opposed (1). So... we got four –yes and one – no. "Motion passes.

Motion to adjourn by Shane Taylor and the second by Boo Johnston. Motion passes.
Meeting end time 10:00 pm

Shane Taylor, Chairperson