

METROPOLITAN LYNCHBURG MOORE
UTILITY DEPARTMENT
BOARD MEETING
May 14, 2024

The Metro Utility Board meeting scheduled for May 14, 2024, at 6:00 P.M. was called to order by Shane Taylor, Chairperson. Member's present: Shane Taylor, Glen Thomas, Boo Johnston, Barry Posluszny, Greg Guinn, and Ronnie Cunningham

Visitors: Leigh Gibson, Mr. and Mrs. Swann, Travis Wilson, *LJA Engineering*

Barry Posluszny made a motion to approve the April 9, 2024, meeting minutes. Motion was seconded by Greg Guinn. Motion carried 5-0.

Public Comment: Shane Taylor noted that no one from the public had contacted him to make public comments on agenda items. Leigh Gibson asked if she could ask some questions. Shane Taylor said she could speak to agenda items only. He allowed her to ask her questions. Ms. Gibson asked: 1) Final budget approved – Shane Taylor explained it was on the agenda and no decisions had been made, yet. 2) Final decision on meter replacements? Shane again said no decision had been made by the board. 3) Does a permit need to be issued for water and sewer to build in Moore County? Shane reprimanded Ms. Gibson and said, "These are all questions that can be asked of the utility manager during the normal workday." Greg Guinn jumped into the conversation with, "to answer, no you do not need a water and sewer permit to build in Moore County." Ms. Gibson continued asking 4) How does the utility bill for water? Shane Taylor said again, "ma'am, these are questions you can ask during the normal business day of the office staff at the utility." 5) How is the utility addressing water loss? Shane Taylor again said, "the utility board has hired a firm to come in and investigate the water loss." 6) Do the water bills include the cost for maintenance and repair of the water system? Shane Taylor answers her, "again ma'am... you can ask these questions of the utility manager during normal office hours."

Finance and Compliance Audit: Shane Taylor begins by asking if everyone received the letter from Winnett Associates in their packets terminating their work relationship with Metro Utility. He asks for a motion from the board members to seek proposals from another audit firm. He explains that Brooke Fanning has already reached out to preapproved firms given to her from the Comptroller's Office. Barry Posluszny says he is making the motion but would like to discuss it. Shane Taylor says the discussion will happen if there is a second on the motion. Charles Johnston is the second. Shane Taylor then opens the floor to discussion. Barry Posluszny says he called and spoke to Connie Bailey at Winnett Associate's, and she was less than flattering with her review of Metro Utility's accounting practices. Connie was surprised that the board members did not receive a copy of the Financial Audit in March. She went on to say Winnett wants a clean transition and is willing to help the utility in any capacity in the future. She went on to tell Barry Posluszny that for the past eight years Winnett has experienced the same issues with Metro Utility, and they couldn't continue with Metro as a client. Barry continued to say Connie Bailey did not give a good report. He says he was really shocked at what all Mrs. Bailey shared with him. Glen Thomas said, "for 17 years while he was on the board the members always

received a hard bound copy of the financial statements and Connie Bailey agreed with him and said the board members should get a copy for their records. (Mr. Thomas wasn't specific if he spoke to Mrs. Bailey or it was Barry Posluszny... or both). Ronnie Cunningham says he never received a hard copy either. He just received a printed copy for review. Boo Johnston asked, "who did they give it to?" Glen Thoams clarifies that Connie Bailey says she sent twelve copies over here and five should go to the board members. Barry Posluszny says the auditor just wants to make sure Metro Utility's books are solid. Glen Thomas reminisces about the way it was in 1998 or 1996 and when the state imposed hiring an audit firm originally. Barry Posluszny says it is so important to have this because the board cannot make good decisions without the hardcopy of the financial statement including the facts. Barry continues with the books need to be closed every month to make certain they are accurate. Connie Bailey says the audit firm is having to make too many adjustments and corrections. Shane Taylor asks if there is any other discussion. Greg Guinn asks if they can get a copy of the financial statements? Ronnie Cunningham says he will see if he can find them somewhere. Shane Taylor states that the board needs to stay on task and vote on the motion made. He asks for all in favor say, "Aye." All members voted yes. No Nay votes. Barry asks who will make the decision. Shane Taylor says at the June board meeting the proposals will open and a decision will be made at that time. Barry says, "so we get to choose the new firm?" Shane Taylor answers, "yes."

Engineer's Report: Travis Wilson, LJA Engineering presents the board with an update on the America Rescue Plan monies and projects. Travis says back in 2022 LJA Engineering applied for ARPA Funds on behalf of Metro Lynchburg Moore County Government. He brought an updated graph for everyone to review. He explains that the projects have already been approved by TDEC and at the time of the submission for the grant funds it was decided to continue with Phase II of the Sewer Rehab Project since Phase I had already been completed. The total monies equal \$2.5 million dollars with a 35% match in funding. He explained that Phase I --SRF note would be used as the in-kind match portion for Phase II Rehab. He says the plan was (LJA Engineering and Russell Sells – no other MUD employees were aware of the plan) to use the leftover defects from Phase I and complete those repairs in Phase II. LJA Engineering was told to stop in March due to outstanding invoices. So LJA has stopped work. Ernst and Young Accounting, who are working with the state to audit the projects, said they were told by Brooke Fanning that Metro did not want to utilize the funds. Travis went on to say this is why they (LJA Engineering) stopped their work. Barry Posluszny asked when this took place. Travis Wilson says Brooke Fanning told him this. Shane Taylor, trying to get the meeting back on track, asks Travis Wilson if any work has been completed, yet. Shane asks specifically about Asset Management – GIS Mapping, water modeling work, Water Pressure Study? Travis answers with a no. He explains the various portions of the projects. He continues to explain that Metro Utility is ahead with the work for the GIS mapping. All work that LJA Engineering has completed has been GIS mapped. Travis continues to sell various portions of the projects and why they were chosen for Metro Utility to complete with these funds. He explains that the payback is about 45 days. The audit firm tracks the pay money and match money. Travis says the reason he was given to stop this work was because the city did not want to audit the funds through their accounts. Travis Wilson says he has been working to

save face with TDEC on behalf of Metro Government because if Metro turns down this \$2.5 million it will be hard for SRF to give Metro loans for repairs later when the Metro Government turned down free money. Travis continues to clarify the reason they have stopped work is due to overdue invoices. He distributes a paper listing the invoices. Travis says he will get online and correct all of this as soon as he can as soon as the past invoices are paid. The board says they will get the invoices paid. Shane Taylor asks, “wouldn’t these invoices be paid with grant money?” Barry Posluszny says, “why would we not want to relieve the pressure on the new plant we just built?” Travis continues to reiterate that the money is free, and their firm could get this underway soon. Travis says LJA Engineering will need a signed contract to perform this work from Metro Utility to proceed. Barry Posluszny makes the motion to pay LJA Engineering all back invoices immediately and then commence with this project. Greg Guinn seconded the motion. Shane Taylor asks if there is any other discussion. Roll Call vote: Greg Guinn – Yes, Boo Johnston--Yes, Glen Thomas – Yes, Barry Posluszny – Yes, Shane Taylor – Yes. Motion passes 5-0.

2024-2025 Budget Proposal: Shane Taylor speaks about Capital Improvements and an opportunity for grant monies through TEMA. He says Jason Deal will be coming to speak to the board hopefully in June to explain about some grant monies for generators to assist in Risk and Resiliency. Shane asks Ronnie if he would like to do his manager’s report prior to the budget portion so the board is updated prior to taking a budget vote.

Manager’s Report: Ronnie Cunningham begins updating the board with:

1. 12” Water Main Tie in at Jack Daniel South
2. Cybersecurity Incident at Water Treatment Plant investigation underway
3. E-Source has begin collecting software information for water loss investigation
4. Rate Studies has begun collecting data for the rate study and will have recommendations for new rates at the July meeting

Budget Discussions: After a lengthy discussion by various board members Greg Guinn made the motion to drop the depreciation expense down to \$75,000 across the board. Glen Thomas seconded. A roll call vote was taken with all members voting yes except Shane Taylor who voted no. After more discussions Glen Thomas made a motion to update the revenue page of the budget to the following: General Ledger 41100 - \$2,200,000 – 41120 - \$600 – 41150- \$5,000—41220 - \$750,000—41280- \$7,200 – 41400-\$50,000 and 41350 – \$5,000. Barry Posluszny seconded. A roll call vote was taken: Glen Thomas – Yes, Barry Posluszny – Yes, Greg Guinn – Yes, Boo Johnston- Yes, Shane Taylor – No. Motion passed 4-1.

New Policy Concerning Management of Employees: Shane Taylor presented a new policy addressing the management of Metro Utility employees. He asked the member to review the policy and asked if anyone had any questions. Reg Guinn made the motion to accept the policy as presented. Shane Taylor seconded. A vote was taken to accept the policy with all members voting yes except Glen Thomas who voted no.

A motion was made by Shane Taylor, and seconded by Boo Johnston, to adjourn. The meeting adjourned at 8:32 PM. Motion passed 5-0.

Shane Taylor, Chairperson