

**EAST SEVIER COUNTY UTILITY DISTRICT
BOARD OF COMMISSIONERS MEETING
November 14, 2017
5:30 PM**

AGENDA

- 1) Call to Order by President Roy Ivey
- 2) Motion to approve the minutes of the October 10, 2017 meeting
- 3) Motion to approve Accounts Payable Listing in total as submitted

REPORTS:

- 4) Alliance Water Resources – Operations/Financial Report

PERSONS TO BE HEARD: *****ONE AT A TIME AS RECOGNIZED***** *When it is your turn to speak, please stand and state your name.*

- 5) Customers' Comments; Questions; and Concerns

OLD BUSINESS:

- 6) Tabled issue regarding approval of Off Site Sewer Agreements

NEW BUSINESS:

- 7) Motion to engage Mitchell, Emert, and Hill, CPA's for \$7,300 to audit July 1, 2016 through June 30, 2017
- 8) Motion to adopt Red Flag Policy
- 9) Resolution to name new signatories on First Tennessee accounts
- 10) Signing of Interim Closing Documents for \$266,000
Waterworks Revenue Bonds
- 11) Signing of Interim Closing Documents for \$291,000
Waterworks Revenue Bonds
- 12) Next regular meeting date Tuesday, December 12, 2017 at 5:30 PM
- 13) Adjournment

Prepared 11/07/17

MINUTES

BOARD OF COMMISSIONERS OF THE EAST SEVIER COUNTY UTILITY DISTRICT

Tuesday, October 10, 2017

The Board of Commissioners of the East Sevier County Utility District met at 5:30 p.m. on Tuesday, October 10, 2017, in the Office of the East Sevier County Utility District, 1529 Alpine Drive, Sevierville, TN 37876. Commissioners present were Roy Ivey, President; Barbara Darby, Secretary/Treasurer; and Janice Brooks-Headrick.

President Roy Ivey called the meeting to order at 5:33 p.m. for any old or new business.

Evan Romo announced James Ford as East Sevier County Utility District Area Manager. Tony Snead was also in attendance.

Reports

Evan Romo submitted copies of his report to the Commissioners

Persons to be Heard

Customers asked where leaks had recently been found and repaired. Roy Ivey said the location of the leaks was Alpine Drive. Customers then inquired about unpaved portions of Alpine leak sites. Roy stated that he attempted to schedule repairs, but the work has not been started to date.

Ron Cooley asked for legal copies again as well as a copy of the Alliance contract with East Sevier County Utility District so that he could get a better idea of current operations. He inquired about Well C operations.

A customer along Alpine asked where his water came from and complained of poor quality. Roy stated the customer was on Well D.

Jerry Hayes asked questions about Well C construction and complained of water odor.

Another customer asked about employee reporting issues and chain of command.

Old Business

A discussion to approve the new Offsite Sewer Maintenance Agreement was tabled at Evan's request.

New Business

Janice Brooks-Headrick and Barbara Darby motioned to make the following resolution:

“The project identified by McGill Associates in the CAP/ER as well as the necessary funding has been reviewed by the Utility District and all relevant parties. Furthermore, the Utility District understands that the CAP/ER shall serve as the primary guidance document for engineering and the implementation of the Rural Development funding as outlined in the CAP/ER and required under the Director’s Order.”

as requested by McGill. Motion carried.

Janice Brooks-Headrick and Barbara Darby motioned to ratify signing of the Hibernation Station State Operating Permit. Motion carried.

The next regular meeting will be held on Tuesday, November 14, 2017, at 5:30 p.m.

Adjournment

Roy Ivey moved, and Barbara Darby seconded, a motion to adjourn at 7:15 p.m. Motion carried.

Secretary-Treasurer

EAST SEVIER COUNTY UTILITY DISTRICT
List of Bills for Consideration November 14, 2017

ACCT	Regular Checking for Consideration	Total
1	Kim Kohl Refund of deposit and overpayment	\$ 740.00
2	Chris Power Refund of deposit and overpayment	\$ 150.00
3	Sandra Burch Refund of deposit	\$ 105.00
4	Donald Collins Refund of overpayment	\$ 90.00
5	Kimberly Mackey Refund of deposit	\$ 105.00
6	Dominick Magnabosca Refund of deposit	\$ 105.00
7	Robert Kettells Refund of deposit	\$ 105.00
8	Michael Vichich Refund of deposit	\$ 105.00
9	G & C Supply Repair parts for wells and mains	\$ 6,243.95
10	Alliance Water Resources, Inc. Contract operations-November	\$ 37,882.41
11	Alliance Water Resources, Inc. Contract operations-December *Due Dec. 1st	\$ 37,882.41
12	Wayne Blalock's Home Center Sewer tap supplies	\$ 694.51
13	Sevier County Water Dept. 9/15/17-10/16/17	\$ 38.03
14	Sevier County Electric Electric at Wells & WWTPs 9/28/17-10/30/17	\$ 2,413.45
15	Appalachian Electric Electric at WWTPs 9/25/17-10/24/17	\$ 100.92
16	Orenco Sherwood Forest, repair parts, MVP Control Panel	\$ 28,963.61
17	Paxton Media Group Board Meeting Announcement	\$ 22.65
18	Southern Paving and Concrete Asphalt repairs to Apine Dr after water main repair	\$ 3,443.65
19	Power Pumping Pump 2 tanks	\$ 700.00
Total Regular Checking for Consideration		\$ 119,890.59

**OUR
MISSION**

We partner with communities to deliver the finest water and wastewater services available at a competitive price. We are committed to keeping water safe and clean while serving people and taking care of communities with improved technical operations, careful management and financial oversight, and ensured regulatory compliance.

Alliance Water Resources, Inc.

**206 S. Keene St.
Columbia, MO
65201**

(573)874-8080

**OPERATIONS REPORT – East Sevier County Utility District
October 2017**

Administrative

Staff held meetings with TDEC, TAUD, and USDA Rural Development regarding the water and wastewater projects.

Treatment

Treatment at the wells is monitored daily. Iron filters have been changed and regeneration at Well D has been increased to produce softer water.

Treatment at the wastewater plant is going well.

Collection/Distribution

A distribution manifold at the Smoky Mountain Ridge wastewater facility was replaced.

The sewer booster was set up at Sherwood Forest.

Cleaned pump and screen at Lashbrooke.

Replaced 1 pump, check valve, and air release at Sherwood Forest.

Several water mains were flushed throughout the system. As we institute a monthly flushing plan, we should see a significant decrease in water quality complaints.

Customer Service

Staff responded to five sewer concerns. Personnel responded to five water concerns and also performed flushes throughout the distribution system.

Project Updates

We have begun creation of the documents required by TDEC to satisfy their Consent Order. We have also begun to work on the information required by USDA to receive reimbursement for money spent on water improvements thus far.

Safety

Alliance holds monthly safety meetings with all staff. The October safety meeting covered fire safety.



OPERATIONS REPORT – East Sevier County Utility District Regulatory

Quarterly samples were taken for the outside wastewater plants in October. All results were under permit limits.

The English Mountain wastewater treatment plant ran well this month with percent removals of 90.9% for Ammonia, 92% for BOD, 97% removal for Total Suspended Solids, and an E. Coli result of 0.5.

Samples were taken for the new well at C. All were acceptable.

Training

Personnel are being trained on Alliance policies and procedures. Workers have been introduced to different repair fittings that will help prevent future line breaks.

Concerns for the Month

Staff continues to search for and repair water leaks.

Positives for the Month

Four water leaks were repaired in October.

We are moving forward with USDA on the water and wastewater projects.

The asphalt on Alpine that was damaged due to previous leaks was repaired.

Alliance staff from several other divisions have visited ESCUD to help make repairs and improvements. AWR personnel will be visiting in November to repair the office building and the wrecked pickup truck.

Leak Repairs

Well A/B distribution line was repaired. An 8 foot section of 4 inch PVC pipe was replaced and new fittings were installed.

The abandoned tank at Well C was disconnected and a cap was placed on the water line that fed it.

Leaks in service lines were repaired on Silverbell and Bourne Way.

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

Memorandum

Discussion/Action

To: East Sevier County Utility District Board of Directors

From: Staff

Date: November 2017

Re: Offsite Sewer Contracts and Additional Agreement

The District is currently operating the offsite wastewater facility contracts under expired agreements. The District's attorney has supplied the attached draft agreement. Alliance personnel have reviewed the agreement and believe that with the addition of a rate structure summary (to be labeled Exhibit B), this agreement is ready for approval.

A potential new development, Hibernation Station, would like to enter into an agreement with the District for wastewater services. The rate structure has been explained to the developer and staff has visited the site. We recommend approval of the agreement.

This Instrument Prepared by:
Mark Jendrek
Mark Jendrek, PC
800 South Gay Street, Suite 1900
Knoxville, Tennessee 37929
865-824-1900

MASTER WASTEWATER FACILITY OPERATION AND MAINTENANCE AGREEMENT

This Agreement is effective as of the _____ day of _____,
2017, by and between East Sevier County Utility District ("**Operator**") and
_____ Owners Association, Incorporated ("**HOA**").

The parties agree as follows:

Definitions, Terminology, and Description of the System:

1. HOA oversees a Planned Unit Development on _____
in Sevier County, Tennessee, commonly known as "_____"
("**Project**"), having assumed that responsibility from _____,
the original developer ("**Developer**").
2. The wastewater disposal system for the dwelling units in the Project is what is
commonly referred to as a "low pressure, recirculating sand filtration system"
("**System**"), and Operator has been engaged to operate and maintain the
wastewater disposal system.
3. There is a shared responsibility for the maintenance and upkeep of the
System. Each **Owner** of a **Lot**, as those terms are defined in the Restrictions
(as defined below), shall have certain responsibilities for the maintenance and
upkeep of the System. Operator shall also have certain responsibilities for the
maintenance and upkeep of the System. HOA will have a responsibility to
Operator for the enforcement of the provisions of the Restrictions as well as
for the enforcement of the provisions of this Agreement.

3. The wastewater disposal system consists of two fundamental sections: (a) the collection system (further described below), and (b) the treatment system ("**Treatment Facility**").
4. The collection System consists of three sections: (a) the collection system for each Lot (as that term is defined in the Declaration of Covenants, Conditions, and Restrictions _____, of record in Book _____, Page _____, in the Register of Deeds Office for Sevier County, Tennessee ("**Restrictions**")) that is improved with a dwelling unit, from the plumbing fixtures within the dwelling unit through the point of entry to the Septic Tank (as defined below) ("**Individual Collectors**"), (b) the Septic Tank, and (c) the collection system from the outflow of the Septic tank to the Treatment Facility ("**Major Collectors**").
5. Each dwelling unit in the Project will have an Individual Collector which runs into a septic or collector tank ("**Septic Tank**"). There may be more than one dwelling unit connected to any given Septic Tank by an Individual Collector running from each dwelling unit to the Septic Tank. Dwelling units, therefore, may share components of an Individual Collector with other dwelling units.
6. The "**Entry Point**" is the point at which the Individual Collector from each dwelling unit enters the Septic Tank.
7. The "**Exit Point**" is the point at which the effluent leaves each Septic Tank and enters a Major Collector.

Owner Responsibilities:

8. a. Each Owner will review, complete, and sign, and will comply with the provisions of an "Application for Wastewater Service and Service Agreement" in the form prepared by the District from time to time. The provisions of this Agreement are incorporated into and are a part of the Application for Wastewater Service and Service Agreement.
- b. Each Owner of a Lot that has been improved by a dwelling or other structure, has complete responsibility for the operation and maintenance of the Individual Collector serving the Owner's dwelling unit or other building. That is, each Owner is completely responsible for all aspects of wastewater collection within such Owner's dwelling as

well as from that dwelling to the point of entry into the Septic Tank or Entry Point. Any and all repairs or maintenance, and the complete cost and expense of any such repairs or maintenance, to the wastewater system beginning within an Owner's dwelling and continuing through the point of entry into the Septic Tank or Entry Point, are the sole and complete responsibility of the Owner of the dwelling unit or other building.

Operator Responsibilities:

9. Operator's responsibility for the operation and maintenance of the System begins at the point of entry into the Septic Tank, or Entry Point, and continues through the end of the System; provided, however, Operator will not be responsible for the periodic pumping of the Septic Tank. Operator has no responsibility for any aspect of the wastewater treatment system within any dwelling unit or other building, nor does Operator have any responsibility for any portion of the Individual Collectors.
10. Operator will operate and maintain the System based on the following initial rate structure:
 - a. From the Entry Point through the final discharge from the Treatment Facility, each dwelling unit will be charged the initial sum of \$___ per month. Operator reserves the right to adjust this monthly amount based on Operator's costs and expenses in maintaining the System as well as the use to which any dwelling unit is put. For example, if a dwelling unit is used as a permanent residence, a residential rate may apply, and if the dwelling unit is used as a rental property, a commercial rate may apply.
 - b.
 - i. From the Entry Point through the Exit Point, no flat rate will apply. Because Operator has no control over what homeowners or their guests insert into the Individual Collectors and, therefore, what is deposited into the Septic Tanks, while Operator will be responsible for the proper functioning of the Septic Tanks, Operator **will not** be responsible for any "Extraordinary Maintenance" required of the Septic Tanks.
 - ii. "Extraordinary Maintenance" shall mean any maintenance, repairs, or other work to be done on the Septic Tanks **other than**

maintaining the integrity of the connection at the Exit Point for any Septic Tank.

- iii. For all Extraordinary Maintenance, Operator will either perform whatever services are required or contract for the performance of such services. Charges for such services will be the actual cost plus 15% for overhead and administration, and will be paid by the HOA within thirty (30) calendar days of the receipt of an invoice by the HOA from the Operator.
 - iv. In the event Operator is called on to perform services at a location on any Individual Collector, the Owner of the dwelling unit shall be responsible for the actual cost of such services plus 15% for overhead and maintenance, and will pay the full amount due within thirty (30) calendar days of the receipt of an invoice from Operator. If Operator has not received payment in a timely manner, HOA will pay Operator and will have the right to collect the amount paid by the HOA from the Owner or Owners.
 - v. In the event Operator is called on to perform services at a location on any Individual Collector which is shared with one or more dwelling units, the Owner of each dwelling unit sharing such Individual Collector will be charged a pro rata amount of the actual cost of services plus 15% for overhead and administration, based on the number of dwelling units sharing such Individual Collector, and each Owner shall pay his pro rata amount to Operator within thirty (30) calendar days of receipt of an invoice from Operator. If Operator has not received payment in a timely manner, HOA will pay Operator and will have the right to collect the amount paid by the HOA from the Owner or Owners.
- c. Operator may adjust the rates charged pursuant to this Agreement by giving HOA and then-current dwelling unit Owners written notice at least thirty (30) days prior to the effective date of any change.

HOA Responsibilities:

11. HOA is responsible for the payment of the items set forth in **Section 10** of this Agreement as well as for the arrangement for and payment of the costs and

fees associated with the periodic pumping of each Septic Tank that is a part of the System.

12. For all closings on dwelling units which take place after the effective date of this Agreement, HOA will collect or will cause to be collected, at the closing on each dwelling unit, a Wastewater Disposal Deposit in the initial amount of \$____, the equivalent of three months' service charges. Such deposit will be promptly tendered to Operator by the agent conducting the Closing, to be held by Operator as assurance of payment. HOA will also cause to be included as a Closing Document, Operator's standard contract for each dwelling unit, and will be responsible for the execution of such contract at or prior to closing.

HOA further agrees that HOA will collect, at the closing on each dwelling unit that has not previously had wastewater service, a tap fee in the amount of \$____. Such tap fee will be promptly tendered to Operator by the agent conducting the Closing.

13. The occurrence of any of the following shall constitute an Event of Default by Operator:
 - a. Failure to maintain, in good standing, the proper licenses and qualifications reasonably necessary to perform the provisions of this agreement, for a period of sixty (60) days following notice of the loss of such license or qualification;
 - b. Failure to repair, or commence and diligently pursue the repair, of any individual dwelling unit's wastewater disposal system within one (1) business day of the date Operator actually receives notice of the need for such repair, to the extent the problem necessitating repair actually prevents the function of such dwelling unit's system or results in a public health hazard. Operator will not be responsible for, but is authorized to undertake, subject to the permission of the dwelling unit's Owner, any repair of such dwelling unit's system if the problem is with an Individual Collector (the Owner's side of the Entry Point);
 - c. Failure to repair, or commence and diligently pursue the repair, of any individual dwelling unit's wastewater disposal system within three (3) business days of the date Operator actually receives notice of the need for such repair, to the extent the problem necessitating repair does not

prevent the function of such dwelling unit's system and does not result in a public health hazard. Operator will not be responsible for, but is authorized to undertake, subject to the permission of the dwelling unit's Owner, any repair of such dwelling unit's system if the problem is with an Individual Collector;

- d. Failure to repair, or commence and diligently pursue the repair, of any other part of the System within one (1) business day of the date Operator actually receives notice of the need for such repair, to the extent the problem necessitating repair materially inhibits the function of the System or results in a public health hazard; or
 - e. Failure to repair, or commence and diligently pursue the repair, of any other part of the System within the shorter of thirty (30) days or the time period required by the appropriate governmental authority, of the date Operator actually receives notice of the need for such repair, to the extent the problem does not materially inhibit the function of the System, and does not result in a public health hazard.
 - f. The term "actual notice" as used in subsections b, c, d, and e of this **Section 13** shall mean an actual telephone conversation between the dwelling unit owner and a representative of Operator. Neither voice mail nor any other electronic method of messaging will constitute "actual notice" for purposes of invoking these default provisions.
14. Upon the occurrence of any Event of Default enumerated in **Section 13**, and in the event Operator fails to cure or to promptly commence a cure, HOA shall have the authority to terminate this Agreement ten (10) business days following notice to Operator of the intent to so terminate. Operator agrees not to abandon its obligations described in this agreement until the first to occur of the running of the 10-day time period, or HOA's engagement of a new operator for the System.
15. The occurrence of any of the following shall constitute an Event of Default by HOA:
- a. Failure to pay, when due, any amounts, set forth in this Agreement as obligations of HOA;

- b. Failure to perform any non-monetary obligation of HOA set forth in this Agreement in a timely manner; and

Any amount payable by HOA that is not paid when due shall incur a late fee at the rate of one percent (1%) per month beginning on the first day after the due date. Such interest shall be added to and become part of the amount due for purposes of calculating interest on the same date each month thereafter.

- 16. Upon the occurrence of any Event of Default enumerated in **Section 13**, Operator shall have the authority to terminate this Agreement ten (10) business days following notice to Developer or Homeowner's Association, as the case may be, of the intent to so terminate. Operator agrees not to abandon its obligations described in this agreement until the first to occur of the running of the 10-day time period, or HOA's engagement of a new operator for the System.
- 17. Termination of this Agreement by Operator shall not relieve HOA of any monetary or payment obligation incurred by HOA through the date of termination.
- 18. Any notice or communication required or permitted by this Agreement shall be in writing and be sent either by: (a) a nationally recognized overnight courier for next business day delivery; or (b) United States Mail, postage prepaid, certified, return receipt requested; addressed to HOA or Operator at the respective addresses set forth below:

Operator: East Sevier County Utility District
1529 Alpine Drive
Sevierville, Tennessee 37876

with copy to: Mark Jendrek
Mark Jendrek, P.C.
P.O. Box 549
Knoxville, Tennessee 37901

HOA: _____

Notice shall be deemed received, whether or not actually received, (a) in the case of Notice sent by nationally recognized overnight courier, the next business day following timely deposit with such nationally recognized courier, with fees paid for next business day delivery, or (b) the earlier of (i) the date of receipt as shown on the "green card" as returned to the sender, or (ii) three (3) business days following deposit with the U.S. Postal Service as evidenced by a mailing receipt obtained at the time of mailing.

19. A condition precedent to the effectiveness of this Agreement is set forth on **Exhibit A**. HOA must complete the work described on **Exhibit A** ("Work") to the reasonable satisfaction of Operator, as set forth in writing, in order for this Agreement to become effective. On the HOA's commencement of the Work, Operator will conditionally begin performing its obligations as set forth in this Agreement. In the event the Work terminates prior to completion and acceptance by Operator, this Agreement shall become null and void, as if it had never become effective. On the satisfactory completion of the Work, the condition precedent described in this **Section 19** shall be satisfied.
20. This Agreement contains the entire agreement of the parties, and any and all other prior agreements, discussions, or understandings are merged herein. This Agreement may not be modified except in a writing signed by all parties hereto. This provision may not be orally waived.
21. The sole and exclusive venue for the resolution of any dispute arising from or about this Agreement shall be the Chancery Court for the Fourth Judicial District of Tennessee, sitting in Sevier County, Tennessee.
22. This Agreement shall remain in full force and effect for a period of five (5) years from the Commencement Date, unless sooner terminated by the provisions hereof, and shall automatically renew for additional 5-year terms unless either party shall give notice to the other, no more than 180 days, nor less than 90 days prior to the expiration of the then-current term.
23. The parties agree that this Agreement shall be recorded in the Register of Deeds Office for Sevier County, Tennessee so as to provide notice to the world of the obligations of the Owner of each Lot and the HOA, and such obligations shall constitute a charge on the land and shall be a continuing lien on the property of each Owner to assure the payment of the costs, expenses, and fees (including attorney fees) set forth herein and for the collection of all such

costs, expenses, and fees (including attorney fees). Such lien is set forth in, and shall revert back to, the recordation of the Restrictions, as noted above.

24. This Agreement contemplates the provision of services as _____ exists as of the effective date of this Agreement. To the extent there is any expansion of _____ or the construction of dwelling units of other buildings beyond those that exist as of the effective date of this Agreement, Operator is not required to provide services absent the Operator's express written consent, nor is Operator required to provide services to any additional dwelling units or other buildings beyond those in existence as of the effective date of this Agreement.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals, effective the year and date first above written.

Signatures appear below

The remainder of this page is intentionally left blank

Signature page for _____

OWNERS ASSOCIATION, INC.

By: _____

Its: _____

STATE OF _____

COUNTY OF _____

Before me, the undersigned, a notary public of the state and county aforesaid, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged himself to be the Authorized Signatory of _____, a Tennessee _____, the within named bargainer, and that he as such Authorized Signatory executed the foregoing instrument for the purposes therein contained, by signing the name of the company by himself as Authorized Signatory.

WITNESS my hand at office this _____ day of _____, 2017.

Notary Public

My commission expires: _____

Signature Page for East Sevier County Utility District

EAST SEVIER COUNTY UTILITY DISTRICT

By: _____
Commissioner

By: _____
Commissioner

By: _____
Commissioner

STATE OF _____

COUNTY OF _____

Before me, the undersigned, a notary public of the state and county aforesaid, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged himself to be a Commissioner/Authorized Signatory of **East Sevier County Utility District**, a Tennessee Utility District, the within named bargainer, and that he as such Authorized Signatory executed the foregoing instrument for the purposes therein contained, by signing the name of the company by himself as Authorized Signatory.

WITNESS my hand at office this _____ day of _____, 2017.

Notary Public

My commission expires: _____

STATE OF _____

COUNTY OF _____

Before me, the undersigned, a notary public of the state and county aforesaid, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged himself to be a Commissioner/Authorized Signatory of **East Sevier County Utility District**, a Tennessee Utility District, the within named bargainor, and that he as such Authorized Signatory executed the foregoing instrument for the purposes therein contained, by signing the name of the company by himself as Authorized Signatory.

WITNESS my hand at office this _____ day of _____, 2017.

Notary Public

My commission expires: _____

STATE OF _____

COUNTY OF _____

Before me, the undersigned, a notary public of the state and county aforesaid, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged himself to be a Commissioner/Authorized Signatory of **East Sevier County Utility District**, a Tennessee Utility District, the within named bargainor, and that he as such Authorized Signatory executed the foregoing instrument for the purposes therein contained, by signing the name of the company by himself as Authorized Signatory.

WITNESS my hand at office this _____ day of _____, 2017.

Notary Public

My commission expires: _____

Exhibit A

Itemize any required work to be done on the existing system prior to our willingness to keep operating it.

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

Memorandum

Discussion/Action

To: East Sevier County Utility District Board of Directors

From: Staff

Date: November 2017

Re: Engagement of Auditor

In previous years, the District has used Mitchell, Emert, and Hill, CPAs to perform the District's annual audit. We recommend engagement of Mitchell, Emert, and Hill to perform the July 1, 2016 through June 30, 2017 audit at a cost of \$7,300.

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

Memorandum

Discussion/Action

To: East Sevier County Utility District Board of Directors

From: Staff

Date: November 2017

Re: Red Flag Policy

The attached Red Flag Policy is an Identity Theft Prevention Program.

This Program is intended to identify red flags that will alert our employees when new or existing accounts are opened using false information, protect against the establishment of false accounts, provide methods to ensure existing accounts were not opened using false information, and provide measures to respond to such events.

Staff recommends approval of the Red Flag Policy.

November 14, 2017

East Sevier County Utility District

Identity Theft Prevention Program

Identity Theft Prevention Program

For

East Sevier County Utility District

1529 Alpine Drive

Sevierville, TN 37876

Effective November 14, 2017

East Sevier County Utility District
Identity Theft Prevention Program

This Program is intended to identify red flags that will alert our employees when new or existing accounts are opened using false information, protect against the establishment of false accounts, provide methods to ensure existing accounts were not opened using false information, and provide measures to respond to such events.

Contact Information:

The Senior Management Person responsible for this program is:

Name: James Ford

Title: Local Manager

Phone number: (865) 453-6704

Risk Assessment

East Sevier County Utility District (the “Water District”) has conducted an internal risk assessment to evaluate how at risk the current procedures are at allowing customers to create a fraudulent account and evaluate if current (existing) accounts are being manipulated. This risk assessment evaluated how new accounts were opened and the methods used to access the account information. Using this information the Water District was able to identify red flags that were appropriate to prevent identity theft. Current policies/practices include:

- All customers opening a new account, moving to a new address or reinstating service must complete the Customer Master File Form (copy attached) and supply a copy of their drivers license which can be supplied In Person, Email or Fax
- Account information can be accessed In Person
- Account information can be accessed via Telephone (Person)
- Account information can be accessed via Web Site

Detection (Red Flags):

The Water District adopts the following red flags to detect potential fraud. These are not intended to be all-inclusive and other suspicious activity may be investigated as necessary.

- Inconsistent activity patterns indicated by consumer report such as:
 - Recent and significant increase in volume of inquiries
 - Accounts closed for cause or abuse
- Identification documents appear to be altered or inconsistent
- Photo and physical description do not match appearance of applicant
- Other information is inconsistent with information provided by applicant
- Other information provided by applicant is inconsistent with information on file
- Application appears altered or destroyed and reassembled

- ❑ Information provided is associated with known fraudulent activity (e.g. address or phone number provided is same as that of a fraudulent application)
- ❑ Information commonly associated with fraudulent activity is provided by applicant (e.g. address that is a mail drop or prison, non-working phone number or associated with answering service/pager)
- ❑ SS#, address, or telephone # is the same as that of other customer at utility
- ❑ Customer fails to provide all information requested
- ❑ Personal information provided is inconsistent with information on file for a customer
- ❑ Applicant cannot provide information requested beyond what could commonly be found in a purse or wallet
- ❑ Identity theft is reported or discovered

Response

Any Alliance Water Resources (“Alliance”) employee that may suspect fraud or detect a red flag will implement the following response as applicable. All detections or suspicious red flags shall be reported to the senior management official.

- ❑ Ask applicant for additional documentation
 - ❑ Any Alliance employee who becomes aware of a suspected or actual fraudulent use of a customer or potential customer’s identity must notify the Local Manager
 - ❑ Do not open/activate the account
 - ❑ Do not attempt to collect against the account but notify authorities
-

Personal Information Security Procedures:

The Water District adopts the following security procedures:

1. Computer monitors will not be left visible to visitors with sensitive customer information
2. If Alliance employees leave their desks, they must clear out of sensitive customer files
3. Alliance employees will secure sensitive files when leaving their work areas
4. Visitors who must enter work areas where sensitive files are kept must be escorted by an Alliance employee at all times
5. No visitors will be given any entry codes or allowed unescorted access to the office
6. Access to sensitive information will be controlled using passwords. Passwords will consist of a mix of letters and numbers. User names and passwords will be different
7. Passwords will not be shared or posted near workstations

8. Anti-virus and anti-spyware programs will be run on incoming and outgoing data transmissions
 9. When sensitive data is received or transmitted, secure connections will be used and/or password protected files will be utilized
 10. The computer network will have a firewall where it connects to the Internet
 11. Any wireless network in use is secured
 12. Alliance will check references and conduct background checks before hiring employees that will have access to sensitive data
 13. Access to customer's personal identity information is limited to Alliance employees with a need to know
 14. Procedures exist for making sure that workers who leave employment or transfer to another part of Alliance no longer have access to sensitive information
 15. Alliance employees are required to notify the Local Manager immediately if there is a potential security breach, such as a lost or stolen laptop, etc.
 16. Alliance employees who violate security policy are subject to discipline, up to and including dismissal
 17. Sensitive paper records will be shredded before being placed into the trash
 18. Any data storage media will be disposed of by shredding, punching holes in or incineration
-

Identity Theft Prevention Program Review and Approval

This plan has been reviewed and adopted by the Water District Board of Directors. Appropriate Alliance employees have been trained on the contents and procedures of this Identity Theft Prevention Program.

Signatures:

1. Roy Ivey _____ Date _____

2. Barbara Darby _____ Date _____

3. Janice Hendricks _____ Date _____

A report will be prepared annually and submitted to the governing body to include matters related to the program, the effectiveness of the policies and procedures, the oversight and effectiveness of any third-party billing and account establishment entities, a summary of any identify theft incidents and the response to the incident, and recommendations for substantial changes to the program, if any.

CUSTOMER MASTER FILE FORM

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

*******A COPY OF YOUR DRIVER'S LICENSE IS REQUIRED*******

PLEASE INCLUDE FIRST AND LAST NAMES OF ALL PARTIES THAT ARE TO BE LISTED ON THE ACCOUNT AND HAVE RIGHTS TO MAKE INQUIRIES ON THE ACCOUNT. **A DRIVER'S LICENSE COPY IS REQUIRED FOR EACH PERSON LISTED ON THE ACCOUNT.**

NAME (PARTY #1) LAST _____	FIRST _____
NAME (PARTY #2) LAST _____	FIRST _____
SOCIAL SECURITY # (PARTY #1) _____	DATE OF BIRTH _____
SOCIAL SECURITY # (PARTY #2) _____	DATE OF BIRTH _____
EMPLOYER (PARTY #1) _____	EMPLOYER PHONE # _____
EMPLOYER (PARTY #2) _____	EMPLOYER PHONE # _____

BUSINESS NAME _____
TAX ID # (IF A BUSINESS) _____

SERVICE ADDRESS _____
CITY, STATE, ZIP _____
MAILING ADDRESS _____
CITY, STATE, ZIP _____
HOME (OR BUSINESS) PHONE _____ CELL PHONE NUMBER _____ OK TO TEXT? _____
OWN _____ RENT _____ LANDLORD NAME _____ LANDLORD PHONE _____
LANDLORD ADDRESS _____

SERVICE START DATE REQUESTED _____

THE METER WILL BE LEFT ON IF NO LEAK IS DETECTED. THE CUSTOMER WILL ASSUME RESPONSIBILITY FOR ALL WATER USED ONCE THE METER IS TURNED ON. YES/NO

THE HOME HAS A WORKING SHUT OFF VALVE AND I KNOW WHERE IT IS LOCATED. YES/NO

DOES THE HOME HAVE A SPRINKLER SYSTEM IN THE YARD? YES/NO

SIGNATURE (PARTY #1) _____ DATE _____
SIGNATURE (PARTY #2) _____ IS INFORMATION CONFIDENTIAL? YES/NO

DO NOT WRITE BELOW THIS LINE -- FOR OFFICE USE ONLY

ACCOUNT NUMBER _____

CASH _____ **CHECK** _____ **CHARGE** _____ **TRANSFER FROM** _____

Water Deposit _____ Water Tap _____
Other Water _____

Sewer Deposit _____ Sewer Tap _____
Sewer Pump _____ Other Sewer _____

START DATE _____ **MEET TIME** _____
Contractor _____ Phone _____

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

Memorandum

Discussion/Action

To: East Sevier County Utility District Board of Directors

From: Staff

Date: November 2017

Re: Bank Account Signatories

The Board should consider updating the approved signatories for the First Tennessee accounts. Staff recommends approval of James Ford and Brenda Fields as signatories.

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

Memorandum

Discussion/Action

To: East Sevier County Utility District Board of Directors

From: Staff

Date: November 2017

Re: Interim Certificates

The closing documents for the USDA Loans will be available for approval at the Board meeting.
The summaries for relevant invoices thus far are attached for approval by the Board.

	ESCUD USDA LOAN # 2		\$291,000	
INV	ITEMS PAID TO DATE TO BE REIMBURSED		**	
#	DATE	VENDOR	DESCRIPTION	AMOUNT
1**	3-Jun-14	Jerry Fox Elec Service	5hp Pump & Motor	\$5,600.00
2**	2-Dec-14	Jerry Fox Elec Service	5hp Pump & Motor	\$4,300.00
3**	24-Jan-15	Tank Consultants of Tenne	Well C Concrete Basin repair	\$15,337.50
4**	24-Jan-15	Tank Consultants of Tenne	Well C Concrete Basin repair	\$421.26
5**	18-Mar-15	Kazmier & Associates, Inc	Various Well Components	\$4,115.20
6**	3/13/2015	Kazmier & Associates, Inc	Various Well Components	\$3,467.47
7**	3/14/2015	Kazmier & Associates, Inc	Various Well Components	\$3,030.60
8**	25-Mar-15	Kazmier & Associates, Inc	Various Well Components	\$3,905.20
9**	13-Mar-15	Kazmier & Associates, Inc	Inspection and verificaiton or RTU	\$525.00
10**	7-Jan-16	Jerry Fox Elec Service	5hp Pump & Motor	\$4,200.00
11**	No date	Garrison & Garrison Const	New Roof	\$15,150.75
12**	31-Oct-16	Blalock Lumber Co.	Well D Dumpster	\$335.00
13**	15-Aug-16	Jerry Fox Elec Service	Pump motor	\$3,500.00
14**	18-Aug-16	Jerry Fox Elec Service	New Pump & Motor	\$10,450.00
15**	23-Sep-16	Carl Ownby & Co. Inc	Supplies	\$411.35
16**	25-Oct-16	Carl Ownby & Co. Inc	Well D Filter	\$210.06
17**	6-Sep-16	Robert C Borneman, P.E.	Site Observation	\$2,495.33
18**	26-Oct-16	Robert C Borneman, P.E.	Task #3, site, and installed equipment	\$1,451.86
19**	7-Sep-16	SE Diving Services, LLC	Tank Leak Repair	\$2,700.00
20**	19-Sep-16	Aqua Clear Water Systems	Various Tank Components	\$14,589.00
21**	9-Mar-17	Jerry Fox Elec Service	Install 2 hp Pump	\$3,900.00
22**	21-Feb-17	Aqua Clear Water Systems	Read Meters, Service Well D Filters	\$250.00
23**	5-Sep-17	Suez	Phases 1 & 2 Well C	\$27,500.00
24	14-Nov-17	Bass, Berry, &Sims	Bond Council	\$4,000.00
25	9/30/2017	McGill	Water Improvements-Engineering	\$88,877.41
			TOTAL	\$220,722.99
			BALANCE	\$70,277.01
			% REMAINING	24.2%

	ESCUD USDA LOAN # 3		\$266,000	
INV	ITEMS PAID TO DATE TO BE REIMBURSED		**	
#	DATE	VENDOR	DECSRIPTION	AMOUNT
1**	13-Oct-14	Mark Jendrek, P.C.	Legal Services, Bond Realted	\$472.50
2**	18-Feb-16	Mark Jendrek, P.C.	Legal Services, Bond Realted	\$2,814.00
3**	11-Apr-16	Mark Jendrek, P.C.	Legal Services, Bond Realted	\$5,625.00
4**	2-Jun-16	Mark Jendrek, P.C.	Legal Services, Bond Realted	\$450.00
5**	22-Jul-16	Mark Jendrek, P.C.	Legal Services, Bond Realted	\$135.00
6**	4/4/2017	Mark Jendrek, P.C.	Legal Services, Bond Realted	\$1,327.50
7**	7/11/2017	Mark Jendrek, P.C.	Legal Services, Bond Realted	\$450.00
8	8/6/2017	Suez	Well C-Annual	\$162,450.00
9	11/6/2107	SE Diving Services	Cleaning and Repair of Well C Tank	\$6,290.00
10	11/14/2017	Bass, Berry & Sims	\$266,000 Waterworks Bond	\$4,000.00
			TOTAL	\$184,014.00
			BALANCE	\$81,986.00
			% REMAINING	30.8%