

**Minutes of the Board of Commissioners
East Sevier County Utility District
December 14, 2023**

The monthly meeting of the Board of Commissioners of the East Sevier County Utility District (“the District”), was held at the District’s Offices on December 14, 2023. Commissioners present were Dan Barnett, Secretary/Treasurer, Eddie Crosby, and Lisa Hawthorne. Others present were Jeff Bragonier, Water Operations; Gavin Smelcer, Owings, Wilson & Coleman, General Counsel for the District; and Tim Ham, General Manager, Tennessee Utility Assistance, LLC (“TUA”).

Mr. Barnett called the meeting to order at 5:30 p.m.

Approval of Minutes of Prior Meetings

The Minutes of the Board of Commissioner’s November 9, 2023, meeting were presented. Mr. Crosby moved to approve the Minutes. The motion was seconded by Ms. Hawthorne and carried unanimously.

Announcements

Mr. Ham announced that Ms. Lisa Hawthorne was appointed by Mayor Waters, effective November 28, 2023, to fill the vacancy created by Jerry Hayes’ resignation from the Board of Commissioners. Ms. Hawthorne will serve the remaining period of the existing term that expires May 31, 2024.

Review of Financials

Commissioner Barnett presented the District’s financials. As of December 14, 2023, the District’s deposit accounts reflected a balance of \$262,873.51. Mr. Barnett also presented a list of the District’s transaction history from its Operating Account between November 1, 2023, and December 14, 2023.

Mr. Ham noted that the District had been engaged in collecting outstanding balances on past due accounts; that the District has also been in contact with its creditors to satisfy outstanding amounts the District owes.

Report from General Manager

- A. Water System: Mr. Ham reported that the problem with the District’s water system had been identified; that Well D is shallow and contains a significant amount of iron. During periods of low water usage, the iron content settles to the bottom of the well, but during high demand or when pumped, the iron is stirred and distributed through system. Mr. Ham and Mr. Bragonier attempted to flush iron content, but Well D does not contain sufficient reserve water to flush for long periods of time. Mr. Ham noted there are two (2) solutions: (1) new pipes. This is the long-term solution. Mr. Ham has requested funding for said pipes, but funding is uncertain. (2) Plumb, or link, Well D to the 10,000 gallon water tank

nearby. This will provide more reserve water for flushing iron content via high velocity flushing.

Mr. Ham noted that Well AB contains good quality water; that once Well D is properly flushed of iron content, the goal is to have Well AB and D working together.

Additionally, Mr. Ham noted that he is working on communication for alerts; that LaDonna will be at the District's office Monday through Wednesday, 8:00 a.m. to 4:00 p.m., and will work from home on Thursdays and Fridays, to take payments and answer the phone. Further, the District will be working with Lakeway Answering Service for calls after hours and on weekends.

- B. Sewer System: Mr. Ham noted that Mr. Underwood was unable to attend this meeting because he is extremely sick.

Mr. Ham reported that they are working on an issue at Timerblake Bay whereby one lateral service line is currently serving two (2) lots; that the District will need to make a new tap and a new lateral and replace 100' line. Mr. Ham noted that there is a question as to what party should bear this cost.

- C. TBOUR: Mr. Ham reported that the District had received an order from the Tennessee Board of Utility Regulation ("TBOUR"), ordering the District to sign a contract with an entity to perform a rate study by April 30, 2024, and that the rate study shall be completed by September 30, 2024. Jackson Thornton will be working on performing said rate study for the District.

Additionally, Mr. Ham noted that Alliance had turned over the District's financials for the period between July 2022 to January 2023 to the auditors, who have turned the financials over to us. The District will be working towards building its financials in the coming months, which will go into the District's billing system and be used for the rate study.

Mr. Ham reported that he had filed the District's Annual Information Report with TBOUR.

- D. Billing: Mr. Ham reported that the current billing system is incorrect/inadequate in places. The District's ratepayers will all receive a minimum bill for December; working on updating billing system.
- E. Insurance: Mr. Ham notified the Commissioners that the District's current insurer will not be renewing the District's policy. The District has gotten new insurance quotes; Cincinnati Life is the lowest bid. Mr. Ham stated that he believes the District is currently overinsured and will be working to tweak the policy in the future for the District's needs.
- F. Wastewater Treatment Plant: Mr. Ham notified the Commissioners that Ardurra will be working on the engineering paperwork regarding the wastewater treatment plant.

Unfinished Business

- A. Discussion of Witt Utility Billing: Mr. Ham noted that Witt's bill to the District for services rendered is \$295,000.00. Additionally, Mr. Ham noted that beginning on Monday, December 18, 2023, a new general manager will be starting at Witt, with whom Mr. Ham will be in contact regarding Witt's bill and payment.
- B. ESCUUD Sewer and Off-Site Sewer Systems:

Forgotten Forest: Mr. Smelcer notified the Board that he had contacted Mr. Fortune regarding the District's tap/connection fee rules and regulations; that Mr. Fortune understood that a tap/connection fee would be required, but that he believed the Forgotten Forest Development should be given a credit against this fee because the fee was not originally discussed with him in the initial negotiations for the District's operation of the system, and that he, as the developer, would be responsible for construction and installation of all taps at the development.

Considerable discussion was had regarding the draft agreement and whether the District should proceed with the agreement and a credit on the tap/connection fee. The Board also discussed the possibility of requesting TDEC to terminate the District's State Operation Permit ("SOP") for the Forgotten Forest Development, or limiting the term of the agreement to coincide with the expiration of the SOP. The Board instructed legal counsel to review the SOP and determine whether it will automatically renew at the expiration of its term, or whether the District is required to take action to renew the SOP. The Board agreed to table this discussion to permit legal counsel to review.

Bear Creek: Mr. Smelcer reported that he had contacted Bill Cox at Integrated Resource Management, Inc. ("IRM"), regarding their anticipated operation of the wastewater system at Bear Creek, and that he had been referred to their attorney, Charles Welch. Mr. Smelcer reported that he had contacted Mr. Welch regarding a possible transfer of the District's SOP for Bear Creek to IRM, but that Mr. Welch had concerns regarding such a transfer; that Mr. Welch suggested, among other similar options, that the District retain the SOP but hire IRM as contractor to manage Bear Creek's wastewater system.

Discussion was had regarding Bear Creek's wastewater system.

Commissioner Crosby moved to instruct legal counsel to draft and send a letter to TDEC requesting the District's SOP for the Bear Creek wastewater system to be terminated. The motion was seconded by Commissioner Hawthorne and carried unanimously.

New Business

- A. Resignation of Commissioner Crosby: Commissioner Crosby announced that he will be stepping down as a Commissioner for the District for health concerns after this meeting. Numerous Board members, District staff, and members of the public thanked Commissioner Crosby for his service and dedication to the District. Commissioner Crosby

notified Commissioners that he would be providing his letter of resignation after the meeting.

- B. Rescheduling of Monthly Board Meeting: Commissioner Barnett moved to reschedule the District's Board of Commissioners regular monthly meeting to the second Wednesday of each month at 4:00 p.m. The motion was seconded by Commissioner Crosby and carried unanimously.
- C. Authorization to remove Eddie Crosby from District checking account and replace him with new Board member Lisa Hawthorne on District checking account: In light of Commissioner Crosby's resignation from the Board of Commissioners, Commissioner Barnett made a motion to remove Eddie Crosby from the District's financial accounts, as signatory and otherwise, and replace him with the District's new Commissioner, Lisa Hawthorne. The motion was seconded by Commissioner Crosby and carried unanimously.
- D. Adoption of Board Policy regarding Signatories on Financial Accounts: Commissioner Barnett made a motion to make it the District's policy to require only one (1) signature on District checks. The motion was seconded by Commissioner Crosby and carried unanimously.

Hear From District Customers: Various customers addressed the Commissioners with their concerns and positive comments.

There being no further business, the meeting was adjourned at 7:08 p.m.



Dan Barnett, Secretary/Treasurer