

Minutes
Webb Creek Utility District
Friday, February 5, 2016

Commissioners Present

Robert Vick, President
Steve McCarter, Vice-President
Bill Larkin, Secretary

In Attendance

Johnny Ogle, District Manager
Karen Huffaker, Office Manager
Gary McGill, McGill & Assoc.
Cindy Wheeler, McGill & Assoc.

Meeting Minutes

Item 1 - Determination of a Quorum and Call to Order

With a quorum present, Commissioner Vick called the February 5, 2016, WCUD Board of Commissioners meeting, held at the District office located at 3625 Lindsey Mill Rd, Gatlinburg, TN 37738, to order at 10:00 am.

Item 2 - Approval of Agenda

Commissioner McCarter made a motion to approve the agenda. The motion was seconded by Commissioner Larkin, with all voting in favor of the motion.

Item 3 — Gary McGill/Cindy Wheeler

First, Mr. Gary McGill introduced Ms. Cindy Wheeler as the project manager that would be working with him on any future Webb Creek matters.

Next, Mr. McGill reported on him and Ms. Wheeler coming to the District to go through and look at the issues requested by the District. First, they visited the green tank to check the control panel issues. After looking at the control system (which is actually the original system), is to replace the entire panel due to age and wear. Mr. McGill stated his company would get in touch with the electrical engineers and companies they work with and come back with some options and offers for this replacement.

In regards to the sewer lines where future work is being planned. Mr. McGill stated, the District had some work to do in the area including uncovering existing lines. After this is done, he will return to make a plan for the work needed. These are private lines that the District are hoping to improve.

Lastly, in regards to sludge management, his recommendation was to leave as is. Any changes would be costly and what the District has in place now is working well and very cost efficient.

Item 4 — Approval of the January 8, 2016 Meeting Minutes

After some discussion, Commissioner McCarter made a motion to approve the minutes from last month's meeting held on January 8, 2016, the motion was seconded by Commissioner Larkin, with all voting in favor of the motion.

Item 5 - Financial Statements

The Financial Statements for Dec. 2015 — Jan. 2016 were presented to the Board for approval by Ms. Huffaker. The statements included today's account balances for each account, the complete bank statements for the month of January, the adjustments made to customer accounts during the month of January and the finalized income statement, cash flow report and balance sheet for December. Also included was the Visa credit card bill that was paid in the month of January.

Ms. Huffaker reported, bookkeeper Donna McCabe from Pugh and Co, had been at the District on January 13th. She and Ms. McCabe went through the entire year GL accounts to get ready to turn over to auditors. This process went very well with no issues.

Next, Ms. Huffaker stated she had completed and filed all 4th quarter taxes and end of year reports. She has also sent Richard Hill from, Emert & Hill, PPC, a copy of the 2015 "trail balance" to begin preliminary audit work.

After some discussion regarding the financial statement reports, Commissioner Larkin made a motion to approve the financial statements. The motion was seconded by Commissioner McCarter, with all voting in favor of the motion.

Item 6 - District Manager's Report — Johnny Ogle

First, Mr. Ogle reported on the water purchased and sold in the month of January, resulting with a 14% water loss. Commissioner Larkin stated water lose is 60% less than this time last year. Mr. Ogle stated he felt this was due to new meters. He also reported the month's usage for Outdoor Resort.

Mr. Ogle reported on completion of chlorine sensor repair.

Mr. Ogle also reported on the shingle damage to main office during recent wind storm. He stated the areas have been patched so there are no leaks now, but we might want to think about replacing with possibly tin this spring.

Lastly, Mr. Ogle reported he had given Bent Creek a price for the taps they requested, but he has not heard anything back.

Item 7 - Karen Huffaker- Office Manager

Ms. Huffaker presented the Commissioner's "specs" for health insurance and W-2 forms.

Next, Ms. Huffaker stated she had previously ran the "Commissioner Training Hours" and the "District Travel Expenses" in the local paper. Now that the December financial statements have been approved, she is ready to run the "Financial Statements" and "Rate Information" requirements in the paper and will do this next week.

Lastly, Ms. Huffaker reported on the fraud insurance claim. She has left messages for Mr. Smith (adjustor). He stated he was waiting on a breakdown of findings he had requested from the District's attorney, Jim Gass. Ms. Huffaker contacted Ms. Tennent at State Comptroller's office to see if she could provide these copies. She said she would check with her audit manager to see if she could give me this information. Ms. Huffaker also contacted DA's office to see if she could find out status of case and has not heard back yet.

Item 8- Robert Vick-President

Commissioner Vick addressed the "Management Response" from 2014 audit. Ms. Huffaker is going to check with Richard Hill to make sure the State has everything they need to finalize the 2014 audit.

Next, Commissioner Vick addressed the handling of the minutes. He stated Commissioner Larkin is responsible for the minutes. It was completely up to he and Ms. Huffaker and if they wanted to work together to form the draft minutes. Once Commissioner Larkin has the draft ready, Ms. Huffaker will send to other Commissioner's a few days before the meeting date to be reviewed so if any concerns, or suggested changes, the Commissioners can bring to the meeting for discussion.

Item 9 — Steve McCarter — Vice President

Commissioner McCarter stated all his concerns were already discussed.

Item 10 —Bill Larkin-Secretary

Commissioner Larkin read a statement he had prepared:

"Upon receiving information containing allegations of person or persons wishing to remain anonymous at this time, I was authorized to share the information I received only with the State Comptroller's office, based on that information I received from person/persons and with permission I shared it with the State.

The State immediately wanted to move forward with a formal investigation, which would also further involve the UMRB involvement. After more than one discussion with them the following was agreed to between the TN State Comptroller's office and myself, on behalf of the Board.

The agreement will allow us to complete the interviews and allow me the fact finding process to either validate or invalidate these allegations, to formulate and implement any policy or performance corrections.

If the action and corrections are found to be satisfactory with the implementations, the State will allow us to continue corrections without interviews."

After reading the statement, Commissioner Larkin explained the State had agreed to let him conduct interviews to find out if allegations are correct or incorrect. Therefore he stated he would be interviewing employees and presenting his findings to the Board and these findings along with any corrective action, if needed, to the Comptroller's Office.

Commissioner Vick and Commissioner McCarter expressed their concern that Commissioner Larkin had taken this matter into his own hands, spoken to these persons and called the State on behalf of the Board and not brought it to the Board and discussed the matter as a whole.

Commissioner Vick also stated he did not feel protocol had been followed. He stated the Protocol/policy states, these persons should come to a meeting and present their allegations to the Board. Commissioner McCarter agreed with Commissioner Vick on this issue. However, Commissioner Larkin stated, he had followed utility policy.

After further discussion, Commissioner Larkin made a motion to turn the information over to the State. The motion was not seconded or put to question by the chair.

Item 11 - Unfinished/New Business

None

Item 12 — Adjournment

Commissioner Larkin made a motion to adjourn. Motion was seconded by Commissioner McCarter, with all voting in favor of the motion.

Prepared By:

Karen Huffaker
Office Manager

Attested By:

Bill Larkin
Secretary