

1 STATE OF TENNESSEE  
2 DEPARTMENT OF COMMERCE AND INSURANCE  
3 TENNESSEE EMERGENCY COMMUNICATIONS BOARD  
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10 TRANSCRIPT OF THE PROCEEDINGS  
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12 May 20, 2010  
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22 Ad Litem Reporting  
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Reported by: Amanda F. Martin

## 1 APPEARANCES:

2

3 Board Members Present: Mr. Randy Porter, Chair  
4 Mr. Ike Lowry, Vice Chair  
5 Honorable R. Hal Buttram, Member  
6 Ms. Carolann Mason, Member  
7 Mr. Freddie Rich, Member  
8 Mr. Steve Smith, Member

9 Board Members Not Present: Ms. Katrina Cobb, Member  
10 Mr. Robert T. Lee, Member  
11 Mr. James Sneed, Member

12 Staff Members Present: Ms. Lynn Questell  
13 Executive Director

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15 Mr. James Barnes  
16 Fiscal Director

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18 Mr. Robert McLeod  
19 Director of Audit

20

21

22 Mr. Curtis Sutton  
23 General Counsel

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25 Mr. Andy Spears  
26 Director of Governmental &  
27 External Affairs

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	TABLE OF CONTENTS	
		Pages
1		
2		
3	Executive Director's Report	6 - 22
4	Staff recommendations for extension of	
5	landline rates in Blount and Cannon County ECDs.	22 - 23
6	Consider appointment of members of policy advisory	
7	committee representing: (1) counties and	
8	(2) municipalities.	23 - 25
9	Consider absorbing ECD overpayment related to	
10	OnStar refund.	25 - 27
11	Consider status report from Hancock County ECD,	
12	a financially distressed district.	27 - 34
13	Consider request to increase emergency telephone	
14	service charge in Brentwood County ECD.	34 - 50
15	Consider request to increase emergency telephone	
16	service charge in Van Buren County ECD.	50 - 69
17	Consider request to increase emergency telephone	
18	service charge in Warren County ECD.	69 - 88
19		
20		
21		
22		
23		
24		
25		

1 CHAIR PORTER: Good morning, everyone.  
2 Good to see everyone this morning. And we're just happy  
3 to be here this morning for the May 20th meeting of the  
4 Tennessee Emergency Communications Board.

5 Let the record show that I'm the chairman,  
6 Randy Porter.

7 And as far as member-wise goes  
8 this morning, we -- let it show that Mr. Bobby Lee,  
9 Mr. James Sneed, Ms. Katrina Cobb, and so far Mr. Steve Smith  
10 are absent. All the other members are present. So we do have  
11 a quorum.

12 First thing I'd like to do is welcome  
13 Mr. Hal Buttram, who is the mayor of Athens. And he is the  
14 newest member to our board.

15 Thank you, Mr. Hal.

16 And we're glad to have him with us and  
17 look forward to working with him as we go forward with the  
18 Emergency Communications Board.

19 I guess, first of all, I'd just like to  
20 say that, you know, Staff has had a trying time in the last  
21 couple of weeks, I guess would be an easy -- or mild way of  
22 putting it. They were kicked out of their building because  
23 of the flood and had to work from home for a lot of days and  
24 then wound up getting one room to where they're all in the  
25 same room at a conference table. So that's a -- I can

1 imagine the -- how that's been going with everybody trying  
2 to go into the old building and pull documents out. It's  
3 just -- it's been a nightmare.

4                   So them being able to put this meeting on  
5 today is a major accomplishment. And I -- that took a lot for  
6 our staff to fair with them and jump in and do whatever is  
7 necessary to make these things happen. So I applaud them for  
8 what they have been going through the past few days.

9                   I also applaud all the other 911 folks  
10 that were affected by the floods. I know counties down around  
11 Nashville -- I know you've had some trying times. And you've  
12 been in our prayers for the last -- last two or three weeks as  
13 we saw all those horrendous pictures on TV of the catastrophe  
14 and disaster that you've had in your counties. But you-all  
15 all rose above it and kept on fighting and kept on working  
16 and -- to keep 911 going. And that's a -- that was a major  
17 accomplishment in that kind of disaster. And I applaud all  
18 you-all also.

19                   We'll get started now. Our first item on  
20 the agenda this morning, as usual, is our executive director's  
21 report.

22                   Lynn?

23                   MS. QUESTELL: Thank you, Mr. Chairman.

24                   Can you-all hear me?

25                   (Pause)

1 MS. QUESTELL: I'd like to report on the  
2 status of wireless carrier and Voice over IP deployment.  
3 We've had no changes reported for deployment since our last  
4 meeting.

5 The status of misroutes or call anomaly  
6 issues. There was a wireless call that was intended for the  
7 Overton-Pickett PSAP on March 10th, and, apparently, that  
8 defaulted to Nashville Police Department. And this only  
9 occurred once, and we are still seeking to determine what  
10 could have caused that.

11 There was also a wireline caller in  
12 Meigs County. That call was routed to the Knoxville PSAP.  
13 And the Meigs director was unable to determine if the landline  
14 was actually Voice over IP or if a default had actually  
15 occurred. So that was just an anomaly, I think.

16 PSAP outages. During the recent flooding,  
17 Crockett, Hickman, Perry, Shelby, and Cheatham County ECDs  
18 were all experiencing some problems.

19 Crockett was actually struck by lightning  
20 on that Friday night when the rain started and basically lost  
21 all of their mission critical equipment. Their calls were  
22 re-routed to Gibson County so that their ALI and ANI could be  
23 received. And then the information was transferred back to a  
24 mobile PSAP that they set up in Crockett County which could  
25 receive 10-digit calls. And the Crockett County PSAP was

1 restored on May 4th.

2                   The Naval Support Activity PSAP in  
3 Millington, in Shelby County, was flooded and evacuated along  
4 with much of the military campus on May 1st. The 911 calls  
5 were re-routed to Shelby County Sheriff's Department. They're  
6 not going to be able to re-establish a regular PSAP with 911  
7 equipment till probably June or July. But, in the meantime,  
8 Base security is going to answer 911 calls geared to their  
9 10-digit lines. And the Shelby County Emergency  
10 Communications District is securing a replacement 911  
11 controller. So it will be ready to use when they have a  
12 location for it.

13                   Hickman and Perry Counties were impacted  
14 by a failure of a fiber circuit that had gone by AT&T which  
15 kept Hickman from making and receiving calls from outside  
16 their county. Verizon service in Perry was significantly  
17 impacted when the only tower in Perry was connected to  
18 Verizon's mobile switching center by the AT&T circuit.  
19 Service was restored on May 4th.

20                   And this is -- I'm going to talk a little  
21 bit about the TERT deployment.

22                   The Cheatham PSAP did not experience any  
23 damage to equipment or anything, but their personnel were  
24 impacted by the flood damage. And they -- like in so many  
25 emergencies, which is why we -- the TERT program was set up

1 was that the dispatchers end up kind of not being relieved  
2 with other people not being able to get in to change shifts or  
3 anything. And so this was our first TERT activation.

4                   And I really want to applaud all of our  
5 participants in TERT. I thought it went amazingly well. And  
6 Rex Hollaway deserves credit. And, of course, all the people  
7 from TENA that worked in setting up the TERT -- the TERT  
8 program. It was really pretty amazing to see.

9                   It -- they were called in to service  
10 on May 3rd with a request for three dispatchers from  
11 Cheatham County. And, ultimately, Overton-Pickett, Bradley,  
12 Warren, Blount, and Franklin Emergency Communications  
13 Districts sent them some dispatching personnel. And  
14 Cheatham was able to release all of the relief dispatchers by  
15 May 8th.

16                   Jennifer Estes was a major leading light  
17 in this.

18                   Lisa Fulton was also very much involved  
19 from -- in getting this set up. And -- from Davidson County.

20                   And I just really want to thank all the  
21 TERT participants and to commend you. That was really  
22 impressive.

23                   I also want to just say I've always been  
24 proud to be a Tennessean. But watching people through this  
25 emergency, I mean it really gives meaning to the word

1 "Tennessee Volunteers." People were so good. And it's  
2 just -- it just -- I was just in awe.

3                   On May 14th Meigs had a lightning strike,  
4 and they are still out of commission. They're sending their  
5 calls to their back-up PSAP.

6                   In ECD activities. I want to thank  
7 Marshall County ECD for their kind hospitality. They invited  
8 us to attend a board meeting that they had questions about  
9 some issues in March.

10                   And I want to make sure that everybody  
11 knows that if you ever want Staff to come and attend one of  
12 your board meetings, please just let us know. We'll be happy  
13 to -- to do that.

14                   We also attended an open house in  
15 Chester County on April 29th. They had that to display the  
16 improvements that they had made to their PSAP. And that was,  
17 of course, very impressive. And they were very kind and  
18 hospitable.

19                   We also wanted to offer sympathy to  
20 Gibson County. Jack Moore, the director -- Bob Moore's dad  
21 passed away. And Jack was -- had been called the father of  
22 911 in Gibson County. He was very active in that. And so we  
23 certainly send our condolences.

24                   The reporting on ECD and PSAP contingency  
25 plans. All our ECDs have submitted copies of their

1 contingency plans for the Board. And we want to thank you  
2 for that. And if you do revise them, please send them --  
3 your revisions to us.

4                   Status of GIS Mapping Maintenance Grant.  
5 Which this Board is going to be phasing out. So -- but  
6 continue to provide the same amount of funding through  
7 operational funding because of the grant monitoring issues  
8 that we had.

9                   Of the 91 ECDs participating in the grant  
10 program, all have submitted their 2009 close-out documents and  
11 their payments have been or are being processed. And thank  
12 you, all, for that. That was kind of a tooth-pulling, but  
13 everyone has complied finally. And we appreciate that.

14                   Status of the Essential and Necessary  
15 Equipment Reimbursement. As of May 16th, 93 districts have  
16 either been paid or are in the process of being reimbursed for  
17 requests totaling \$12,060,000.

18                   Fifty-seven ECDs have requested the  
19 maximum amount of \$150,000, and seven more have less than  
20 \$10,000 remaining on their allocation.

21                   Seven districts have not initiated any  
22 documentation for requesting any of this funding.

23                   The status of the NG911 Equipment  
24 Reimbursement. As of May 16th, six districts have either been  
25 paid or in the process of being reversed for requests totaling

1 \$2,282,139.

2 And the status of the Dispatcher

3 Training Program --

4 MR. BARNES: Sorry, Lynn. That's

5 1,282,000.

6 MS. QUESTELL: Oh. That's a typo. Okay.

7 Sorry about that.

8 Oh, no. It's not a typo. That was me

9 reading it wrong.

10 Okay. Let me start over.

11 Six districts have been paid under the

12 NG911 Equipment Program \$1,282,139.

13 Thank you for correcting me, Jim, on that.

14 I apologize.

15 The Dispatcher Training Program. It's

16 intended that -- we made our initial payment because we wanted

17 to get that money out to you in January, right shortly after

18 the Board adopted this program. But what we'd like to start

19 doing is making the payment basically the beginning of every

20 fiscal year. So we intend to send out your payment this year

21 probably in July or August. We've got book closing stuff

22 happening and stuff. So turning on a dime is not that easy.

23 But sometime in July or August you'll be getting your

24 reimbursement -- your payment for the dispatcher training.

25 And what our intent is, is that you can

1 expect this every year at the same time. And we're going to  
2 just continue with the distributions that we figured for  
3 January, and then at some point we will update them. But  
4 we're not going to update them for this first payment,  
5 especially after the flood. We just can't do that right now.

6                   Okay. Technical consulting. Our contract  
7 with L.R. Kimball and Associates for technical consulting  
8 have -- will expire on June 30th of this year.

9                   The way the State does its contracting --  
10 they are very, very strict with this. We've already got a  
11 one-year extension and there's no chance of getting another  
12 one. So we had to issue RFP on that. That's on the streets.  
13 And we -- due to the flooding and -- we've given an extension  
14 to the response time to May 25th. We've already received two  
15 proposals. And the extension is not going to affect the fact  
16 that we want the consultants to be able to start on July 1.  
17 So that's just on the street, just so you-all know it.

18                   Charter. As you-all know, in March 2009  
19 the Board initiated a complaint against Charter with the  
20 Tennessee Regulatory Authority asserting that there were  
21 errors in the remittances to a number of districts that were  
22 served by Charter Communications.

23                   Basically, the main complaint was that  
24 Charter had not been remitting for business lines, which has  
25 a higher -- a higher remittance. So we wanted to get that

1 straightened out. Other issues have come up since then.

2                   But Staff has met with Charter with the --  
3 under the offices of the TRA. And during this discussion  
4 they -- we informed them that they were not permitted to  
5 unilaterally withhold funds for bad debt. And they promised  
6 us at that time that they would pay that back.

7                   So if you-all have not yet received a  
8 check that should be paying back for the bad debt that they  
9 withheld, you should get that.

10                   We are still in discussions with them.  
11 We've contacted -- we've been contacted by them, even last  
12 week, about setting up an audit. Because we want to make sure  
13 that this doesn't happen again and to reconstruct exactly what  
14 the proper remittances should have been. So we're currently  
15 in negotiations about that.

16                   The Inter-Tandem Transfer Project is a  
17 project that will improve the ability to transfer 911 calls  
18 while we're still operating in an analog environment. And  
19 this is -- they're still upgrading. And that should be  
20 completed on schedule, which should be June 2010.

21                   Cost recovery update. Last year the  
22 Board voted to reduce its Cost Recovery Program reimbursements  
23 to carriers from 100 percent to 5 percent. And in order to  
24 effectuate this change, the Board terminated all cost recovery  
25 agreements and we -- we're requiring any carriers who wanted

1 to receive cost recovery enter into a new agreement. And,  
2 thus far, we've entered into a new agreement with one carrier  
3 and are in the process of negotiating with three others about  
4 receiving instead of 100-percent cost recovery to 5-percent  
5 cost recovery. The extra money was added to our operational  
6 funding so that the districts could receive very needed money.

7 TEMA activities. When the flooding  
8 began on May 1st, Rex starting monitoring the TEMA EOC from  
9 Shelby County. And he and Jim Barnes -- who is our alternate  
10 TEMA liaison -- spent many, many hours monitoring what was  
11 going on with TEMA. And they -- I would really like to  
12 recognize them. They did a lot of heavy lifting and kept --  
13 kept us apprised of what was going on with TEMA.

14 And several Department of Energy exercises  
15 are planned for this year to test readiness at Oak Ridge. So  
16 that will be coming up.

17 I want to do a quick legislative update.

18 Senate Bill 3194, which is the purchasing  
19 bill, which would allow districts to purchase off other  
20 municipalities for other contracts basically. This bill has  
21 passed the House, and it's currently in Senate Finance and is  
22 expected to be passed and to be signed into law.

23 House Bill 3165, which was the  
24 consolidation bill. This bill was meant to create a sentence  
25 for districts to consolidate and also provide an alternative

1 way for funding consolidated districts. It has been taken off  
2 notice. So it will no longer be considered this year.

3                   Senate Bill 2497, the prepay bill.  
4 That passed and was signed into law. And what that does is  
5 it creates an assessment of 53 cents per transaction that goes  
6 for 911 in the purchase of prepaid wireless cards. And there  
7 is a certain de minimis exception. I think -- yeah. Any  
8 cards that are less than \$5, it's not charged on that.

9                   The SB 2857, the reverse 911 bill.  
10 The bill would have created a pilot project for reverse 911.  
11 This is supposed to be -- being sent to a senate committee.

12                   And House Bill 111, the TECB interest  
13 bill, which would have prevented the General Assembly from  
14 taking any interest on the TECB reserve funds. This was  
15 placed behind the budget. So I guess what that means is that  
16 if there's any --

17                   MR. SPEARS: If they don't need the  
18 money then -- it means it probably won't be considered this  
19 year.

20                   MS. QUESTELL: Yeah. Probably won't be  
21 considered this year.

22                   And, then, finally, House Bill 3352, the  
23 bill about district reserves. That bill -- that bill was --  
24 said that the Board could not require districts to have more  
25 than 50 percent of their -- of a year -- of their annual

1 expenditures in reserve. And the Board has never required  
2 the districts to have any reserves, though we encourage it.  
3 And -- so that bill was taken off notice.

4 I wanted to update a little bit on our  
5 Next Generation 911 Project. The contract amendments that  
6 are necessary for this project to move forward with the  
7 infrastructure were approved this week, which is huge. And  
8 I want to thank everybody who contacted their legislators who  
9 were on the Fiscal Review Committee. Because this contract  
10 actually had to go through Fiscal Review and then also be  
11 approved by the Comptroller's Office. So everything is in  
12 place now.

13 So what this means is that the Office of  
14 Information Resources -- the NET TN Project -- is going to be  
15 able to provide the infrastructure for Next Generation 911.  
16 And they -- everything that we will need to move ahead with  
17 the infrastructure part will be able to be purchased off of  
18 this contract. And I wanted to kind of explain a timeframe a  
19 little bit.

20 This -- this project couldn't have moved  
21 forward without these approvals. And we went through with  
22 Kimball and Randy and Rex and -- actually, item by item making  
23 sure that there was going to be everything that was necessary  
24 for the infrastructure itself. And it was very painstaking.  
25 Every detail. And this was -- and then we're also hampered by

1 the fact that NENA kept delaying releasing its technical  
2 standards for this. And that was pretty major. So NENA  
3 finally did that, and we finally got everything kind of --  
4 ducks in a row.

5                                 And we're in a really unique situation  
6 here. I mean, those of you who went to the NENA Conference  
7 this year -- it was very interesting.

8                                 Joe Wilson from Bradley County commented  
9 to me -- and this made me feel really good -- that they went  
10 to the first meeting for NENA and they were talking about  
11 NG911 deployment and what all you had to do. And, basically,  
12 they sat through the first hour and said, "We've already done  
13 all this. We really don't need to hear it." And they came  
14 away from it feeling like Tennessee was way ahead of other  
15 states, which means there's no template for us to follow.

16                                 We're trying to just go as cautiously and  
17 as carefully as possible. We would rather get it right and do  
18 it right now. And so that's what we've been doing. But this  
19 is huge that this has been approved. And AT&T will start with  
20 its part of the deployment.

21                                 Another aspect of this contract -- of this  
22 project is that we're going to have an RFP that we've got  
23 drafted. And it's just a matter of when we issue it. It's  
24 the one throat to choke. The management part. The 911  
25 specific part of this project. And we're going to do an RFP

1 for that. And they're going to be responsible for setting up  
2 a NOC and for deployment to the PSAPs.

3                   And -- so a lot of the decisions about  
4 deployment really can't be made until that contract is -- is  
5 bid on. So we're -- we're -- if you're getting pressure from  
6 vendors who are saying you've got to have this and you've got  
7 to have this right now -- no. What -- if you have any  
8 questions about any of that stuff, please call us.

9                   But the biggest thing we have to be  
10 concerned about now is not -- not getting too far out in  
11 front of ourselves. We're taking this very cautiously.  
12 And, you know, we have to let these bidders, you know, have  
13 some say in how it's going to be done if we're going to make  
14 them the one throat to choke. They -- we can't just give them  
15 a scenario and say, here, give me your throat. You know.

16                   So we're just proceeding in a very  
17 cautious way. I -- there's a lot that we don't know, and  
18 that's why we haven't shared it with you. Because we're  
19 waiting to get all of this figured out. And I'd rather not  
20 tell you something than tell you something wrong. Because it  
21 seems like everything is kind of subject to change right now.  
22 And we're not really going to know timetables and all that  
23 kind of stuff until we get the management contract bid.

24                   And what our plan is, is to have that  
25 contract bid selected by the beginning of next year. So it

1 will be issuing -- we haven't really decided exactly when  
2 we're going to issue it yet.

3 MR. SUTTON: No. But the date for the  
4 contract to start is projected to be in the very beginning of  
5 next year.

6 MS. QUESTELL: Okay. So, then, that's  
7 when you'll start hearing, you know, timetables and that kind  
8 of stuff so that we can -- we will be as totally transparent  
9 with all this as we can possibly be when we actually have real  
10 information we can share with you. So it's a "work in  
11 progress" right now.

12 And we have to be kind of careful about  
13 what we say about it because we don't -- we had thought  
14 about -- I don't know if you-all might have noticed. We had  
15 initially scheduled a meeting of the Operations Committee.  
16 But we have to be careful about the information that we put  
17 out because we don't want to give any contractors an advantage  
18 over anybody else, and we were afraid that discussions in that  
19 meeting might end up prejudicing somebody. And the last thing  
20 in the world we would want would be an appeal of the bid that  
21 we would be selecting.

22 So we decided that caution was the better  
23 part of valor here. And so that's why we've not been just  
24 bombarding you with facts about when this is deploying or  
25 anything like that. Because we -- that's something that's in

1 development right now. And as soon as we actually get hard  
2 and fast information, we will share it with you.

3 But, in the meantime, if you have any kind  
4 of questions, please feel free to pick up the phone. We will  
5 be as -- we will share with you what we know.

6 So, I'm done.

7 CHAIR PORTER: Thanks, Lynn.

8 Let me add one thing to the NG911.

9 As anything you do -- you're building a  
10 new PSAP, you're putting in new equipment -- whatever -- there  
11 are steps you have to go in. Two of the primary things that  
12 had to happen before NG911 could go forward -- one big one was  
13 getting all this contract amendment stuff done with OR and  
14 those folks so that we could get the infrastructure built.  
15 It's going to take AT&T somewhere in the 12- to 18-month  
16 timeframe to build the actual infrastructure. So we went  
17 ahead to get that out of the way so that they can be working  
18 in the background putting the infrastructure in statewide  
19 while we're working on all this other stuff.

20 The other thing was get the money  
21 available to where you could be reimbursed for the equipment  
22 you're going to need to buy. That's already in place, also.

23 So those were two humongous hurdles that  
24 we're -- been able to jump. And those are past us now.

25 And really the last big one is this RFP

1 that we're putting out to get the management company that's  
2 going to oversee the -- all the implementation. And once we  
3 get that in line, should have some real hard timetables coming  
4 up by the end of the year. That's going to roll around real  
5 quick. You know, we're six or seven months away from that.

6                   So in the next few months we're going to  
7 be working hard on this RFP to make sure we pick the right  
8 company that we can work with that's going to maintain our  
9 databases and oversee the operation of the NG system 24/7.

10                   Kind of like today where you've got  
11 Bellsouth to call if you're having problems with your phones  
12 or whoever your local Teleco is or whoever your local vendor  
13 is. We're going to have that (800) number that you can call  
14 these people that are going to be our management contractors  
15 and say I've got problems with my 911 system, and they will  
16 start that trouble ticket and they will escalate things to  
17 make sure that you get taken care of.

18                   So this last piece is a very big piece  
19 also. But those first two were humongous, and it took us a  
20 long time to get through. So you-all be patient with us. I  
21 think the end result is going to be great. It's going to --  
22 it's going to save you some money on costs you're having to  
23 pay now. And the system, I think, will just be unbelievable  
24 with what we're going to be able to do with it compared to the  
25 old one.

1                               So, we're trying hard. We'll try to keep  
2 you updated as much as possible.

3                               Action items in your report. None.  
4 Right? Nothing we need to take any action on?

5                               MS. QUESTELL: No.

6                               CHAIR PORTER: Okay. All right. Next  
7 item on the agenda -- did anybody have any questions for Lynn?  
8 I'm sorry.

9                               Board members have any questions?

10                              (Pause)

11                              CHAIR PORTER: Okay. Next item on the  
12 agenda is Staff recommendations for the extension of landline  
13 rates in Blount and Cannon Counties.

14                              Lynn, you want to talk about this one?

15                              MS. QUESTELL: Thank you, Mr. Chairman.

16                              The landline rates in Blount and  
17 Cannon Counties were reviewed under Policy 14 as it's been  
18 revised. And we analyzed the reports that the districts filed  
19 with us. And we report to you that the contributions by other  
20 governmental entities to these districts have not been  
21 reduced and the justification for the rate increase still  
22 appears valid. And Staff has found no reason not to allow  
23 their current rates to be continued.

24                              We include these rate extension requests  
25 on the agenda primarily to make a record that the Board

1 doesn't object to extending the rates. If you have any  
2 questions, I'd be happy to answer them.

3 CHAIR PORTER: Any board members have any  
4 questions?

5 (Pause)

6 CHAIR PORTER: Okay. Next item on the  
7 agenda is to consider the appointment of members of the  
8 Policy Advisory Committee to represent in the counties and  
9 municipalities.

10 MS. QUESTELL: Yes. Thank you.

11 First, I want to thank the nominating  
12 committee. They proposed a number of nominees for these two  
13 vacant positions, and they were absolutely excellent. We have  
14 excellent choices.

15 When we formed the policy committee,  
16 it was based on recommendation by a TACIR. And TACIR  
17 was very, very specific about there being representatives of  
18 police chiefs and of law enforcement and emergency services,  
19 the counties and the cities. And we've been really fortunate  
20 on the policy committee. We've got representatives from  
21 the sheriff's association, police chief's association,  
22 fire chief's association, EMS, and the districts.

23 And the two vacancies for the two  
24 open positions were specifically for representatives for  
25 municipalities -- representatives that would be able to stand

1 up for the municipalities and for the counties.

2                   And the nominee that is recommended to  
3 represent the county is Joe Stevens. He's a county  
4 commissioner for Haywood County. He's very knowledgeable  
5 about 911. He served on the district board for 14 years,  
6 and 10 of those as chairman. And I contacted him, and he's  
7 willing to serve on this committee.

8                   And the nominee to represent the  
9 municipality is Dwayne Phillips, who's a director of  
10 Davidson County Emergency Communications District.  
11 Director Phillips is a metro employee. He was a appointed  
12 by Mayor Dean. And Mayor Dean is a TML officer. And I  
13 contacted Director Phillips, and he was willing to serve on  
14 this committee. And we appreciate it.

15                   The Staff would recommend that you approve  
16 these two individuals.

17                   CHAIR PORTER: You've heard the  
18 recognition -- recommendation from Staff that we approve the  
19 appointments of Mr. Joe Stevens and Mr. Dwayne Phillips to the  
20 Advisory Committee.

21                   What's the will of the board?

22                   MEMBER LOWRY: So moved.

23                   MEMBER RICH: Second.

24                   CHAIR PORTER: Have a motion by Mr. Lowry,  
25 and I'm going to take the second by Mr. Rich.

1 Any discussion?

2 (Pause)

3 CHAIR PORTER: Hearing none, all in favor  
4 say "aye."

5 THE BOARD: Aye.

6 CHAIR PORTER: All opposed, like sign?

7 (Pause)

8 CHAIR PORTER: Motion carries.

9 Next item on the agenda is to consider  
10 absorbing the ECD overpayment related to OnStar's refund.

11 Lynn?

12 MS. QUESTELL: I'm going to give a little  
13 history for this -- about this one.

14 Thank you.

15 On November 20th, 2008, the Board voted to  
16 approve a refund to OnStar for non-wireline remittances that  
17 it had overpaid Verizon between July 2006 and October 2006.  
18 And these -- the overpayment occurred because the law changed.  
19 At that time we changed the law so that it would reach all  
20 emerging technologies, not just wireless, to get 911 fees  
21 paid on it. So the law was changed to include all types of  
22 non-wireline telecommunication service that could connect a  
23 911 caller to a PSAP.

24 Well, OnStar's telematic service does  
25 not directly connect a caller dialing 9-1-1 to a PSAP.

1 It connects a caller who is in trouble -- may not even dial  
2 anything -- to an OnStar operator, who then, if need be, will  
3 contact the PSAP.

4                   So the Board correctly -- I think --  
5 decided that during that several month span when OnStar was  
6 still paying that to Verizon and then Verizon was sending it  
7 to us, that that was an overpayment. So the Board decided  
8 that there should be a refund, that -- and we went through  
9 quite a bit of accounting stuff to make sure that we got the  
10 exact correct amount. We even brought in John Phillips, the  
11 auditor from Commerce and Insurance. And Robert looked very  
12 carefully at this, and Jim, to make sure that we got the right  
13 amounts. And the payment -- the overpayment that we refunded  
14 for them was \$385,977.55. And that's been paid.

15                   During our most recent reconciliation  
16 where they have to account for our payments, the question was  
17 raised how do we account for that. And it was noted that the  
18 districts have received part of the overpayment of those  
19 remittances. But Staff really recommends that those districts  
20 not be asked to participate in this refund because of the  
21 pace of the Next Generation 911 Project. You know. As we  
22 mentioned, there's been some -- it had not moved quite as fast  
23 as we had thought it would. And so we have some extra funds  
24 in our budget that could handle this payment. And we just  
25 wanted to make sure we had the Board's permission to just go

1 ahead and have the Board swallow that amount instead of  
2 seeking any kind of reimbursement from the districts.

3 CHAIR PORTER: Okay. We get a lot of  
4 recommendations from Staff, but we got -- they really  
5 recommend this one.

6 (Laughter)

7 CHAIR PORTER: You've heard the request  
8 from Staff that the ECB absorb that overpayment and not affect  
9 the districts.

10 What's the will of the board?

11 MEMBER BUTTRAM: Mr. Chairman, I would  
12 make that motion.

13 CHAIR PORTER: Motion by Mr. Buttram.

14 MEMBER MASON: I'll second.

15 CHAIR PORTER: Second by Ms. Mason.

16 Any discussion?

17 (Pause)

18 CHAIR PORTER: Hearing none, all in favor  
19 say "aye."

20 THE BOARD: Aye.

21 CHAIR PORTER: All opposed, like sign?

22 (Pause)

23 CHAIR PORTER: Motion carried.

24 Next item on the agenda is to consider the  
25 status report from Hancock County ECD, which is a financially

1 distressed district.

2 Lynn, do you have an update?

3 Is there anyone here from Hancock?

4 If you would, have a seat at one of the  
5 tables and make sure the mic works and -- yeah. There you go.  
6 And state your name and the district for the reporter, please.

7 MR. TRENT: My name is Jim Trent.

8 I'm the 911 director in Hancock County.

9 CHAIR PORTER: Jim, thank you for coming.

10 MR. TRENT: Also, I'd like to apologize  
11 for my chairman. He had a friend/employee that passed away,  
12 and the funeral services were today.

13 CHAIR PORTER: Okay.

14 MR. TRENT: He would have been here  
15 otherwise.

16 CHAIR PORTER: I'm sorry for his loss.

17 Lynn, do you want to start out?

18 MS. QUESTELL: At the September meeting  
19 the Board asked that the Hancock director and chairman return.  
20 You-all had come to the September meeting,  
21 and they had asked that you-all come back and report on the  
22 status of your reserves and give a breakdown of salaries of  
23 all full- and part-time dispatchers and identify which  
24 governmental entity pays them and how much each pays and  
25 whether the City of Sneedville would contribute to the cost of

1 dispatching and whether the county mayor had replaced himself  
2 by appointing another ECD board member. And you-all were  
3 scheduled to come at the January meeting, but the weather just  
4 simply did not cooperate. And I think the better part of  
5 valor was for you-all to stay safe instead of trying to hit  
6 the road at that time.

7                               But for that meeting Mayor Marion reported  
8 that he had resigned as chairman of the Hancock County Board  
9 of Directors and that he had presented a proposal for the  
10 City of Sneedville to fund one dispatching position and that  
11 the city counsel of Sneedville had agreed. And he let us know  
12 that he appointed Bobby Johnson to fill his term on the board,  
13 and then Jack Mullins would be the new chairman.

14                               And just recently Mayor Marion's office  
15 sent us some updated information on the district. And it  
16 indicated that the district amended its budget in fiscal year  
17 2009 to reflect 155,473 in revenue, which was offsetting  
18 265,280 in expenditures. And that -- the result was an out  
19 of balance, unfunded budget of almost 110,000.

20                               The audited financial statement for the  
21 fiscal year ending June 30, 2009, indicated that the district  
22 was \$9,011 in the red, and that they had not included  
23 depreciation with their other expenditures, which means that  
24 they have a negative change in net assets once again.

25                               We -- Staff was assured that it was the

1 County's normal practice to make up the cost of any shortfall  
2 revenues by the ECD and to make sure that all bills were paid,  
3 but it did not appear at the time that we received the  
4 information that that had happened.

5 Do you have any comments about the status  
6 of the district's finances?

7 MR. TRENT: Well, I only have one employee  
8 that I am paying now part time. And I think that you will see  
9 that increase with the money coming up. Because we were  
10 paying like six or seven employees, and the sheriff's  
11 department is paying them now. So --

12 MS. QUESTELL: So at this time the  
13 District is just paying for its own employees? Just paying  
14 salaries for its own employees?

15 MR. TRENT: This is one employee. The  
16 sheriff's department is paying the rest of them.

17 MS. QUESTELL: So do you predict that you  
18 will actually have a positive change in net assets?

19 MR. TRENT: Should. Yes.

20 MS. QUESTELL: When do you think that will  
21 happen?

22 MR. TRENT: Maybe by the first fiscal  
23 year. July 1.

24 Do you have something to say?

25 MR. BARNES: You mean by the end of --

1 by June 30th when you close out this fiscal year?

2 MR. TRENT: Right.

3 MR. BARNES: You expect you're going to be  
4 in the black --

5 MR. TRENT: I would think so.

6 CHAIR PORTER: When did the sheriff's  
7 department pick up those employees? When was that change  
8 made?

9 MR. TRENT: Not sure the exact date.

10 CHAIR PORTER: Just an estimate.

11 MR. TRENT: Around December or January.

12 CHAIR PORTER: So just recently. Right?

13 MR. TRENT: Yes.

14 MR. BARNES: That does balance up with the  
15 reports that I got, as far as what the expenditures were paid  
16 through December. There were more expenditures than budget  
17 for salaries at that point in time. But if the change was  
18 made then, it wouldn't have reflected on those financial  
19 reports.

20 CHAIR PORTER: Well -- so if that's the  
21 case, can we get that -- we'll need that, Jim, from you in  
22 writing -- or from somebody in writing -- that that change has  
23 been made and a new estimate as to what your budget is -- this  
24 next year's budget is going to be and what your expenditures  
25 for the rest of this year are and your cash flow and

1 everything so that -- you may not be a financially distressed  
2 district anymore, if you're getting rid of six or seven  
3 employees.

4 MR. TRENT: That's --

5 CHAIR PORTER: That's a big leap.

6 MR. TRENT: That's a lot.

7 MS. QUESTELL: I think we have to have  
8 three consecutive years of a positive change in net assets to  
9 get out of being financially distressed. And we would love  
10 for that to happen.

11 MR. TRENT: We're also going to have a  
12 new sheriff starting in September. So I don't know how he's  
13 going to work with me on that.

14 CHAIR PORTER: I leave it to the will of  
15 the board.

16 But what might be appropriate is that Lynn  
17 and Jim work with Jim between now and the next board meeting  
18 and let's -- that way we'll have an opportunity to know how  
19 they closed out the end of this year, and we'll have an  
20 opportunity to know what next year's budget is going to look  
21 like. And if they're okay and it looks like it's going to  
22 be good, then we'll be done with Hancock for a while. And  
23 hopefully for good.

24 But, if not, then you-all could bring it  
25 back to the next board meeting and put it on the agenda, if we

1 don't think it's been worked out.

2 Is that agreeable with the Board members?

3 (Pause)

4 CHAIR PORTER: Okay. Anything you feel we  
5 need to add?

6 MS. QUESTELL: I think that's good.

7 CHAIR PORTER: Jim, I -- that sounds like  
8 some good news. And I appreciate you driving all the way --  
9 the long trip you had to come down for that. But it sounds  
10 like with all the changes that's been made in the last few  
11 months with the county mayor and everything, looks like  
12 you-all are headed in the right direction.

13 MR. TRENT: I think that we will. Plus  
14 I think we will pick up by the sheriff's department paying  
15 those employees.

16 CHAIR PORTER: The last thing we want to  
17 do is be involved in your business. We -- we don't want you  
18 to be financially distressed, and we want to be --

19 MR. TRENT: Well, I appreciate all the  
20 help you-all have given me anyway.

21 CHAIR PORTER: Make sure you're -- you  
22 have not been having depreciation included in. So make sure  
23 you get your accounting straight here and get your budgets  
24 fixed right. Okay?

25 MR. TRENT: All right.

1 CHAIR PORTER: Thank you. Appreciate  
2 you coming.

3 Anything else, board members, we need with  
4 Hancock?

5 (Pause)

6 CHAIR PORTER: Okay. Thank you.

7 MR. TRENT: Thank you.

8 CHAIR PORTER: All right. Next item on  
9 the agenda is consider request to increase the rates for  
10 Brentwood ECD.

11 If Brentwood folks would come up.

12 You-all set off some kind of siren.

13 (Laughter)

14 CHAIR PORTER: Good morning.

15 If each one of you at the tables, or  
16 anyone that's going to speak, if you-all would make sure that  
17 you tell us who you are and your position with the district  
18 for the reporter, please.

19 MS. CROSSLEY: Good morning, Mr. Chair.  
20 My name is Betsy Crossley, and I'm the mayor of Brentwood.

21 CHAIR PORTER: Morning.

22 MR. WALKER: I'm Mike Walker. I'm city  
23 manager and I'm the director of ECD.

24 MR. SWINFORD: I'm Carson Swinford. I'm  
25 the finance director with the City of Brentwood and the

1 Brentwood ECD.

2 MR. ALLMAN: John Allman, IT director for  
3 the City.

4 CHAIR PORTER: All right. Good.  
5 Anybody else who's going to speak?

6 (Pause)

7 CHAIR PORTER: Thanks, guys. We  
8 appreciate you-all coming.

9 Got everybody?

10 Okay. Lynn?

11 MS. QUESTELL: Well, I'd like to thank  
12 everybody for coming, first.

13 And, also, to make sure the Board  
14 understands that Brentwood is kind of a unique situation.  
15 They are one of the two districts that is a city district  
16 in which the administration of the city is also the  
17 administration of the district. So they don't need any  
18 kind of interlocal agreement. They basically are the  
19 district. The city is the district.

20 And I also want to commend the folks  
21 from Brentwood. Because before they decided to file their  
22 application, they came and sat down with us and we really  
23 talked through this stuff -- this application and what they --  
24 what their vision was and what they were trying to accomplish  
25 with it. And, you know, I would just encourage anybody who is

1 really seeking for a rate increase to think about doing this.  
2 Because it really -- it smoothes things out. And we all  
3 understand each other better, I think, when we sit down and  
4 take the time to talk. And really professional job. I wanted  
5 to thank you-all for that.

6 I guess, Robert -- we'll start with his  
7 report.

8 Oh.

9 Rex -- Rex's father is undergoing surgery  
10 today. He's the one that does the site visits. Jim is going  
11 to substitute for Rex.

12 CHAIR PORTER: That's some big shoes to  
13 fill there, Jim.

14 Go ahead.

15 MR. BARNES: Rex made the site visit on  
16 April the 22nd. And as a -- just brief synopsis of the  
17 district, they answer 911 and other public safety calls for  
18 all of Brentwood. And it also serves as a backup for  
19 Williamson County PSAP. And the EMS calls are transferred to  
20 the Williamson County PSAP.

21 The center is manned by 11 full-time  
22 telecommunicators utilizing three fully equipped workstations.

23 The reason they are asking for the rate  
24 increase would be to fund improvement to the PSAP with the  
25 cost of little over \$1 million. And part of those reasons

1 are for -- to add two more positions -- or add another  
2 position, up to five positions, for the dispatch center;  
3 to consolidate their UPS systems into one overall system,  
4 instead of having one at each station; to replace the  
5 14-year-old PSAP controller telephone system and upgrade the  
6 14-year-old radio console; and replace the building generator.

7                   On the financial side for the money that  
8 we're able to provide to help with this 1,115,000 is that we  
9 have \$213,000 available in the Next Generation 911 allocated  
10 to them. And they still have their -- that includes the  
11 controller part. And they also have 150,000 in equipment --  
12 Essential Equipment money still available to them. And we can  
13 add \$363,000 of reimbursement that could go towards their  
14 projected expenditures of over a million.

15                   That's Rex's report.

16                   CHAIR PORTER: Any questions of Jim on the  
17 report?

18                   (Pause)

19                   CHAIR PORTER: Hearing none.

20                   Okay. Robert, you're next.

21                   MR. McLEOD: Okay. On the financial  
22 review -- as Lynn mentioned that they're in a unique  
23 situation in terms of their setup being that the City's board  
24 is also the 911 board. So an interlocal agreement was not  
25 memorialized in this aspect. And I -- I think I elaborate a

1 little more when we get into this Staff analysis of how this  
2 is played up and read into Policy 14 of the Board's policy.

3                   On the income section -- and I want to --  
4 always we divide the report or the financial aspect --  
5 number's aspect of it in the audited period as against a  
6 projected period. The audited period, we're looking at the  
7 last three years. In this case it would be 2007 through 2009  
8 for the projected period 2010 through 2012. So if I mention  
9 it or don't mention the specific year, you know what period  
10 I'm talking about.

11                   So under the revenue -- or the income  
12 section, we look at the landline revenue coming in -- revenue  
13 stream coming in for the ECD. 2008 through 2009 we saw a bit  
14 of an increase here. And what I learned from the financial  
15 director is that when we look at the audited period, somehow  
16 there were additional monies that were collected for a prior  
17 period that was included in some of these numbers. It might  
18 look a little skewed as we go along, but if you have further  
19 questions, he does have numbers to explain that.

20                   So between 2007 and 2009 there was  
21 approximately a 1-percent increase, according to the audited  
22 numbers, and about 5 percent in 2009 from period to 2008.

23                   For the projected period -- because we  
24 went back and adjusted the numbers to show the real numbers  
25 here, we seen a drop in the trend. So 2010, we're looking

1 about a 9-percent reduction in the landline revenue.

2                   After the rate increase in 2011, we're  
3 looking at a 50-percent increase. And the reason why this  
4 number looks so big is, perhaps, one of those unique  
5 situations again. We either have more business lines than  
6 residential lines. So the numbers are playing up as we look  
7 at the numbers.

8                   In 2012 we see now as it projected in the  
9 application that there's really going to be about a 5-percent  
10 drop in landline revenue.

11                   For the non-wireless contribution, we're  
12 projecting that it's about a 3- or 4-percent raise from the  
13 TECB portion.

14                   Operational funding will increase for  
15 the projected period. Because what we have done is that all  
16 the monies that came back from the Cost Recovery that was  
17 recouped were also added to the operational revenue here.  
18 So -- operational funding. So we've seen an increase in this  
19 particular category for the ECD.

20                   So between -- for the projected period,  
21 it's going to raise from 147,000 to about 108,000 or 179,000  
22 in 2012.

23                   Contributions from the local government  
24 has really increased between the audited period of 2007  
25 through 2009 from 290,000 to 418-, which is pretty much a

1 strong contribution there.

2                   For the projected period, we're saying  
3 this money will continue to -- at that level.

4                   So looking at the bottom line, the total  
5 revenue increased in 2008 compared to 2009 about 11 percent.  
6 About 3 percent in 2009 compared to 2008.

7                   For the projected period, for 2010, we're  
8 going to see a slight dip. There's almost a half of a percent  
9 in there.

10                   After the rate increase, if the Board  
11 grants that, they will go back up to about a 23-percent  
12 increase and a slight dip in 2012 of about 2 percent.

13                   Under the expenditure section, one of the  
14 big ticket items that we always zero in on is the salaries,  
15 wages, and benefits. In 2007, compared to 2009, there was  
16 about a 6- -- 7-percent increase in 2008 compared to 2007, and  
17 1 percent in 2009 compared to 2008.

18                   For the projected period, 2010, it's  
19 projected that there will be about an 11-percent increase in  
20 this particular category; 3 percent in 2011; and 3.5 percent  
21 in 2012.

22                   Going on a little further, one of the  
23 numbers that we look at here is a premium and secure  
24 surety bonds that -- for the audited period it was a blank  
25 there. And the reason for that is that this particular

1 payment was included in another category, as was explained to  
2 me by the finance director.

3                   However, for the projected period they're  
4 now placing it in the proper category, as we can see the cost  
5 reflecting it. So it's not that they didn't have it, it was  
6 rolled up in another figure.

7                   Total expenditure increased by 6 percent  
8 in 2008, compared to 2009, and about 1 percent in 2009,  
9 compared to 2008.

10                   For the projected period, total  
11 expenditures will increase by 16 percent in 2010; 2011,  
12 10 percent; and by -- 13 percent in 2012.

13                   On to the next asset, which is kind  
14 of a global picture of what is happening financially with  
15 the ECD. Total revenue increase on 950,000 to approximately  
16 \$1.08 million in 2009.

17                   For the projected period, it will  
18 increase from 1.08 to 1.3 in 2012. And, of course, take  
19 into consideration the rate increase, if the Board should go  
20 along with that.

21                   Change in the net asset, which put a  
22 track record between 2007 and 2009 as being positive. And  
23 that's really good.

24                   For the projected period, it's projecting  
25 to be positive, but a slight dip in 2012. Which it's

1 just projections. You know. It's not really reality.  
2 So, hopefully, it will play out a little different when the  
3 numbers are finally tallied.

4                   Now, one of the reasons for the rate  
5 increase is that the ECDs anticipating certain capital  
6 expenditure. And we have it listed here under this caption  
7 "Communication Equipment." They're looking at spending about  
8 5,000 in 2010; next year, 5,000; and the next year, 5,000  
9 again.

10                   I think the big portion of this  
11 expenditure and the capital is going to be in improvement  
12 section, which 50,000 in current year and 1.6 or 7 million in  
13 2010.

14                   The justification for the rate increase  
15 are as follows: number 1, improve and upgrade equipment,  
16 expand physical space to acquire UPS system, and to replace  
17 current telephone system with a console and generators.

18                   For the last three years, if we look back  
19 at the audited period, one of the things that we zero in on  
20 when we get the financial report -- I always go back to the  
21 last page and look at those audited findings because they  
22 always tell a tale. For the last three years the ECD had no  
23 audit finding. And that is really a good -- on record.

24                   Under Staff Analysis. The governing  
25 body for the City of Brentwood is the board of the ECD.

1 Therefore, no interlocal agreement is necessary. Audited  
2 financial statements show that the City supports the ECD with  
3 significant financial support and other sources and continue  
4 to increase its financial support for the district. The ECD  
5 is well-managed and showed no negative change in net assets  
6 for the audited period. And for the projected period, as I  
7 said, in 2012, there might be a change. But, hopefully, this  
8 doesn't become a reality.

9                               The ECD director -- or the -- on the  
10 application reported, as I said, in the income section, that  
11 there's going to be about a 5-percent drop in landline revenue  
12 for -- from henceforth.

13                              The original proposal was not for the  
14 maximum amount. But when we look at what they're trying to  
15 do, we encourage them to change -- or to apply for the maximum  
16 knowing that the Board does have the authority, if necessary,  
17 to reduce the rate after these expansions are done.

18                              Policy 14(7), the rate increase policy  
19 contemplates that in exchange for added or continued service  
20 by the ECD facilitated by the TECB approval of the rate  
21 increase, local government shall not reduce its contribution  
22 to the ECD. It is recommended that the Board make clear that  
23 this policy applies if Brentwood is a city-run ECD.

24                              Under Policy 14, the City's contribution  
25 to the ECD should not fall below the maximum amount it

1 contributed during the prior fiscal year. This maintenance  
2 of effort -- which has been approved by the Office of  
3 Attorney General -- assures that the ECD will not actually  
4 benefit -- will actually benefit from the increased 911  
5 service charge rather than allowing a local government to  
6 withdraw its support that turned 911 service charge into a  
7 backdoor tax.

8                               If local support is reduced, the Board may  
9 withdraw its approval for this rate increase.

10                              Staff reviewed the rate increase  
11 application to the Board and found no reason that the rate  
12 increase should not -- is not reasonable and justified, and  
13 the Board should consider it.

14                              Thank you.

15                              CHAIR PORTER: Any questions of Robert?

16                              (Pause)

17                              MEMBER BUTTRAM: Randy, I have -- I have  
18 one just for my own edification, I guess.

19                              How often can an ECD come to the Board for  
20 a rate increase?

21                              CHAIR PORTER: There's no limit. The only  
22 thing is that they can only be -- there's a certain limit that  
23 they can be raised to.

24                              MEMBER BUTTRAM: Extend to.

25                              CHAIR PORTER: It's a dollar and half

1 and \$3.

2 MEMBER BUTTRAM: Uh-huh.

3 CHAIR PORTER: So once they reach that  
4 limit, then they couldn't ever come back anymore.

5 MEMBER BUTTRAM: All right. And then the  
6 amount of contribution that they have earned thus far for the  
7 Next Generation, will they allow to -- will they be allowed to  
8 come back for further funding?

9 In other words, we'll contribute to their  
10 million dollars with almost a third of it?

11 Is that right, Jim?

12 MR. BARNES: Little better than a third.

13 Are you talking about the Next Generation  
14 Equipment reimbursement?

15 MEMBER BUTTRAM: Yeah.

16 MR. BARNES: That right now is a fixed  
17 amount by the Board, and the Board would have to make any kind  
18 of changes or adjustments to increase that amount.

19 MEMBER BUTTRAM: Okay.

20 CHAIR PORTER: Unless there's just some  
21 kind of extreme circumstances, it would probably be highly  
22 unlikely. Because we spent pretty much -- we had a pot of  
23 money to spend and we divided that --

24 MEMBER BUTTRAM: And this is their share?

25 CHAIR PORTER: That is their share.

1 MEMBER BUTTRAM: Yeah.

2 CHAIR PORTER: And it's a one-time --

3 MEMBER BUTTRAM: One-time gift.

4 CHAIR PORTER: -- one-time gift.

5 And, I'm sorry, Mr. Buttram. For --  
6 to your benefit, too, I should have explained when we do a  
7 rate increase, we usually hear from Jim, we hear from Robert,  
8 let you-all ask questions -- like you're doing -- and then we  
9 hear from the district. And then we go into our deliberations  
10 and decide then. I should have said that beforehand, and I  
11 apologize.

12 MEMBER BUTTRAM: That's all right.

13 CHAIR PORTER: I forgot about having you  
14 on as new board member. I kind of just took it everybody knew  
15 what we were going to do.

16 MEMBER BUTTRAM: I should have kept my  
17 mouth shut.

18 CHAIR PORTER: No. No. No. You did  
19 good. Ask those questions. That reminded me I should have  
20 told you while this stuff was heard.

21 Any other questions of Robert?

22 (Pause)

23 CHAIR PORTER: Okay. Next we'll hear from  
24 the district folks of Brentwood.

25 Do you got anything you'd like to say?

1 MR. WALKER: Well, I -- just -- I think  
2 the Staff has eloquently covered everything much better than  
3 we could have covered. I appreciate the analysis.

4 A couple of things. The new fiscal year  
5 budget, which starts July 1, 2010, the contribution at  
6 \$418,000 will remain the same. So that's -- I want you to  
7 be aware of that.

8 Also, there are a lot of overhead expenses  
9 that we cover indirectly from the general fund. None of my  
10 salary -- or folks here salaries are covered. That's out --  
11 that's in the general fund. So that -- we would hope you'd  
12 take that into consideration, as well.

13 CHAIR PORTER: Actually, 418- is not  
14 really a true figure? It's a lot more than that?

15 MR. ALLMAN: Exactly.

16 CHAIR PORTER: I -- just to make a  
17 comment. We see a lot of rate increase requests come before  
18 the Board. I guess close to 50 or more over the last several  
19 years. Very rarely do you see one that the local contribution  
20 from the governments has increased over 40 percent in the last  
21 three years. You-all have -- I mean, that's -- I commend  
22 you-all that you-all are putting that kind of money back into  
23 the 911 system. So that's a good thing.

24 And Charles Bilbrey would -- he'd be  
25 grinning from ear to ear if he saw these audit findings from

1 the last three years. That's a big deal, too.

2 (Laughter)

3 CHAIR PORTER: Anything else anybody  
4 from the district would like to say before we go into our  
5 deliberations?

6 (Pause)

7 CHAIR PORTER: Okay. Thank you.

8 All right, folks. You've heard -- you've  
9 heard from Staff. You've heard from the district. The  
10 increase that is before you is for Brentwood ECD, and they're  
11 asking to raise their current 65 cents and \$2 up to the max of  
12 \$1.50 on residential and \$3 on business.

13 What's the will of the board?

14 MEMBER LOWRY: I have a question first.

15 How do you-all cover training? Who pays  
16 for that, and what does that come out of?

17 MR. ALLMAN: Currently it happens through  
18 the police department where the dispatchers are manned.  
19 There's -- Lieutenant King is actually here. She manages  
20 that and has a dispatcher who is in charge of making sure  
21 the records and all that's maintained and that we keep up  
22 with the current standards and so -- that we are meeting the  
23 requirements.

24 CHAIR PORTER: Other questions?

25 (Pause)

1 CHAIR PORTER: Okay.

2 Mr. Smith?

3 MEMBER SMITH: Mr. Chairman, I move to  
4 approve the rate increase.

5 CHAIR PORTER: We have a motion by  
6 Mr. Smith.

7 Do I have a second?

8 MEMBER RICH: Second.

9 CHAIR PORTER: I'm going to take  
10 Mr. Rich's. Rotate it around.

11 So I have a motion and second that we  
12 approve the rate increase request for Brentwood.

13 Is there discussion?

14 (Pause)

15 CHAIR PORTER: Hearing none, all in favor  
16 say "aye."

17 THE BOARD: Aye.

18 CHAIR PORTER: All opposed, like sign?

19 (Pause)

20 CHAIR PORTER: Motion carries.

21 Congratulations.

22 MR. WALKER: Thank you, Mr. Chairman.

23 CHAIR PORTER: Refresh my memory, were  
24 you-all the first?

25 MR. ALLMAN: The first city ECD. Is that

1 what you're --

2 MR. WALKER: I think Oak Ridge.

3 CHAIR PORTER: Beat you by a bit.

4 MR. ALLMAN: We were the last one created  
5 by referendum --

6 CHAIR PORTER: By referendum.

7 MR. ALLMAN: -- in 2002.

8 CHAIR PORTER: Okay. I knew you-all had  
9 some history for something.

10 Thank you for coming. And thank you for  
11 the great job that Brentwood is doing, as far as supporting  
12 911 with those contributions.

13 CHAIR PORTER: One down, two to go.

14 The next item on the agenda is -- is  
15 everybody -- anybody need to break? Or do you-all want to  
16 keep going? We've got two items left on the agenda.

17 (Pause)

18 CHAIR PORTER: Keep going. All right.

19 Next item on the agenda is the -- consider  
20 the rate increase request for Van Buren ECD.

21 If the Van Buren folks would come up.

22 Brian, if you-all would state your name  
23 for the record, who you are, and what your status with the  
24 district is.

25 MR. VANN: Mike Vann. Director of

1 Van Buren ECD.

2 MR. RINGER: Brian Bricker, the chairman  
3 of Van Buren 911 board.

4 CHAIR PORTER: Glad to have you-all with  
5 us this morning.

6 Jim, are you going to start it off? Or  
7 Lynn? Or what?

8 MR. BARNES: Rex made his site visit  
9 to Van Buren County ECD on April 28th, and he talked to  
10 Mr. Bricker and Mr. Vann both in his discussions.

11 Van Buren County ECD is the single  
12 PSAP for all of Van Buren County and answers the 911 calls  
13 and other public safety relation calls for basically all  
14 first responders, and that includes the EMS, the sheriff's  
15 department, police department, fire and rescue, and some  
16 volunteer fire departments.

17 And the center is manned by four  
18 full-time and three part-time telecommunicators utilized  
19 in two fully-equipped workstations.

20 One item of interest to Rex at this time  
21 was that the part-time telecommunicators are required to work  
22 at least 12 hours per month to maintain their proficiency.  
23 And he thought that was a good idea.

24 The district is asking for the rate  
25 increase on their application to continue improvement

1 of communications; to enhance safety and security of the  
2 citizenry; advance the professionalism of the dispatchers;  
3 upgrade equipment; enable the district to assist in financing  
4 the cost of operations, including building ownership and  
5 maintenance costs.

6                           At this point in time on their financial  
7 support from the reimbursement programs, the ECD has  
8 approximately \$140,000 available from Next Generation 911  
9 equipment; and they have \$36,000 remaining of their \$150,000  
10 allocation.

11                           Let's see.

12                           Further discussion with the director  
13 indicated that they hoped to increase their on-duty  
14 dispatchers to two and to appoint an on-duty supervisor.  
15 And also they hope to obtain a training officer.

16                           MR. McLEOD: Okay. On the financial  
17 review section, interlocal agreements -- or interlocal  
18 relationship. The Van Buren County ECD board has an  
19 interlocal agreement between Van Buren and the City of  
20 Spencer that establishes a communication center.

21                           The agreement addresses the management  
22 and financing of the communication center as follows: The  
23 District has full authority to govern the center and all  
24 employees and manage a system. The District may hire  
25 employees and consultants according to such policies, terms,

1 and conditions as the board may determine necessary. The  
2 District will adequately staff the center and conduct all  
3 operation within -- with competently trained personnel 24/7.  
4 The District shall provide an operational budget to the  
5 County and City each year estimating dispatching expenses  
6 and proposed capital only cost. The County shall pay the  
7 District the amount of 57,600 -- 57,600; and the City shall  
8 pay 28,500 annually on a quarterly basis.

9                                 The agreement also provides that the  
10 District shall seek to maintain operational reserve no less  
11 than the amount mentioned above in the event that the City and  
12 the County has financial problem in terms of cash flow. The  
13 amount above may not be decreased except by agreement by all  
14 parties.

15                                 The agreement is for a term of four years  
16 and renews automatically for a four-year consecutive period,  
17 unless one of the parties -- 180 days prior to ending the  
18 term -- provide such intention.

19                                 On the income section -- or income  
20 portion. Looking at the landline revenue, between 2008  
21 and 2007, audited financial statements show that it was a  
22 7-percent drop in landline revenue. And compared between  
23 2008 and 2009, it was approximately a 1-percent drop.

24                                 For the projected period, which is  
25 beginning in 2010, there was a 3-percent anticipated drop.

1                   After the rate increase, if the Board  
2 approves it, we will see a significant increase in terms  
3 of landline revenue, maintaining a 4-percent drop for 2012  
4 and beyond.

5                   While this contribution -- we always  
6 estimate the more conservative number of about 3 percent  
7 per year from the ECD.

8                   In operational revenue, again, we're  
9 seeing that will increase to the ECD because of how the  
10 numbers are running now, the recoup of the -- the cost  
11 recovery amount from the wireless carriers, and also adding  
12 the additional funding for training.

13                   Contributions from local government --  
14 and here we might pause for a little bit to look at what the  
15 trend is.

16                   According to the audited financial  
17 statement in 2007, the contribution between the City and the  
18 County was \$97,196. In 2008 that amount dropped to \$51,700.  
19 It went back up in 2009 to \$80,200.

20                   When we get into the Staff Analysis,  
21 we kind of discuss this some more.

22                   For the projected period -- according  
23 to the amount that we get from the ECD is that for 2010  
24 through 2012 it's going to be \$86,200.

25                   Total recurring revenue decreased by

1 20 percent between 2008 and 2007. And this we speculated  
2 because we found out that in 2008 that the City -- we have no  
3 record that the City made contribution in 2008. So we seen a  
4 drop in contribution here.

5 In 2009 we can -- when you look at the  
6 numbers you see from \$51,700 to \$80,200. There was some  
7 restoration of the contribution. So that amount went back up  
8 to 17 percent.

9 For the projected period, the total  
10 recurring revenue increased 11 -- or 12 percent,  
11 approximately, in 2010; 20 percent in 2011, after the rate  
12 increase -- if the Board grants it; and dropped by about  
13 1 percent in 2012.

14 Under the expenditure portion, salaries,  
15 wages, and benefits increase by 11 percent between 2008 and  
16 2007 and continue by about 4 percent in 2009 compared to 2008.

17 For the projected period, according to the  
18 numbers submitted, salaries, wages, and benefit will increase  
19 by about 19 percent in 2010; 26.46 in 2011. There might be  
20 some question about that because the anticipated dispatcher  
21 and supervisor they anticipated.

22 If we look at -- further down to the  
23 NCIC/TBI item there, there was no item -- no recorded  
24 expenditure there for the audited period. But for the  
25 projected period, there's \$6,000 that I saw included there.

1                                   So now you're going to be doing that  
2 work for the TBI, I suspect.

3                                   In the audited period, the amount  
4 of depreciation -- and this is, again, where Mr. Bilbrey would  
5 always make his point about depreciation, that we should  
6 always include it in our projection.

7                                   For the audited period, we noted that the  
8 accountant did take that into consideration. But we did not  
9 get any projection for this particular item in the projected  
10 period. So Staff saw it was necessary to put some amount in  
11 here, and we did that for the expenditure total.

12                                  On to the net assets, we noted that the  
13 ECD, in 2009, had a very good performance having a positive  
14 change in its assets in over \$300,000. In 2008, however, it  
15 dropped marginally to about \$2,000. In 2009 we did see some  
16 positive of \$27,000.

17                                  For the projected period -- and because we  
18 went back and included the expense item of depreciation -- we  
19 notice that we have a negative trend going on here, in terms  
20 of negative change in net assets. Ending net asset, however,  
21 increased about 5 percent in 2009 compared to 2008.

22                                  For the projected period, we notice that  
23 there's a decline. Of course, this is an impact of a negative  
24 change in net assets.

25                                  Total cash and cash equivalent will have

1 some positive change or increases in the projected period.  
2 For the audited period, looking back, there were some changes  
3 there. Because I think the ECD got some money in 2007 from  
4 the County.

5                               Was it a loan? Or something like that  
6 they got?

7                               According to financial record that we saw.  
8 So that would justify the drop.

9                               Justification for rate increase. And this  
10 is what the ECD provided with the rate increase application.  
11 I noticed that when Jim read his portion, some of them were a  
12 little different.

13                              One, to continue improvement of  
14 communication to enhance the safety and security of the  
15 citizens -- and that sounds familiar -- to advance the  
16 advancement of professionalism of the statute; increase  
17 salary; to upgrade equipment; enhance the district with  
18 assistance; financing the cost of operation, including  
19 building ownership and maintenance of costs; to hire an  
20 additional dispatcher.

21                              I think on that list that he has it talked  
22 about a supervisor in there.

23                              Looking at the three years audited report,  
24 in 2007 the District had three audited -- or audit findings.

25                              In 2008 they didn't have any.

1                   In 2009 they have one that -- it's not a  
2 big one, but it's something that can be avoided in 2009.

3                   Staff Analysis. Van Buren County ECD  
4 currently has a landline service charge of approximately  
5 60 residential -- 65 cent residential and \$2 for business.  
6 And now they're seeking to maximize both. \$1.50 for  
7 residential and business to \$3.

8                   Increases projected to raise annual  
9 landline revenue of approximately \$28,394.

10                  Even with this revenue increase, the  
11 ECD is projecting significant change in its asset for the  
12 projected period. If the ECD implements its plan to raise  
13 salaries and employ an additional dispatcher -- and now we  
14 have a supervisor -- without increased funding support from  
15 the County and the City, it will be deemed at risk and  
16 eventually financially distressed by 2012.

17                  On the other hand, if salaries are kept  
18 the same and no additional dispatcher is hired, the ECD would  
19 become sufficiently viable to have an opportunity to add to  
20 its reserve.

21                  It is likely, though, even with the rate  
22 increase, the ECD would -- alone would not be able to afford  
23 an additional employee without having negative financial  
24 consequences.

25                  In October 2008 the interlocal agreement

1 in Van Buren County and the City of Spencer pledge \$57,600 for  
2 the County and \$28,500 for the City towards the communication  
3 center.

4 As I mentioned before in the  
5 income section, that all the financial -- the audited  
6 financial statement, we did not see any contribution from  
7 the City for that year. And they should have pledged --  
8 or contributed \$28,500.

9 In 2009, together, the County and the  
10 City contributed \$80,200. And this is still short of the  
11 pledged amount by about \$6,000.

12 The ECD had three audit findings in 2007,  
13 none in 2008, and one in 2009. Records indicate that the ECD  
14 has made good efforts in resolving the prior year audit. And  
15 we will continue to work with them to eliminate all audit  
16 findings.

17 CHAIR PORTER: Anybody have any questions  
18 of Robert?

19 (Pause)

20 CHAIR PORTER: Hearing none.

21 Brian, do you-all -- the District, do  
22 you-all want to -- you have a statement or anything you-all  
23 want to say?

24 MR. VANN: I don't have anything to add.

25 MR. BRICKER: No, sir. Not at this time.

1 CHAIR PORTER: Okay. All right. We'll  
2 open it up for questions of the District from the Board.

3 MS. QUESTELL: Have you-all taken any  
4 steps to get the City and the County to honor their interlocal  
5 agreement with you?

6 MR. VANN: It's -- this is news to me.  
7 I'm not aware of -- which I've just been on the board since  
8 August of '09. But I'm not aware that they have not  
9 contributed. They've been contributing -- at least since  
10 I've been there -- on schedule. So prior to then, I'm not  
11 aware.

12 MR. BRICKER: The City -- there was some  
13 question about the interlocal agreement. And maybe our  
14 attorney could answer it better.

15 But they -- for one year they did not  
16 contribute at all. We just had to absorb those costs. And I  
17 believe the decrease of 6,000 is I think where they decreased  
18 what they said they were going to pay. You know. But we do  
19 have four -- we're in -- just finished our first year of four  
20 of the -- our interlocal agreement. So -- at least for the  
21 next three years it will remain the same.

22 MS. QUESTELL: Have they honored the  
23 interlocal agreement? Because our -- what -- I mean,  
24 admittedly, we have dated information. But our records  
25 indicate that they are 6,000 in the hole.

1 MR. BRICKER: I would have to look, you  
2 know, at the figures. You know.

3 You mean for the prior year? Their 6,000?

4 MS. QUESTELL: For -- right.

5 And, I mean, when the Board gives a  
6 rate increase, that is with the condition, you know, that  
7 the County and City cannot reduce the amount that they're  
8 contributing.

9 But you have kind of a unique situation  
10 where you've got an interlocal agreement that says that  
11 they're supposed to give a certain amount. And our records --  
12 which could be wrong. I mean, they're -- they could be  
13 dated and show that they haven't been doing that and that they  
14 can't reduce it, unless all parties -- including you-all --  
15 consent to that.

16 Is that incorrect?

17 CHAIR PORTER: So I guess we need to find  
18 out if our information is dated or -- and -- or is it  
19 incorrect and are they doing that. And if they're not, as  
20 you-all well know, you've heard enough rate increase requests  
21 come through this place over the last several years, that I  
22 don't think the Board would accept that. And unless they are  
23 willing to contribute whatever the agreement is that -- we  
24 just went through that with another county at great length in  
25 the last several months. And we don't want to do that with

1 Van Buren.

2 MR. BRICKER: I understand.

3 CHAIR PORTER: Were you wanting to  
4 say something, Mike?

5 MR. MANN: If I can.

6 CHAIR PORTER: You're their attorney.  
7 Right?

8 MR. MANN: Yes, sir.

9 CHAIR PORTER: Okay. Come up and state  
10 your name for the record and talk in the mic so she can get  
11 you.

12 MR. MANN: Mr. Chairman, my name is  
13 Mike Mann. I represent the District.

14 The -- we have no reason to question any  
15 of the figures that Mr. McLeod related. It was a surprise to  
16 me to learn the County was in arrears on that. And we will --  
17 I'm sure the chairman and I will talk with the county mayor  
18 about that to immediately reconcile.

19 I would like to point out in that regard  
20 Van Buren County, as they know, is -- will not count Pickett,  
21 that's consolidated -- is the smallest -- lowest population  
22 district in the state. But the contribution of local  
23 governments is the -- I think the highest in the state,  
24 per capita. If you compare either -- but maybe not Brentwood.  
25 That's pretty strong. You know. But it's about \$16 a --

1 per capita.

2                                 And when you start looking at local  
3 government contributions, in terms of the maintenance  
4 of effort, it's -- they've been a good partner. They --  
5 they -- the -- they almost went in the ditch a few years ago  
6 with a city/county dispute over board membership. And, during  
7 that interval, Spencer quit paying to protest the lack of --  
8 their control over membership. And they went through a year  
9 where really the 911 district -- in my observation -- was  
10 being held hostage to that conflict. And they resolved it  
11 agreeably. And we have not given up on collecting for that  
12 period of time during which Spencer did not pay.

13                                 But the -- we've not initiated any legal  
14 proceedings. But that is still a matter of discussion. And I  
15 think they're going to try to make some good faith effort to  
16 reconcile that. We'll certainly report it, if and when that  
17 occurs.

18                                 CHAIR PORTER: So -- and I know Staff's  
19 recommendation is to approve this conditionally and that  
20 you-all fix the -- make sure that your problems are fixed and  
21 that the governments are supporting like they're suppose to.

22                                 Do you-all feel comfortable that you-all  
23 can make that happen, then, to fix the problems?

24                                 MR. MANN: Mr. Chairman, I feel very  
25 confident given the good faith that all the participants

1 locally have made that we certainly can resolve the questions  
2 with the County. Actually, I think the County's contribution,  
3 it may be understated. But I'm not going to -- I'm not saying  
4 it's not valid. But the -- and it may be a surprise to them,  
5 too. If -- that they were 6,000 short. Because they've never  
6 really withheld a penny at any time.

7 MR. VANN: There is one item on that  
8 budget. It's other county contributions, \$6,000. That may be  
9 what we're talking about. That's where they have agreed to  
10 pay our TBI for each of us. And we recently had to approach  
11 them to pay those fees where they had failed to do so. That  
12 may be the 6,000.

13 MR. McLEOD: I will take a look at that  
14 and see what the -- I noticed for the projection that it did  
15 include that TBI, as I mentioned going through the expenditure  
16 section, that there's now \$6,000. But that is pretty much  
17 a -- is that a reimbursement from TBI? It's just a matter of  
18 them contributing towards that expense?

19 I'm not sure it's part of the original  
20 agreement that that is TBI.

21 MR. VANN: Yes. That's the -- the TBI  
22 invoices being recounted for those fees.

23 CHAIR PORTER: And the County is picking  
24 those up. About a \$6,000 amount.

25 MR. VANN: Yes.

1 MR. BRICKER: Yes.

2 CHAIR PORTER: Did you include that \$6,000  
3 in your figure, Robert? Do you know?

4 MR. McLEOD: Yes. For the projected  
5 period. But I didn't see that contribution for the audited  
6 period.

7 CHAIR PORTER: Already coming back in.

8 MR. McLEOD: Huh-uh. I didn't see that.

9 CHAIR PORTER: Guys, does TBI invoice you  
10 directly and then the County pay that invoice, or do they get  
11 to you the money and you pay the invoice?

12 MR. VANN: No. The TBI invoices the  
13 County.

14 CHAIR PORTER: Okay. So that's the reason  
15 you wouldn't see the money coming into the district. Because  
16 the County is just paying the invoice when it comes in.

17 We need to confirm all that, if you would,  
18 with Robert, though. Because that's --

19 MR. BRICKER: I believe in our --  
20 either -- I think our last year audit they required us to  
21 include that in because it was contribution. But the County  
22 has always paid that. And, before, it wasn't required. So  
23 maybe that's where our question is.

24 CHAIR PORTER: The difference is.

25 MR. BRICKER: Yes, sir.

1 CHAIR PORTER: Okay. Other questions of  
2 board members for the District?

3 (Pause)

4 CHAIR PORTER: Okay. You've heard the --  
5 and correct me if I'm wrong. The recommendation from Staff is  
6 that we approve the rate increase conditionally with the said  
7 specifications that all these issues are worked out and that  
8 County and City are contributing what they're supposed to be  
9 with the interlocal agreement.

10 Is that correct?

11 Okay. You've heard the recommendations of  
12 Staff.

13 What's the will of the board?

14 Question.

15 MEMBER SMITH: Mr. Chairman, does that  
16 include bringing those amounts that are in arrears current?

17 MS. QUESTELL: We haven't anticipated  
18 that, but if that's the will of the board.

19 CHAIR PORTER: That -- that wasn't  
20 included in the recommendation, but that's up to -- that's up  
21 to the Board. Whatever you want to do.

22 MS. QUESTELL: It would certainly help the  
23 district to have more funding. I mean, they're struggling.

24 Do you think that there would be a chance  
25 that the County and City could make the arrears as they are

1 with the agreement right?

2 MR. BRICKER: Like I said, the 6,000 I  
3 believe we're going to find is there.

4 The 27,000 figure with the City,  
5 I honestly do not believe that we will see that. No, sir --  
6 ma'am.

7 I'm sorry.

8 I do not believe that will happen.

9 CHAIR PORTER: When did that happen?  
10 In '08 -- '09 budget? Or --

11 MR. McLEOD: 2008.

12 MR. BRICKER: In '08.

13 And, you know, the City struggles, as do  
14 many cities. So I do not believe that we will see any --  
15 you know, one cent of that money. And that's nothing negative  
16 of them, but it's just -- that's the only -- we won't see  
17 that.

18 CHAIR PORTER: Other questions?

19 (Pause)

20 CHAIR PORTER: What's the will of the  
21 board?

22 MEMBER RICH: I move we go ahead and  
23 accept Staff's recommendation, Mr. Chairman.

24 CHAIR PORTER: I have a motion by  
25 Mr. Rich.

1 Do I have a second?

2 MEMBER LOWRY: Second.

3 CHAIR PORTER: Second by Mr. Lowry that we  
4 approve Staff's recommendation to raise Van Buren County to  
5 the maximum, both the residential and business, and that that  
6 rate increase be conditional on the problems that we've got  
7 with the County/City contributions, making sure all that's  
8 worked out and they are contributing like they're supposed to  
9 be for their interlocal agreement.

10 Any discussion?

11 MEMBER SMITH: I'd just say, Mr. Chairman,  
12 I'd just like to congratulate the district on addressing the  
13 issue. I believe we for years have always been concerned  
14 about PSAPs operating with one operator.

15 CHAIR PORTER: Yeah.

16 MEMBER SMITH: And that's very good.  
17 I see where you're applying the effort to address that.  
18 It's commendable.

19 MR. BRICKER: Thank you.

20 MS. QUESTELL: I would also like to  
21 commend them because they've moved into new facilities now.  
22 They're doing their very best to improve their situation.  
23 And that hasn't been mentioned here. And you-all should be  
24 commended for your efforts to improve your PSAP.

25 MR. BRICKER: Thank you.

1 CHAIR PORTER: You-all have come a  
2 long ways. Well, I probably shouldn't tell the first time  
3 that I came to visit you-all. We were doing the very  
4 first original -- going around to all the PSAPs. And it  
5 was -- I know how you-all operated back then. You-all have  
6 come a long ways.

7 Okay. Any other --

8 MEMBER BUTTRAM: How will the Board be  
9 notified that the City is living up to that agreement?

10 CHAIR PORTER: That would be up to the  
11 District to report back --

12 MEMBER BUTTRAM: To the Board.

13 CHAIR PORTER: -- to the Board and to Lynn  
14 and them. And if there's problems, it will be put back on the  
15 agenda for the next meeting.

16 Any other discussion?

17 (Pause)

18 CHAIR PORTER: Hearing none, all in favor  
19 say "aye."

20 THE BOARD: Aye.

21 CHAIR PORTER: All opposed, like sign?

22 (Pause)

23 CHAIR PORTER: Motion carried.

24 Thank, guys. Appreciate you-all coming.

25 Final item on the agenda is consider

1 request to increase the rates on Warren County ECD.

2 If you-all will come forward.

3 MR. HASTON: Morning.

4 MR. GRIBBLE: Morning.

5 CHAIR PORTER: If you-all would state your  
6 name in the mic and what your status is with the District.

7 MR. HASTON: My name is Chuck Haston.

8 I'm the district director for Warren County 911.

9 MR. GRIBBLE: I'm Mark Gribble.  
10 I'm chairman.

11 CHAIR PORTER: Thank you.

12 Jim, you want to go first?

13 MR. BARNES: Rex made his site visit on  
14 September the 17th of 2009. And the ECD operates the primary  
15 PSAP for Warren County, answers the 911 and other public  
16 safety calls for most of the county first responders: the  
17 sheriff's department, EMS, rescue squad, police department,  
18 fire department, animal control, and the volunteer fire  
19 department.

20 There are four positions that are fully  
21 equipped for call-taking and radio dispatch, an additional two  
22 positions are primarily equipped for overflow call-taking.

23 The center is manned by 14 full-time  
24 telecommunicators.

25 In 2008 the ECD added onto the original

1 structure and had a more secured center that was more  
2 resistant to weather-related hazards that might occur.

3                   The use of the rate increase --  
4 according to Mr. Haston -- are primarily to offset the loss of  
5 revenues related to a decline in landline telephone base and  
6 to rebuild reserves that were dipped into for the building  
7 project and equipment technology updates.

8                   As far as available resources from the  
9 reimbursement programs, they have \$207,000 available for the  
10 Next Generation 911 Project and there is \$2,000 left of their  
11 \$150,000 allocation.

12                   CHAIR PORTER: Any questions of Jim?

13                   (Pause)

14                   CHAIR PORTER: Okay. Robert?

15                   MR. McLEOD: Okay. On the financial  
16 review section -- and I must say Warren has been in the  
17 pipeline a long time coming. They were scheduled to be here  
18 the last board meeting.

19                   Warren County ECD Board has an interlocal  
20 agreement with Warren County and the City of McMinnville to  
21 create the communication center. And this agreement --  
22 according to our records -- took place in 2003.

23                   MR. HASTON: That's correct.

24                   MR. McLEOD: Agreement addresses a  
25 management in finance of the communication center as follows:

1 all property at the center belongs solely to the district; the  
2 annual budget must be approved by the City and County; the  
3 City and County each pays 50 percent of the net amount of the  
4 approved budget after adopted contribution of the district;  
5 the agreement is for a four-year period and automatically  
6 renews for an additional term of four years, unless any party  
7 decides to withdraw up to 180-day prior notice.

8                   Under the income section. Total recurring  
9 revenue increased by approximately 2 percent in 2008, compared  
10 to 2007, and decreased by about 3 percent in 2009, compared to  
11 2008.

12                   Going back up to the landline revenue,  
13 according to the audited financial statement -- and, you know,  
14 when I -- when we look at the financial statement, there's  
15 hardly a lot of dispute of what the auditors find. Because  
16 I'm taking for granted that they are discussing these numbers  
17 with you and discuss them in the exit conference.

18                   So financial audited records for the  
19 three-year look in review in 2007 to 2008, we had a 2-percent  
20 decline in 2008, compared to 2009, in landline revenue, and  
21 approximately 11 percent in 2009, compared to 2008.

22                   For the projected period, however --  
23 although, this trend of 11 percent -- in this amount of  
24 11 percent in 2009.

25                   In 2010 we saw that in numbers that were

1 provided show that actually there's going to be a 5-percent  
2 increase in landline revenue.

3                   And for 2011, if the Board grants the  
4 rate increase, we're looking at approximately the 27 percent  
5 with a 3-percent decline in 2012, which is about the number  
6 that we're looking at that it will -- which will drop.

7                   Non-wireline contribution will continue to  
8 increase. So we're using a conservative percentage here of  
9 about 3 percent.

10                   Total operational funding will increase  
11 again, as I said, because the Board has now -- has redirected  
12 payments to wireless carriers towards the ECB -- ECD.

13                   Investment and income cost here. When we  
14 look at the audited numbers and the -- between 2007 and 2009  
15 we saw that the Board -- or the District was getting some  
16 income from investment, but none for the projected period.  
17 So Staff saw it was appropriate, at least for -- in 1 percent.  
18 When we look at the bottom line at how much money you'll be  
19 having at the end of these years we thought that \$5,000 in  
20 2010; \$7,000 in 2011; and about \$10,000 in 2012 would suffice  
21 as additional income coming into the district.

22                   Contribution from local government.  
23 Here we see a scenario where the contribution has actually  
24 increased from 245,000 to 260,000 for the audited period.  
25 And this amount will continue to be 260,000 for the

1 projected period.

2 Total recurring revenue increased, as I  
3 said, by 2 percent. It drops off in 2009.

4 But projected period we seen a steady  
5 growth of 6 percent in 2010; 15 percent, approximately,  
6 in 2011; and drops off approximately 1 percent in 2012.

7 The ECD audited figures indicate the  
8 landline revenue fell by about 37 percent -- 37,207 in fiscal  
9 year 2009. And, overall, for the audited period, 45,200.  
10 However, contribution from the Board -- TECB -- increased by  
11 53,272 for the same period. So we can see the contribution  
12 offsetting the drop in landline revenue.

13 Looking under the expenditure section,  
14 salaries, wages, and benefits, fell by 1 percent in 2008 and  
15 got up to 14 percent in 2009. So we saw a significant  
16 increase in salaries and wages for 2009. And the ECD director  
17 explained that they had to hire temporary services, and now  
18 they have hired an accountant to do some of these duties  
19 in-house.

20 Hence, in 2010 we notice that there's  
21 going to be 6-percent drop in this particular category.

22 In 2011 the 3-percent grace for that  
23 particular category also.

24 Total expenditure increased by  
25 approximately 3 percent compared -- in 2008, compared to 2007,

1 and by 13 percent, approximately, in 2009, compared to 2008.

2 For the projected period we notice there's  
3 a steady decline in their amount that is expensed annually,  
4 except for 2011 where we have a 2-percent increase.

5 The changing in net asset on to the  
6 net asset portion, we had a positive change in 2007 and 2008.  
7 But for 2009 there was an \$81,000 deficit that we computed.

8 The amount reported in the audited period  
9 was a little more, but we notice that it was a \$35,000  
10 adjustment that we made that make it a little less.

11 The net changes looked good for 2008 and  
12 2007. And, as I said, in 2009 it fell.

13 But for the projected period, we're  
14 looking -- there's going to positive changes for all those  
15 projected years.

16 The ending net assets increased  
17 significantly between the purchase period. If we look back  
18 at 2009 when it's still that 1.5 -- 1.05 million, and then it  
19 increased to 1.4 million by the end of 2012.

20 MS. QUESTELL: May I interrupt you just  
21 for a second?

22 MR. McLEOD: Yes.

23 MS. QUESTELL: The error that you  
24 were talking about, the \$25,000, did you discuss that with  
25 the District?

1 MR. McLEOD: Yes.

2 MS. QUESTELL: So they understand what  
3 that's about. Right?

4 MR. McLEOD: Yeah. We -- we --

5 MR. HASTON: Yes. That's been discussed.

6 MS. QUESTELL: And it was shown as a  
7 receivable but not as income?

8 MR. HASTON: Yes, ma'am.

9 MS. QUESTELL: Okay. Thanks. Just wanted  
10 to make sure we were all on the same page with that.

11 Sorry to interrupt.

12 MR. McLEOD: Okay. So when we look at the  
13 total cash and cash equivalents for the projected period, 2010  
14 we're looking at an increase from 482,000 to 957,000 by the  
15 end of 2012.

16 Justification for the rate increase.

17 And this is what the ECD provided with the rate application  
18 and also the public hearing document. Number 1, to compensate  
19 for reduction in landline revenue, to employ a training  
20 officer, to provide competitive pay and benefits to employee,  
21 to maintain primary system in facilities and enhance  
22 redundancy.

23 Number 5, although the landline revenue  
24 base has been offset by the infusion of wireless revenue,  
25 the District desired to diversify its limited revenue base to

1 the maximum extent feasible.

2 Under the audited period -- I must  
3 note here -- I think I said it somewhere else, maybe in the  
4 staff analysis -- that the Board rejected the maximum to the  
5 district some years ago because of the extent of the audit  
6 finding that was here.

7 In 2007 the district had eight audit  
8 findings; 2008, seven; 2009 it has reduced to two audit  
9 findings.

10 Which is significant for you.

11 On the Staff Analysis, Warren County ECD  
12 Board currently has a rate of \$1 for residential and \$3 for  
13 business. So now, because the Board had rejected the max  
14 prior, and now we're going back to maximum -- maximize the  
15 residential total, they're seeking to raise the residential to  
16 the standard maximum of \$1.50. Because the business rate has  
17 already been maxed.

18 If the rate increase is granted, they're  
19 projected to raise about 6- to \$7,000 according to the  
20 application.

21 The ECD indicated its landline revenue  
22 had decreased while operational costs continue to -- decrease  
23 more if operational costs continue to increase. However,  
24 the information that we get, as we look at the graph, it did  
25 not support that. That -- there's a drop in the revenue why

1 the cost is down.

2                   The audited reports show that landline  
3 revenue decreased by approximately 4- to \$5,200, as I  
4 mentioned before. But the contribution from the TECB has  
5 offset that.

6                   We are projecting that the landline  
7 revenue would continue to increase by 3 percent.

8                   The ECD audits that report in 2009 show  
9 that the ECD actually took out \$300,000 from a checking  
10 account to a CD indicating that they had accumulated reserve  
11 while operating in the current funding levels. Staff reviewed  
12 the interlocal agreement break and raised concern that  
13 contributions -- contributed entities might reduce their  
14 contribution in the future. Consequently, General Counsel  
15 sent a copy of their Attorney General opinion mentioned as an  
16 effort to the ECD director and the chairman and also the  
17 attorney.

18                   The ECD attorney, Mr. Mann, reported  
19 that he expects local contribution support to continue  
20 un-diminished.

21                   If local support is reduced, the Board may  
22 withdraw its approval of the rate increase. This maintenance  
23 of effort required -- requirement ensure that an ECD would  
24 actually benefit from the increased 911 service charge,  
25 rather than allowing local government to withdraw its support

1 and turn the 911 service charge into a backdoor tax that only  
2 benefit local government.

3                   If the TECB granted the ECD their request  
4 for an increase in 911 fee on landline to Warren County, this  
5 condition will attach without regard to provisions about  
6 contribution and interlocal agreement between the ECD and  
7 other local government.

8                   The TECB rejects the ECD application for  
9 the maximum, as I mentioned before, in 2009, because of  
10 excessive audit report. However, they have made substantial  
11 effort in reducing the audit report. As we saw, it was only  
12 two in 2009. So the ECD should be commended for the effort to  
13 reduce an audit finding.

14                   Because this application has been in the  
15 pipeline for a while, we've got some audited report -- numbers  
16 from the ECD.

17                   The updated revenue and expenditure  
18 from January through March verify our trends showing that the  
19 landline revenue Warren County actually increasing without the  
20 rate increase. For example, it increased around 5 percent  
21 between 2009 and 2010 as the projected year we look at. This  
22 is particularly meaningful when the ECD's application missed  
23 its first justification to seek in the rate increase as to  
24 compensate for reduction in landline revenue.

25                   Another justification was as follows:

1 Although the landline revenue base has been offset by an  
2 infusion of wireless revenue, the District's desire to  
3 diversify its limited revenue base to maximum -- to the  
4 maximum extent feasible. And, you know, this is where,  
5 according to our projections, come in landline revenue between  
6 2010 and 2011. We're projecting that it would be about a  
7 27-percent increase with the increase from the Board, of  
8 course.

9 Thank you.

10 CHAIR PORTER: Thank you.

11 Okay. Questions of Robert?

12 (Pause)

13 CHAIR PORTER: Okay. Warren County.

14 One of you-all like to speak? Or both of you?

15 MR. HASTON: I'll speak briefly.

16 We are here today to ask respectfully that  
17 you help us protect this stream of revenue for us. We still  
18 have operations funded by three channels of revenue, that  
19 being the city and county government -- just subject to their  
20 approval certainly -- and our wireless revenue that comes from  
21 the state. Our bread and butter has always been our landline  
22 revenue. It comes to us directly. And so we're here today to  
23 ask you to help us reverse the trend.

24 I would call attention back to --  
25 within the application packet itself that Mr. McLeod noted.

1 We're down considerably over this multi-year period. We're  
2 looking at the last three years. But if you go back, say,  
3 another three years -- four years, we've consistently seen a  
4 decrease 5 to 6 percent in this landline revenue over that  
5 period of time. So it's not just -- you don't get the full  
6 picture with the last three years. You have to look back  
7 farther.

8                                 But over the years we've -- as Mr. McLeod  
9 mentioned -- 40-some-odd thousand that we're down. So we're  
10 here today asking for your assistance in protecting it.

11                                 Thank you.

12                                 CHAIR PORTER: Mark, you have anything you  
13 want to say?

14                                 MR. GRIBBLE: Chairman, our local carrier,  
15 who is our main source, has been on the telephone. And I know  
16 from sources that they are not hiring because their phone --  
17 landlines are going down. They've gotten into the cell phone  
18 business because landlines are going down. And we have  
19 industries that are moving out. So we're losing that, too.  
20 So, you know, when the telephone company starts cutting back,  
21 we get cut back, too.

22                                 CHAIR PORTER: Thank you.

23                                 Jim?

24                                 MR. BARNES: Chair Porter, if I may  
25 interject this, the net result of a 50 cent increase on the

1 number of residential customers that they're talking about now  
2 would be a \$72,000 increase in their revenue, basically, on an  
3 annual basis.

4 CHAIR PORTER: So we're not talking  
5 about a huge -- yeah. I was looking at that. I was going to  
6 bring that up for those of you-all that weren't present  
7 because you may not have been on the board back at that time.  
8 But Warren County came to us a few years ago, and we raised  
9 the business to the max already. So they are only asking for  
10 a raise on the residential --

11 MR. HASTON: That's correct.

12 CHAIR PORTER: -- from a dollar to \$1.50.

13 But we raised them up to .65 and a dollar  
14 back then. There were some audit findings and different  
15 things why we only raised it to a dollar. But they're asking  
16 for just the residential to be raised from a dollar to \$1.50.

17 MR. HASTON: That's correct, Mr. Chairman.

18 CHAIR PORTER: Okay. Questions, then,  
19 from the board members or the district, if you have them?

20 (Pause)

21 CHAIR PORTER: Steve, were you --

22 MEMBER SMITH: Well, I'll wait until we  
23 have a motion.

24 CHAIR PORTER: Okay. One thing.

25 Do you-all have any idea of why the --

1 kind of the dip down in 2009 on the landlines and then kind of  
2 coming back up a little bit? Did something happen? Did you  
3 lose a humongous amount -- a big company or something in  
4 Warren County in 2009 that would cause that?

5 MR. HASTON: We've lost several large  
6 industries. Carrier Air Conditioning being one of them.

7 CHAIR PORTER: Yeah.

8 MR. HASTON: And so we've seen a  
9 drop there. And, perhaps, that would be the reason,  
10 Mr. Chairman.

11 CHAIR PORTER: Because that was a big drop  
12 from '08 to '09, and then it was like you kind of came back up  
13 in '10. Not back to where it was, but there was a big  
14 humongous dip there. So I knew it had to be something large  
15 that would have cause that.

16 MR. HASTON: Right. I can't remember how  
17 many extensions --

18 CHAIR PORTER: Had to be huge.

19 MR. HASTON: Yeah. It was quite big.

20 CHAIR PORTER: I only had one other  
21 question. None of the other board members do.

22 Back on the -- when your salaries  
23 increased in '08 from 520 up to 595 and then now they're now  
24 they're coming back down in '10 to 560, did you-all hire a new  
25 dispatcher or put more dispatchers on duty or something?

1 MR. HASTON: I don't have that number in  
2 front of me. But, perhaps, overtime could be the explanation  
3 for some of that.

4 CHAIR PORTER: Like a \$75,000 increase  
5 from one year to the next.

6 MR. HASTON: The -- we've hired new  
7 employees.

8 CHAIR PORTER: Okay.

9 MR. HASTON: And, of course, expanded in  
10 that area. But, perhaps, overtime could explain some of that.

11 CHAIR PORTER: Was that about the time you  
12 went into your new building?

13 MR. HASTON: It is.

14 CHAIR PORTER: Other questions of the  
15 district?

16 (Pause)

17 CHAIR PORTER: All right. Thank you.

18 All right. We'll go into our  
19 deliberations now. And the Staff's -- what's the Staff's  
20 recommendation?

21 Robert, did I miss that, or did you tell  
22 me what that was?

23 MS. QUESTELL: We really didn't take a  
24 position on this, per se. It's the will of the board.

25 CHAIR PORTER: Okay. So Staff doesn't

1 have a recommendation. So the floor is open for discussion,  
2 questions, or motions. Tell us what you would like to do with  
3 if Warren County rate increase request.

4 MEMBER SMITH: I would move -- I would  
5 move, Mr. Chairman, to approve the rate request for  
6 Warren County.

7 CHAIR PORTER: We have a motion by  
8 Mr. Smith.

9 Do I have a second?

10 MEMBER BUTTRAM: I'll second that motion.

11 CHAIR PORTER: Have a second by  
12 Mr. Buttram.

13 Discussion?

14 MEMBER SMITH: I would like to ask the  
15 director just a couple of questions, Mr. Chairman. I won't be  
16 long on this point.

17 CHAIR PORTER: All right.

18 MEMBER SMITH: But I think I understand  
19 the history of this, and we're essentially granting a 50 cent  
20 increase on the residential side. Because you already did  
21 prior to my service on this Board a rate increase for business  
22 lines.

23 I'm also aware of the fact there that,  
24 as Mr. McLeod pointed out, the -- your loss in landline  
25 revenues have offset but increased funding by the TECB.

1                   And my question is specifically to you,  
2 Mr. Haston. And this relates to something I had to take care  
3 in my district. And that was your appearance before a  
4 committee that -- last year regarding House Bill 204,  
5 I believe.

6                   MR. HASTON: Yes, sir.

7                   MEMBER SMITH: One of the -- one of the  
8 questions posed from one of my representatives -- who was new  
9 on his job -- was asking you, essentially, what, as you  
10 explained, how 911 is funded in the state of Tennessee, is how  
11 the dollar was handled by the State. And I'm going to  
12 probably not verbatim quote it, but I've listened to it enough  
13 times after preparing to respond to his inquiry to my district  
14 regarding that subject. And I think you said something to the  
15 effect we don't know and that the Board is hiring lobbyists to  
16 fight it tooth and nail, which took clarification on our part.

17                   And in light of the -- you're being  
18 commended for the reduction in the number of findings. But in  
19 light of the what is there historically -- I just want to make  
20 certain that you acknowledge clarity what the State does with  
21 our money in terms of the -- were you not aware of the annual  
22 report or --

23                   MR. HASTON: If I followed your question,  
24 you're talking about legislation that -- the House Bill  
25 204/208.

1                   MEMBER SMITH: Which you presented  
2 testimony.

3                   MR. HASTON: That's correct.  
4                   And what's your question for me?

5                   MEMBER SMITH: Well, the question was, is  
6 your response to my representative's question about where was  
7 the State spending the dollar we collect, referring to the  
8 district --

9                   MR. HASTON: The answer --

10                  MEMBER SMITH: -- we don't know.

11                  MR. HASTON: The answer to that would be  
12 collectively where is that money being spent? It's Next Gen,  
13 earmark for certain items. I wasn't talking about the  
14 individual dollar. I was talking about the total amount.  
15 64 million -- or whatever happens to be there.

16                  MEMBER SMITH: So you stand by your  
17 statement that 911 doesn't -- you represent the districts  
18 that -- you stand by your statement that --

19                  MR. HASTON: I --

20                  MEMBER SMITH: -- no district would know  
21 where they're spending the money?

22                  MR. HASTON: No, sir. That -- that would  
23 be a misrepresentation of what I said.

24                  Collectively, the district --  
25 in my opinion, we're not sure where that money -- we have no

1 control over where that reserve money goes. And so that was  
2 what I was addressing in that comment. Not the \$1 that's  
3 collected, but, collectively speaking, where that money goes.

4 MEMBER SMITH: And you don't think that  
5 information is contained in the annual report through an  
6 audit?

7 MR. HASTON: If you're telling me it is,  
8 yes, sir, then it is.

9 MEMBER SMITH: That's all I have,  
10 Mr. Chairman. Thank you.

11 CHAIR PORTER: Other questions?

12 (Pause)

13 CHAIR PORTER: Discussion?

14 (Pause)

15 CHAIR PORTER: Okay. All in favor --  
16 do we have a motion to approve -- to raise the residential  
17 from a dollar to \$1.50 to the max?

18 All in favor, say "aye."

19 THE BOARD: Aye.

20 CHAIR PORTER: All opposed, like sign?

21 (Pause)

22 CHAIR PORTER: Motion carries.

23 Thank you.

24 Mark.

25 MR. GRIBBLE: Good to see you, Randy.

1 CHAIR PORTER: Thirty-one years ago you  
2 trained me as a poor ole EMT.

3 MR. GRIBBLE: I feel it in my back.

4 CHAIR PORTER: Thank you for coming.

5 All right. That's the last item on our  
6 agenda. We have done pretty well on time.

7 Anything else that needs to come before  
8 the Board today, Lynn?

9 Next meeting dates. I think we came up  
10 with September 16th.

11 MS. QUESTELL: Yes.

12 CHAIR PORTER: Our next meeting will be  
13 September the 16th, at 9:30.

14 Any announcements or anything that would  
15 need to be made?

16 Ike? TENA is coming up September --

17 MEMBER MASON: September 25th.

18 CHAIR PORTER: -- September 25th, in  
19 Murfreesboro. Right?

20 MEMBER MASON: Correct.

21 CHAIR PORTER: So everybody remember that.

22 NENA is?

23 MEMBER SMITH: February the 10th.

24 CHAIR PORTER: February 10th in?

25 MEMBER MASON: Indianapolis.

1 CHAIR PORTER: Indianapolis again.

2 Any other announcements we can think of?

3 Remember Rex's dad that's sick, and Rex

4 couldn't be here. Remember him.

5 Any other announcements of any meetings we

6 know of coming up?

7 MEMBER RICH: Mr. Chairman, I would like

8 to again commend the Staff for keeping us informed during

9 this situation.

10 CHAIR PORTER: They did a great job.

11 MEMBER RICH: Now Staff here knows what we

12 handle in our --

13 (Laughter)

14 CHAIR PORTER: They've got to feel on what

15 we do on a day-to-day basis.

16 If nothing else, I'll entertain a motion

17 to adjourn.

18 MEMBER BUTTRAM: So moved.

19 MEMBER MASON: Second.

20 CHAIR PORTER: Have a motion and second to

21 adjourn.

22 All in favor say "aye."

23 THE BOARD: Aye.

24 CHAIR PORTER: All opposed, like sign?

25 (Pause)

1                           CHAIR PORTER: Thank everyone for coming  
2 and have a safe trip home.

3                           (End of the proceedings.)

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REPORTER'S CERTIFICATE

STATE OF TENNESSEE )  
COUNTY OF SMITH )

I, Amanda F. Martin, court reporter and  
notary public in and for the state of Tennessee,

DO HEREBY CERTIFY that the foregoing  
transcript of the proceedings were taken on the date and place  
set forth in the caption thereof; that the proceedings were  
stenographically reported by me in shorthand; and the  
foregoing proceedings constitute a true and correct transcript  
of said proceedings to the best of my ability.

I FURTHER CERTIFY that I am not related to  
any of the parties named herein, nor their counsel, and have  
no interest, financial or otherwise, in the outcome or events  
of this action.

IN WITNESS WHEREOF, I have hereunto  
affixed my official signature and seal of office, this 30th  
day of July, 2010.

\_\_\_\_\_  
Amanda F. Martin, LCR #379  
Court Reporter and Notary Public  
State of Tennessee

My Commission Expires: March 12, 2014.