

1 STATE OF TENNESSEE  
2 TENNESSEE EMERGENCY COMMUNICATIONS BOARD  
3 DEPARTMENT OF COMMERCE AND INSURANCE  
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10 TRANSCRIPT OF THE PROCEEDINGS

11 September 16, 2010  
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22 Ad Litem Reporting  
23 117 Arrowhead Drive  
24 Hendersonville, Tennessee 37075  
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Reported by: Amber A. Thompson

1 APPEARANCES:

2 Board Members Present: Mr. Randy Porter, Chair  
3 Mr. Ike Lowery, Vice Chair  
4 Honorable R. Hal Buttram, Member  
5 Mr. Mark Archer, Member  
6 Ms. Katrina Cobb, Member  
7 Mr. Freddie Rich, Member  
8 Mr. Steve Smith, Member  
9 Mr. Robert T. Lee, Member

10 Board Members Not Present: Mr. James Sneed, Member

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

13 Mr. Curtis Sutton  
14 General Counsel

15 Mr. James Barnes  
16 Accounting Manager

17 Mr. Rex Hollaway  
18 Technical Services Director

19 Mr. Robert McLeod  
20 Director of Audits

21 Mr. Andy Spears  
22 Director of Government and  
23 External Affairs

24 Ms. Vanessa Williams  
25 Assistant to the Director

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1 CHAIR PORTER: Good morning, everyone.  
2 I'm Randy Porter. I'm the chairman of the Tennessee  
3 Emergency Communications Board. I welcome each one of  
4 you here this morning.

5 I see all the board members here this  
6 morning. Ike, I think is on his -- on his way, so,  
7 hopefully, he will be here in a moment.

8 Do we have anybody else out?

9 (Pause)

10 CHAIR PORTER: Let the record show that  
11 all the other members are present except for  
12 Mr. Lowery.

13 This is the September 16th --  
14 James Sneed -- let the record show that Mr. Sneed is  
15 absent also.

16 This is the September 16, 2010, meeting  
17 of the Tennessee Emergency Communications Board. It's  
18 good to see each and every one of you out this morning.  
19 It's not a very long agenda, so we shouldn't be here  
20 too long this morning.

21 Our first item on the agenda is our  
22 executive director's report, as usual.

23 Lynn?

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

25 As a preliminary matter I would like to

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1 welcome our newest board member, Mr. Mark Archer, who  
2 is the director of the Emergency Communications  
3 District in Henry County. He's the governor's most  
4 recent appointment to our board.

5                   And Mr. Sneed was reappointed as the  
6 representative of the Tennessee County Services  
7 Association.

8                   The next item on the -- on my report is  
9 the status of wireless carrier and VoIP deployment and  
10 activity. And Intrado is currently working with most  
11 districts to update their jurisdictional data and  
12 routing schemes.

13                   As to misroutes or call anomaly issues,  
14 Maury County reported that they received a transferred  
15 911 call on August 19th from Nashville Metro from what  
16 appeared to be a VoIP telephone located at the Maury  
17 County General Hospital. This is still being  
18 researched and follow-up tests are going to be  
19 conducted to ensure that this problem is corrected.

20                   PSAP outages, actually, none of -- there  
21 was not an actual outage, but the Bristol Emergency  
22 Communications District evacuated their PSAP on  
23 May 26th and calls were rerouted to the Bristol,  
24 Virginia, PSAP due to an evacuation in response to a  
25 suspicious package found near the 911 call center

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1 behind the courthouse.

2                   The Dyersburg 911 center was struck by  
3 lightning twice during a storm on July 26th, but it  
4 remained operational and did not actually have an  
5 outage. They need to be commended because this is  
6 actually the third time they have been hit by  
7 lightening and they took steps this year to mitigate  
8 the effect of it. And so, even though they had damaged  
9 equipment, they managed to not have an outage.

10                   Bledsoe and Sequatchie Counties' PSAPs  
11 experienced a disruption in wireless 911 calls on  
12 August 5th after lightning, again, caused an equipment  
13 failure between Frontier and the Bledsoe Telephone  
14 Cooperative.

15                   Turning to ECD activities, Lewis County  
16 Emergency Communications District held an open house on  
17 July 16th of their new PSAP.

18                   Staff and representatives from Hamilton  
19 County Emergency Communications District met with the  
20 Tennessee Regulatory Authority in July to try to get  
21 the TRAs help in expediting -- getting CLECs to  
22 expedite some addressing changes to their towers. And  
23 this is still being worked on.

24                   I want to welcome the new part-time  
25 director in Van Buren County Emergency Communications

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1 District, David Chandler. Rex visited with him and  
2 briefed him on technical and operational standards.

3 Rex also spent quite a bit of time in  
4 Shelby County in the last little while after there was  
5 a controversial 911 call in Memphis related to the  
6 death of former basketball player Lorenzen Wright. And  
7 Rex participated in some meetings with the Shelby  
8 County Emergency Communications Board to discuss the  
9 current status of wireless call routing there.

10 And today Robertson County will be  
11 hosting an open house at their new PSAP.

12 As far as district PSAP contingency  
13 plans, all districts have submitted their contingency  
14 plans to the Board. And if you revised your plans,  
15 please send your revisions to the Board.

16 The status of the GIS Mapping  
17 Maintenance Grants, as you know, we have terminated  
18 those grants and folded them into the Operational  
19 Funding Program. So we're trying to close out the  
20 grants. The payment of the mapping maintenance funding  
21 for fiscal year 2011 of over \$930,000 has been  
22 processed for payment.

23 Eight districts have not been paid  
24 because they did not submit their fiscal year 2010  
25 closeout reports, which were due on July 31st, 2010.

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1 This is that is all is standing between them and  
2 receiving \$10,000 for their -- to keep up their GIS  
3 mapping systems.

4 I'm going the name them, just as a  
5 reminder, so that they know to get this stuff in. That  
6 would be Bradley, Grundy, Haywood, Lincoln, Moore,  
7 Smith, Wayne, and Weakley Counties. This report was  
8 given to me on September 9th, so forgive me for  
9 announcing you if you've already turned it in between  
10 what? The 9th and now?

11 The status of NG911 equipment  
12 reimbursement as of September 9th, 14 districts have  
13 either been paid or are in the process of being  
14 reimbursed for a request totaling almost \$3 million  
15 under the NG911 Equipment Funding Program.

16 And we are going to post some changes to  
17 the vendor certification on our Web site for the  
18 reimbursement program. And we're going to give  
19 districts an option of two different certifications  
20 that they can have their vendors sign. One is that the  
21 equipment is compliant with the Board's standards that  
22 we've set forth in the payment package and consistent  
23 with the -- I have it right here -- consistent with the  
24 general guidelines issued by the Board and minimum  
25 standards on this equipment issued by NENA and/or the

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1 FCC. And at this point neither NENA or the FCC have  
2 issued standards on controllers. So it's basically  
3 that they're compliant with our requirements.

4                   But the other one is really put in here  
5 for your benefit -- for the district's benefit. It's  
6 to kind of initiate a discussion between you and your  
7 vendor to try to get the best deal that you can.  
8 There's a number of districts that have gotten their  
9 vendors to agree that if and when the guidelines from  
10 NENA come out for controllers or the FCC, the vendors  
11 will upgrade your systems for free. And we really  
12 recommend that you -- even if they don't want to sign  
13 this, you should know that, and you should have a  
14 discussion about upgrades, you know, before you're  
15 making such a huge purchase. This is just to kind of  
16 nudge you into thinking about that.

17                   So either -- signing either one is  
18 perfectly acceptable, but we really encourage you to  
19 have that discussion about upgrades and the cost of  
20 them. Okay.

21                   And that should be coming out on the Web  
22 site fairly soon, right, Jim?

23                   MEMBER BARNES: Yes.

24                   MS. QUESTELL: Okay. The status of the  
25 \$150,000 Essential and Necessary Equipment

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1 Reimbursement, as of September 9th, 2010, 94 districts  
2 have either been paid or in the process of being  
3 reimbursed for a request totaling 12,662,000 and a  
4 little bit more.

5                   Sixty districts have requested the  
6 maximum amount of \$150,000 and nine have less than  
7 10,000 remaining in their allocation. Five districts  
8 have not initiated any documentation towards requesting  
9 any of this funding.

10                   The status of the \$2.2 million  
11 Dispatcher Retraining Reimbursement, the annual payment  
12 of 2,220,000 to the districts for dispatcher training  
13 was dispersed on August 17th. And we will be  
14 dispersing it at this same time every year, so you can  
15 count on that. This is an annual program and we -- at  
16 the beginning of every fiscal year, that's what you can  
17 expect to get it.

18                   Technical consulting, our contract for  
19 consulting services expired on June 30th, 2010. And in  
20 anticipation of that we issued an RFP for consulting  
21 services, and two proposals were received. And  
22 L.R. Kimball & Associates -- which provided technical  
23 consulting for the Board under the prior contract --  
24 was once again selected.

25                   An update on Charter communications, as

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1 you-all probably know, in March 2009 the Board filed a  
2 complaint with the Tennessee Regulatory Authority  
3 asserting that there were errors in landline  
4 remittances to a number of districts by Charter  
5 Communications. Most of these errors related to an  
6 error to remit business lines.

7                   And we've entered into lengthy  
8 negotiations with Charter with the TRA assistance. And  
9 Charter has agreed to an audit of its remittance  
10 activities in the 19 districts adjoined in the  
11 complaint. And that should -- if it hasn't started  
12 already, it will be starting very soon.

13                   And I also want to commend them. When  
14 we mentioned to them that we did not read the law as  
15 allowing them to withhold bad debt, they refunded it.  
16 And they are to be commended for that.

17                   An update on the inter-tandem transfer  
18 project, basically it's complete. All PSAPs that lie  
19 on tandem boarders now have speed dials to PSAPs served  
20 by adjacent tandems. And other PSAPs have been given  
21 the option of updating their speed dial list.

22                   Committee update, the Policy Committee  
23 will meet on September 28th during the TENA conference  
24 to discuss possible legislative recommendations to the  
25 Board.

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1                   And update on our NG911 project, AT&T is  
2 working on preliminary infrastructure upgrades in  
3 preparation of deployment. The RFP for the 911  
4 specific management of the project was submitted by us  
5 to the Office of Contract Review on July 13th, with a  
6 proposed release date of August 16th. On September 1st  
7 we were informed that the RFP had to be reviewed by the  
8 Office of Information Resources.

9                   Because OIR had been involved in  
10 drafting the RFP with us, they actually completed their  
11 review in a matter of days over the Labor Day holiday,  
12 which is amazing, and we appreciate that at very much.  
13 So the RFP was submitted back to the Office of Contract  
14 Review. And we are expecting it to be released any day  
15 now.

16                   You-all might have noticed that we got  
17 some press on NG911 recently. I don't really know why  
18 it's so difficult for the media to understand the  
19 concept of texting 911 not being a good idea. Let me  
20 just make sure that everyone here understands our  
21 deployment and about texting. Once this RFP is  
22 selected -- which should be in December -- then we will  
23 probably have the state fully deployed -- we're  
24 estimating, hopefully not too optimistically, that the  
25 state will be fully deployed with the IP infrastructure

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1 between 12 and 18 months from then. We can't really  
2 start until the management people are in place. We  
3 don't want to make a bunch of decisions and set a bunch  
4 of hard deadlines without giving them any say in it.  
5 That just wouldn't be fair. So the time clock really  
6 shouldn't start until they are on board.

7                   And then what we're doing, we're doing  
8 an IP platform. That's what NG911 is. Nothing -- none  
9 of the new -- much of the new technology is not going  
10 to be able to be -- well, none of the new technology  
11 can be deployed until we get an IP platform put in  
12 place.

13                   The texting thing, though, is -- well,  
14 the technology just isn't quite there yet. The way  
15 texting works is you send that message out and there's  
16 no guarantee that it's going to be received. There's  
17 no timing standard. There's no absolute requirement  
18 like there would be with phone calls that it be  
19 received. You don't want to count on that technology  
20 for a life and death situation. No one should text  
21 911.

22                   And we're going to do some public  
23 servicing scripting -- Andy's going to do that -- and  
24 send it out to the districts if you want to -- to  
25 contact your local radio stations and stuff to ask them

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1 to read those as public service announcements. It's  
2 never a good idea, ever, at this point to text 911.

3           And it's not that 911 doesn't want to do  
4 that. It's that the people that have developed and are  
5 selling texting have not developed the technology so  
6 that it can be integrated into the 911 system. But  
7 getting the media to understand that, it's been  
8 challenging. And we will do these public service  
9 announcements. It will basically be focusing on don't  
10 text 911.

11           Moving on, I wanted to update you on  
12 legislative stuff. Right now the Tennessee General  
13 Assembly is not in session. We do have some updates  
14 federally.

15           The reports from NENA indicate that the  
16 Congress may take up the NG911 Preservation Act, which  
17 was filed by Anna Eschoo and Amy Klobuchar, who are  
18 both the officers in the E-911 Caucus. And the goal of  
19 this legislation is for all localities to develop and  
20 build out NG911 systems. The bill would establish a  
21 five-year plan for implementation. NENA is working on  
22 assuring that there will be funding for this  
23 initiative, and that would be wonderful to get some  
24 additional federal funds.

25           Senators Lieberman and McCain

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1 purportedly are working on a bill allocating the  
2 "D-block" of a 700 megahertz spectrum to public safety.  
3 Purportedly this bill will also have funding for 911,  
4 which would be great.

5                   TEMA activities, the annual ESC training  
6 is scheduled for October 12th and 14th. And EMAT's  
7 conference is scheduled for October 2nd through 4th.  
8 Rex and Jim will be doing the ESC training, and Jim  
9 will be attending the EMAT conference because he's an  
10 officer in EMET.

11                   TACIR activities, on September 8th the  
12 members of the Tennessee Advisory Commission on  
13 Intergovernmental Relations authorized the staff report  
14 on 911 funding to be provided to the house committee on  
15 state and local government, which had requested the  
16 study. And this study recommends that no change in the  
17 allocation of 911 funding be made until sufficient data  
18 is available to conduct a full revenue analysis.

19                   And I wanted to just update you on the  
20 deaf and hard of hearing issues that I'm working on.  
21 We had two workshops that were put on by CEPIN, which  
22 is a community preparedness information network that is  
23 working under a grant from the U.S. Department of  
24 Homeland Security to develop education courses for  
25 emergency responders and deaf and hard of hearing

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1 people.

2                   And the seminars, it was really  
3 interesting -- like 25 deaf people and 25 911 and  
4 responder people. And it was like a kind of a meeting  
5 of the cultures, the people who attended. I was really  
6 proud of our responders and really appreciated the  
7 people from Metro Nashville and the surrounding area  
8 who attended. They just really participated and it was  
9 a really valuable experience.

10                   If anyone wants CEPIN to put on a  
11 similar workshop in their area, please let me know.  
12 They might -- there was no expense for this, but their  
13 grants run out and there would be expenses for --  
14 especially translating. But let me know, and I'll try  
15 to work with you if you're at all interested in that.  
16 I know the people that attended the workshops really  
17 got a lot out of it.

18                   And with that, I'm done with my report.

19                   CHAIR PORTER: Any questions of Lynn on  
20 anything she had on her report?

21                   (Pause)

22                   CHAIR PORTER: All right. Hearing none,  
23 we'll move on to the next item on the agenda, which is  
24 the annual report on GIS mapping.

25                   And you have a -- Dennis, do you have a

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1 report in your packet? Will you come up and give a  
2 brief summary on what's going on with our GIS mapping?

3 MR. PEDERSEN: Good morning,  
4 Director Questell, Chairman, members of the board.  
5 It's great to be with you again today. I want to take  
6 a few minutes with you to share some of the highlights  
7 of our accomplishments over the past year.

8 With me today is Patrick Melancon, our  
9 GIS project manager. Also joining us is Ashley Ludman.  
10 Ashley -- she's doing a great job with us.

11 As you indicated, Mr. Porter, the Board  
12 should have already received a copy of the annual  
13 report. What I wanted to do is turn this over to  
14 Patrick, and he's going to highlight some of our  
15 accomplishments and then we can open up for any  
16 questions you may have concerning the report or any of  
17 our services that we're offering.

18 Patrick?

19 MR. MELANCON: Good morning, all. This  
20 past year we've seen significant improvements on the  
21 way the data is being maintained and kept up. And the  
22 role that we, at the GIS services group, have been  
23 working with the ECDs, a few of the major  
24 accomplishments that we've had are that we took a big  
25 step and made the whole statewide data set more NENA

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1 compliant.

2                   When we started it was with a vendor's  
3 data set that came in. And there was no segment  
4 directionality, and there were a lot of pseudo-nodes in  
5 there that made editing difficult. And with the  
6 editing difficulties lead to potential errors in the  
7 addressing.

8                   So I went through and processed this  
9 year and basically decreased the seg count from about  
10 2 million segments in the state of Tennessee down to  
11 about 900,000, 850,000 -- somewhere around there.  
12 Which when you think about it, between two streets if  
13 you have six segments versus one, you can see how  
14 addressing and getting overlaps and duplications and  
15 everything can be kind of difficult.

16                   I also took and flipped the direction of  
17 the segments so that they're NENA compliant so that  
18 they go in the direction of the addressing so that it  
19 starts from low to high and continues on that way.  
20 Again, making addressing and interpretation easier.

21                   I've been working a lot with particular  
22 ECDs one-on-one to try to help them with their  
23 processing, helping them find where their data may have  
24 some holes that may need to be filled, and, basically,  
25 all around GIS knowledge where they've had difficulties

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1 with any -- our GIS questions and contributing.

2                   One of the main goals I have been trying  
3 to do over the year is take down what it takes to  
4 maintain the data. When I started in February of '09  
5 it was -- gave the county to one of the technicians and  
6 said, here you go, look at the address points, look at  
7 the ECDs data and figure out where the differences are.  
8 And since then have their scripts and programs that  
9 bring them errors that they should look at to help  
10 improve the statewide data set.

11                   And we've taken it down -- I think the  
12 first county we did took about six months. And we can  
13 get a turnaround time of about two months now on a  
14 county, which, you know, we talk about 100 ECDs adds up  
15 significantly, but still need all the districts help in  
16 keeping the data maintained.

17                   And then just a quick overview for  
18 changes in the last year to kind of go over for new  
19 segments added, we've had 321,657 segments that we've  
20 added to the database that weren't in there before.  
21 We've modified 419,000 segments, basically changing or  
22 updating the addressing, naming, or any other  
23 particular attribute. And we've taken out through  
24 false geometry about 460,000 segments.

25                   So with the technicians that we have and

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1 the processing scripts that we've put into place, you  
2 know, over, you know, 12 months, it's a significant  
3 accomplishment to do that amount of work -- if you  
4 think about accounting is probably about 10- to 15,000  
5 segments in itself.

6                   So that's the effort that's been put  
7 into it this year. Hopefully we can answer any  
8 questions that you might have towards the report and to  
9 welcome you to join in on the conference that we have  
10 the week after next at the conference for TENA. We've  
11 got a couple of guest speakers to talk about how we've  
12 been able to assist them with building up their data  
13 set and improving it.

14                   CHAIR PORTER: Any questions of Patrick  
15 or Dennis?

16                   MR. HOLLAWAY: Mr. Chair, can I just  
17 make a comment? I just want to -- I can't  
18 overemphasize how important it is for this state to  
19 have a live database for Next Generation 911 as we move  
20 later on into doing our own call routing. So it's just  
21 crucial that we get every district involved in that.

22                   CHAIR PORTER: It really is.

23                   MEMBER LEE: One comment -- and Dennis  
24 might be familiar with this -- are you-all familiar  
25 with how they did the flood activity up in Montgomery

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1 County? I think Dennis is.

2 MR. PEDERSEN: I'm not sure what --

3 MEMBER LEE: The impact of that -- there  
4 was a presentation made on the impact of that. It was  
5 pretty unique. They worked with Austin Peay, I  
6 believe -- with the assessor's office and the GIS  
7 office and everything up there. And they was -- it was  
8 amazing on how they -- they was able to track the  
9 impact of the flood with the GIS and everything and  
10 the -- and everything. It was real amazing on how they  
11 used the GIS and the emergency response and everything  
12 on that.

13 MR. PEDERSEN: Yeah. We're actually  
14 working with FEMA. And all of the data products that  
15 are coming out is part of that. Flood map  
16 modernization are part of the Tennessee base mapping  
17 program, including the statewide center lines. So  
18 there's collaboration going on between local, federal,  
19 and state in Tennessee regarding these data products.

20 CHAIR PORTER: Okay. We used -- when we  
21 had the flooding in Putnam we used -- we just got a  
22 new -- the GIS Web site up where the public can get and  
23 actually see the GIS mapping data and see the maps and  
24 zoom and all that kind of stuff. We used that for all  
25 our road closures -- because we had so many roads

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1 closed -- so the public could go and know where they  
2 could travel and where they couldn't. And we used  
3 you-all's data set on this. That really -- it's really  
4 come in handy. It's -- I'm just glad we did what we  
5 did several years ago when you-all had started this  
6 process. Because if we hadn't, I think we'd still be  
7 sitting kind of like where we were. And it's been --  
8 you-all have really done great work for us.

9                   MR. PEDERSEN: Well -- and I appreciate  
10 your support of our activities. It's been a challenge.  
11 But with people like Patrick and Ashley doing a lot of  
12 the grunt work, we've come a long way. And we  
13 certainly want to continue our relationship moving  
14 forward. This is the last year of the current  
15 contract, and we look forward to working with you and  
16 drafting a new contract moving forward.

17                   CHAIR PORTER: We do, too.

18                   I want to put a plug in for Patrick. He  
19 developed some scripts and some stuff to develop error  
20 reports. And I know I got him to come up to Putnam.  
21 And it's amazing when you think everything is perfect,  
22 to run some of the scripts and some of the error report  
23 that he had, your addressing may be, but your street  
24 center lines and avenue data that's on it as far as  
25 what that range of house numbers is supposed to be

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1 fully matches what you've got on your actual house  
2 numbers or not.

3                   You need to get him to get with you and  
4 run that on your county, because it's amazing at what  
5 you may see. And then once you correct that and get it  
6 to the point that it's all corrected, then you're good  
7 then.

8                   MR. MELANCON: I also wanted to -- with  
9 Maury County with Freddy, we worked with the assessor's  
10 office to do a similar thing to get the whole county  
11 GIS kind of migrated together, as well as the other  
12 things.

13                   MR. HOLLAWAY: We can even track 911  
14 call data and tracking data. There's all kinds of  
15 stuff geographically.

16                   CHAIR PORTER: GIS mapping is just -- I  
17 know for some of us we lived for several years now --  
18 but it's actually still in its infancy, I think. I  
19 don't think we've even scratched the surface as to what  
20 we're going to be able to do with that in the future.  
21 And I see Dennis shake his head. I think everyone  
22 agrees that it's a --

23                   MEMBER ARCHER: I did want to also give  
24 a plug for Patrick. Because I took a lot of pride in  
25 my math and thought it was about the most accurate math

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1 there was in the state until he got a hold of it.

2 CHAIR PORTER: Yeah, me, too.

3 MEMBER ARCHER: So he brought a new  
4 light to it.

5 CHAIR PORTER: I agree.

6 Any other questions or comments for  
7 Dennis or Patrick?

8 (Pause)

9 CHAIR PORTER: Guys, we appreciate  
10 you-all coming and we appreciate what you do.

11 MR. PEDERSEN: All right. Thank you.

12 CHAIR PORTER: And get us our new color  
13 imagery soon.

14 MR. PEDERSEN: All right. We'll do it.

15 CHAIR PORTER: The next item on the  
16 agenda is the staff recommendations for extending the  
17 landline rates in Bledsoe, Cheatham, Lafayette, and  
18 Hawkins Counties.

19 Lynn?

20 MS. QUESTELL: Yes. Thank you,  
21 Mr. Chairman.

22 Staff analyzed the landline rates for  
23 Bledsoe, Cheatham, Fayette, and Hawkins Counties. The  
24 contributions by governmental entities -- other  
25 governmental entities in these districts have not been

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1 reduced and the justifications for the rate increases  
2 still appear valid. Staff has found no reason not to  
3 allow the current rates in Cheatham, Fayette, and  
4 Hawkins County to be continued for three years.

5                   But Staff recommends that for Bledsoe  
6 County Emergency Communications District the Board only  
7 extend the landline rates for one year. Staff intends  
8 to conduct another review of the district next year to  
9 see where they are financially. Our review indicates  
10 that they are or may be very close to becoming  
11 financially distressed. The districts have had two  
12 consecutive years of negative changes in net assets,  
13 and it will be financially distressed if it has three  
14 consecutive years of negative change in net assets.

15                   The district's 2009 audit report shows  
16 that they have no payroll expenses. Dispatching is  
17 done by the County employees. For fiscal year 2011 the  
18 district originally budgeted 210,000 to give to the  
19 County in support of the PSAP. And it also contained  
20 high estimates of revenue, which made it appear that  
21 the district would have a positive change in net  
22 assets.

23                   But staff contacted them and questioned  
24 them during a conference call yesterday, and the Board  
25 Chair there conceded that the estimates were based on

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1 erroneous information. And they stated that a revised  
2 budget had been prepared, which indicated the district  
3 would have a negative change in net assets for 2011.  
4 And the Chair also indicated that the district  
5 anticipated cash reserves of 228,000 at the close of  
6 2010.

7                   The Chair said that they had entered  
8 into negotiations with the County and the City to try  
9 to present a balanced 2012 budget without using  
10 reserves. The ECD Board Chairman said they had  
11 accepted a revised budget for 2010 -- 2011? 2011 --  
12 that authorized reserves to be used to offset excess  
13 expenditures. And that's the key.

14                   So what we're wanting to do is follow  
15 them -- follow them next year and do another in-depth  
16 extension report. If they do become financially  
17 distressed, then they will be much closely monitored.

18                   The rate extension requests are included  
19 on the agenda primarily to make a record that the Board  
20 doesn't object to extending the rates. So if the Board  
21 does object to extending the rates for three years for  
22 Cheatham, Fayette, and Hawkins County or for one year  
23 for Bledsoe, please let us -- now would be the time to  
24 let us know.

25                   CHAIR PORTER: Does anyone have any

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1 objections?

2 (Pause)

3 CHAIR PORTER: Hearing none let the  
4 record show that there's no objections.

5 Anything else on those, Lynn?

6 MS. QUESTELL: No, sir.

7 CHAIR PORTER: Okay. All right. Next  
8 item on the agenda is consider consolidating policies  
9 number 16, 21, 27, 37, 41 -- sounds like I'm reading  
10 the Powerball numbers.

11 (Laughter)

12 CHAIR PORTER: -- all related to  
13 financial distress and adopting amendments regarding  
14 treatment of financial distress and at risk ECDs.

15 Can you give us an overview?

16 MS. QUESTELL: Yes. Thank you.

17 Well, having run off all those Powerball  
18 numbers -- you know that the policies about financial  
19 distress are kind of scattered all over. And one of  
20 our recommendations to make them more user friendly  
21 would be to consolidate them all under Policy 16.

22 And we also want to kind of clarify and  
23 make -- flush out some of the other policies, because  
24 with financially distressed districts the law requires  
25 the Board to supervise and evaluate them, and we want

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1 to kind of have a much better sense of what's to be  
2 expected and what's -- what's -- how we would proceed  
3 with that.

4 Tennessee Code Annotated 7-86-304(d) is  
5 the law that covers financial distress. And it says  
6 that districts are deemed financially distressed when,  
7 as shown by the annual audits, they have a negative  
8 change in net assets for a period of three consecutive  
9 years. So under this law a district could have  
10 literally millions of dollars in reserves and still be  
11 financially distressed because they had a negative  
12 change in net assets for three consecutive years.

13 The purpose for the law was to keep  
14 districts from spending more than they were taking in.  
15 And that's -- that's a good policy, but it's not a  
16 tremendously accurate measure of a districts true  
17 financial health. And this potential inaccuracy is  
18 exacerbated because the law and policies do not require  
19 that districts include depreciation in their budgets.  
20 That comes out of the comptroller's office, I guess,  
21 and that is not required.

22 But auditors who are doing the financial  
23 reports that financial distress is based on are  
24 required to include depreciation, so this can sometimes  
25 cause a disconnect where a district has their budget

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1 and they see themselves as moving along. They've got  
2 substantial reserves and they're moving ahead, but  
3 their audit reports show that they are about to be  
4 financially distressed.

5                   This is what happened with Polk County a  
6 couple of years ago. They had -- they were deemed  
7 financially distressed, but they were not really  
8 distressed. The Board did not raise their rates or  
9 anything like that. And it was just a matter of,  
10 essentially, bookkeeping. So we're wanting to kind of  
11 address that in these policy changes.

12                   So what we're asking the Board to do is  
13 amend its policies to recognize the fact that a  
14 district could have three years of negative change in  
15 net assets and really not be in financial trouble. And  
16 if it's not in real financial trouble, there seems to  
17 be little to be gained by staff keeping them under  
18 close supervision and evaluation for a long period of  
19 time.

20                   So what we're asking is that when --  
21 when a district comes before the Board as financially  
22 distressed that the Board take a more nuanced approach  
23 and at that time deem the district either a confirmed  
24 financially distressed district that their financials  
25 have been analyzed and they really are in financial

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1 distress, or, if it's a situation where it's really a  
2 bookkeeping error and they are sound financially, that  
3 the Board would deem them at risk.

4                   And if the Board deemed a district  
5 confirmed distressed under the proposed amendments to  
6 this policy, the district would be required to obtain  
7 the Board -- or my permission to spend over \$5,000. I  
8 would be acting on the Board's behalf. And then, just  
9 like it is now, the districts would have an opportunity  
10 to appeal any decision that I would make about the  
11 \$5,000 expenditure.

12                   They would be required to adopt a  
13 balance budget or explain why not, to hold public  
14 hearings at least six times a year, to provide all ECD  
15 meeting minutes and financial reports to the TECB, to  
16 provide reasonable notice to TECB staff of all  
17 meetings, provide a quarterly status report to the  
18 TECB, and staff will attend at least one board meeting  
19 annually. And depending on the financial situation, we  
20 will supervise much more closely.

21                   Confirmed distressed districts will  
22 remain distressed until they have a positive change in  
23 net assets on their audited financial statements for  
24 two consecutive years.

25                   On the other hand, for "at risk"

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1 districts -- the ones that are actually financially  
2 sound but because of, essentially, bookkeeping errors  
3 the Board would deem them "at risk" instead of fully  
4 confirmed distressed -- at that meeting, then, when the  
5 Board deems them at risk, they would no longer be  
6 financially distressed. You would remove them from  
7 that legal definition, and they would be deemed "at  
8 risk." And that would be determined by your analysis  
9 of their overall financial picture, especially looking  
10 at their reserves and their budget.

11                   And "at risk" districts would be  
12 required to adopt a balance budget or explain why not,  
13 provide a written status report annually, and submit  
14 the minutes and financial report of every ECD board  
15 meeting to the state board. And staff will review and  
16 report to the Board on their status annually. And  
17 their "at risk" status would be terminated by obtaining  
18 a positive change in net assets in an audit report.

19                   So that would break the cycle, and then  
20 they would be not at risk anymore.

21                   And we already monitor districts as at  
22 risk that have two years of negative change in net  
23 assets. We reach out to them, we contact them, and we  
24 try to counsel them about staying out of financial  
25 distress. And we will continue to do that and report

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1 their status as well.

2           The policy was included -- the whole  
3 written policy was included in your meeting packet.  
4 And if the Board adopts it, we would immediately e-mail  
5 it to the district after this meeting.

6           CHAIR PORTER: Okay. You've heard the  
7 recommendation from staff. You know, in reviewing --  
8 we've seen some counties -- and I'll use mine as an  
9 example -- where we saved up money for years -- built  
10 it up to build a new building and go and spend a  
11 million 2 -- or whatever you do to build a new  
12 building. Then for the next three to five years your  
13 depreciation on all those couple of expenditures is  
14 humungous. And you may still have a million dollars in  
15 the bank and yet still show on your audit that you're  
16 financially distressed.

17           And that just doesn't make any good  
18 sense that -- I don't think that's what the intent in  
19 the beginning of the law was. It was to look at those  
20 districts that actually were in financial distress. So  
21 Lynn's worked hard on this, and I commend her for doing  
22 that and think it's a good thing.

23           You've heard the request from staff.  
24 What's the will of the Board?

25           MEMBER RICH: I move we accept the staff

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1 recommendation.

2 CHAIR PORTER: So a motion by Mr. Rich.

3 Do I have a second?

4 MEMBER COBB: Second.

5 MEMBER LEE: Just some discussion --

6 being from the comptroller's office and the accounting

7 side of this -- and we have two boards, the Utility

8 Management Review Board and the Waterways Water

9 Financing Board that I serve as counsel for -- and the

10 financial distress concept really came from those

11 boards. And we have changed the statute for those

12 boards where there's two years of financial distress

13 kicks in -- I mean, two years of negative change in net

14 assets kicks in financial distress.

15 And this is a pretty good concept.

16 Because you're absolutely correct, those boards are a

17 little bit different because they rely strictly on fees

18 to generate their revenues. 911 districts are

19 different because they get a lot of grants and a lot of

20 other revenue sources.

21 The only concern that we have from the

22 comptroller's office is, first off, this is not a

23 bookkeeping error; this is an accounting concept. You

24 have to realize depreciation is a real expense, because

25 that's your seed core. And -- but you do have your

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1 other revenue sources, but you've got to recognize the  
2 depreciation. You've got to recognize that.

3                   But we do see that these boards are  
4 different, that you've got other real revenue sources.  
5 And these at risk and confirmed, we recognize that you  
6 can have distinctions -- levels of financial distress.  
7 And we recognize -- I've talked to Lynn before this --  
8 this board making the distinction, I'm comfortable with  
9 us looking at that and it coming before the boards.

10                   And us looking at that, that's going to  
11 be very subjective. And I'm comfortable with the Board  
12 looking at that and doing that and stuff, but I -- the  
13 Board needs to understand that we're putting ourselves  
14 in that posture for the time being and for -- until  
15 we -- if we revisit the policy in the future, if we do  
16 that. But we just need to realize that.

17                   And these districts -- the Legislature  
18 has set the policy that they want these boards to be  
19 financially sound. And this is the definition of  
20 financially distressed. It is an accounting term, net  
21 change in assets and stuff. So -- but there is a  
22 different at risk and confirmed -- they're different  
23 levels, I guess. "At risk" is really more serious --  
24 it sounds more serious than confirmed. So the terms  
25 might need to be switched. Because when you say "at

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1 risk," that really leads you to say, well, wow, that  
2 is -- you're in real big trouble.

3                   So I just wanted to put that on the  
4 record. But with the UMRV at the Waterways Water  
5 Financing Board, we have really -- as I said, we've  
6 changed those to two years. And I'm glad that this  
7 Board, the staff is taking the posture that at two  
8 years they are beginning to work for these districts.  
9 That is great.

10                   The comptroller, whenever we changed  
11 that to two years on the other two boards, he wanted to  
12 change it to one year. We talked him out of that. And  
13 we're glad of that. But he just wanted to really get a  
14 handle on the financial distress entities of this  
15 state, and we talked him out of that. We're glad  
16 that -- we're glad the staff is working with these  
17 districts after two years of that. But as I said,  
18 these boards -- our 911 districts are totally different  
19 because you do have other resources, so --

20                   CHAIR PORTER: Thank you, Robert.

21                   MEMBER LEE: Thank you.

22                   CHAIR PORTER: Are there any questions?

23 Discussion?

24                   (Pause)

25                   CHAIR PORTER: Hearing none, we have a

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1 motion on the floor by Mr. Rich and second by Ms. Cobb  
2 to approve adopting the Staff's recommendation on  
3 changing the financial distress policies.

4 All in favor say "aye."

5 THE BOARD: Aye.

6 CHAIR PORTER: All opposed, like sign.

7 (Pause)

8 CHAIR PORTER: Motion carries.

9 That was a lot of work on staff's part  
10 to get all this together, and I commend them for doing  
11 that also.

12 Okay. Next item is to consider a draft  
13 of a new ECD purchasing bill. This one has been around  
14 for the while.

15 We've -- hopefully we can get this --  
16 Lynn, you want to --

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

18 As you-all know, last year the Board  
19 agreed that we should have a bill that would make  
20 purchasing off of other ECDs' districts -- purchasing  
21 off of other districts' contracts -- that we should  
22 attempt to get a bill like that passed. And at the  
23 time after the Board voted for that, there was a bill  
24 filed in the General Assembly that allowed ECDs and all  
25 other governmental entities to make purchases off of

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1 each other's contracts. And the Board supported that.

2                   But in the last days of the legislative  
3 session the bill was amended to add a \$10,000 cap,  
4 which rendered it less helpful to districts who are  
5 trying to buy very expensive pieces of equipment for  
6 use at 911.

7                   So since that happened, staff has  
8 drafted up a bill that would be filed under Chapter 7,  
9 the 911 provision, which makes it much less likely to  
10 be affected by other entities.

11                   And I'll just read it to you what staff  
12 is proposing, though we would actually like to ask you,  
13 if you do approve this, to give us your permission to  
14 do a little horse trading if we have to. When Andy is  
15 negotiating with legislators sometimes or word here or  
16 there can make all the difference between support and  
17 no support. So we would ask that this not actually be  
18 written in stone, but this is what we're going for.

19                   So I'll read it into the record. It  
20 would be purchasing by Emergency Communications  
21 Districts:

22                   (a), any emergency communications  
23 district may purchase equipment under the same terms of  
24 a legal bid initiated by any other district;

25                   (b) (1), any emergency communications

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1 district may purchase directly from a vendor the same  
2 goods and equipment at the same price and under the  
3 same terms as provided in a contract for such equipment  
4 entered into by any other district;

5                   (b) (2), any emergency communications  
6 district which purchases goods and equipment under the  
7 provisions of this subsection shall directly handle  
8 payment, refunds, returns, and any other communications  
9 or requirements involved in the purchase of the  
10 equipment without involving the district which  
11 originated the contract.

12                   The originating district shall have no  
13 liability or responsibility for any purchases made by  
14 another district under a contract that the originating  
15 district negotiated and consummated.

16                   CHAIR PORTER: Okay. You've heard  
17 staff's recommendation. What they're wanting us to do  
18 is to approve this and for us to try to get it fixed as  
19 a bill to be entered into the Legislature in the next  
20 upcoming session.

21                   So what's the will of the Board?

22                   VICE CHAIR LOWRY: So move we accept it.

23                   CHAIR PORTER: I have a motion.

24                   Do I have a second?

25                   MEMBER SMITH: Second.

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1 CHAIR PORTER: Motion by Mr. Lowry, a  
2 second by Mr. Smith to approve the ECD purchasing  
3 proposed bill.

4 Any discussion?

5 MEMBER SMITH: I'm just saying,  
6 Mr. Chairman, I think we've all been talking about this  
7 subject for a year or two, especially in anticipation  
8 of Next Generation 911. I know that I recall I think  
9 we explored with the General Services Department, State  
10 of Tennessee, and then not being any state agencies  
11 buying controllers, so we didn't -- didn't see a very  
12 good avenue there. I know when Jim has helped me with  
13 some research on the Federal GSA allowed purchases.

14 And I would just ask that maybe we  
15 consider, since there -- I believe there is some  
16 reference to that currently in the statute that we  
17 might look at that if we could, Curtis, and compare it  
18 to making this specific. So that would be my only  
19 comment.

20 CHAIR PORTER: That's good.

21 Any other comments or discussion?

22 (Pause)

23 CHAIR PORTER: Hearing none, all in  
24 favor of the motion say "aye."

25 THE BOARD: Aye.

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1 CHAIR PORTER: All opposed, like sign.

2 (Pause)

3 CHAIR PORTER: Motion carried.

4 And the probably most exciting item on  
5 the agenda, consider amending the revenue standards.

6 I'm just kidding.

7 (Laughter)

8 CHAIR PORTER: Everybody likes to talk  
9 about revenue. That's more exciting than depreciation  
10 or distressed districts, isn't it?

11 Lynn?

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

13 As a preliminary matter I want to thank  
14 the members of the Policy Advisory Committee for their  
15 really, really valuable input into these proposed  
16 amendments.

17 The Board asked staff to look at the  
18 revenue standards and try to clarify them last year.  
19 We looked at them, and then we really decided that it  
20 would be better to have some people with experience in  
21 public safety and running PSAPs that would have a much  
22 better sense of what would be helpful and what wouldn't  
23 be.

24 And the Policy Committee just really  
25 stepped up to the plate. And their -- their

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1 contributions to this were extremely valuable. And  
2 they brought a lot of diverse experience. It was  
3 helpful.

4                   And I'm going to run over some of the  
5 high points. If the Board adopted these changes, what  
6 we would do would be -- if you had no objection --  
7 e-mail a version of the standard showing the revisions  
8 to the districts so that they could see where the  
9 changes were. And some of the stuff was just tweaking  
10 to clarify, but I'm going to just kind of go over some  
11 of the actual substantive changes.

12                   In required uses of 911 revenue,  
13 number 2 under that states, "The costs associated with  
14 the service -- with the service suppliers' enhanced  
15 emergency 911 service telephone system network services  
16 ANI and ALI for existing PSAPs in an emergency  
17 communications district."

18                   That would be a required expenditure,  
19 but we would be adding, "until the NG911 platform is  
20 deployed and the TECB absorbs the costs." Because the  
21 goal of the Next Generation Project is for the IP  
22 platform to absorb the trunking costs. So that could  
23 no longer be a required expenditure because you  
24 wouldn't have that.

25                   In permissible uses, number 19 was

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1 revised as follows: "Reasonable costs of service  
2 recognition awards and ceremonies for members of an ECD  
3 board of directors, employees of an ECD or ECD  
4 affiliated PSAP, and members of the public. Awards  
5 shall be plaques, trophies, or like items."

6                   So those would be the permissible uses  
7 for service recognition awards. And those would be the  
8 types of service recognition awards that would be  
9 permissible.

10                   Also, where applicable the text  
11 throughout the revenue standards was changed to clarify  
12 when they applied, not just to ECDs but to PSAPs that  
13 are affiliated with the ECDs.

14                   There were also some substantive changes  
15 to prohibited uses that incorporated the change in  
16 number 19 of the permissible uses that I just read to  
17 you. Number 4 -- which prohibits the purchase of gifts  
18 and flowers with 911 revenue -- was revised to prohibit  
19 gifts, gift cards, and flowers, other than those in  
20 number 19 of permissible uses.

21                   And number 5 -- which was prohibit the  
22 purchase of entertainment expenses -- was revised to  
23 prohibit entertainment expenses other than those in  
24 number 19 of permissible uses.

25                   CHAIR PORTER: Okay. You've heard the

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1 request of staff to amend the revenue standards as  
2 stated. And this is included in your packets.

3 What's the will of the Board?

4 MEMBER COBB: I so move.

5 CHAIR PORTER: I've got a motion by  
6 Ms. Cobb.

7 Do I have a second?

8 MEMBER LEE: Second.

9 CHAIR PORTER: Second by Bobby.

10 Do we have any discussion?

11 (Pause)

12 CHAIR PORTER: Hearing none, all in  
13 favor of the motion say "aye."

14 THE BOARD: Aye.

15 CHAIR PORTER: All opposed, like sign?

16 (Pause)

17 CHAIR PORTER: Motion carries.

18 Next item on the agenda is to consider  
19 the appointment of vacancy to the Operations Committee.

20 MS. QUESTELL: Yes, sir.

21 I would also like to start off thanking  
22 the Nominating Committee for a great job. It is such a  
23 pleasure to just refer appointment issues to them and  
24 not deal with them at all myself like we did in the  
25 past. So I want to encourage anyone who is interested

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1 in serving on one of the Board's committees to please  
2 contact the Nominating Committee and let them know that  
3 you're interested. You can always decline if it's on a  
4 committee you don't want to serve on, but please make  
5 your names available to the Nominating Committee. The  
6 members of the Nominating Committee are  
7 Tressia Barksdale, Buddy Shaffer, and Mo Brotherton.

8                   Well, the appointment of Mark Archer to  
9 our board left an opening on the Operations Committee.  
10 And the members of the Nominating Committee actually  
11 nominated two people for the position. Two people of  
12 the Nominating Committee actually nominated the same  
13 individual, which made my recommendation that much  
14 easier.

15                   The person that they nominated was our  
16 former board member Carolann Mason. Both the nominees  
17 were extremely well qualified, but in light of the  
18 strong recommendation of two members of the Nominating  
19 Committee, we would join in that recommendation that  
20 Carolann Mason be appointed to the opening on that  
21 Operations Committee.

22                   MEMBER LEE: I make such a nomination.

23                   CHAIR PORTER: I have a motion by Bobby.

24                   Do I have a second?

25                   MEMBER RICH: Second.

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1 CHAIR PORTER: Second -- I will take  
2 Freddie -- that we appoint Carolann Mason to the  
3 Operations Committee.

4 Any discussion?

5 (Pause)

6 CHAIR PORTER: Hearing none, all in  
7 favor say "aye."

8 THE BOARD: Aye.

9 CHAIR PORTER: All opposed, like sign.

10 (Pause)

11 CHAIR PORTER: Motion carries.

12 Next item on the agenda is to consider  
13 an appeal from the refusal to authorize expenditures  
14 over \$5,000 in Jackson County ECD, which is a  
15 financially distressed district.

16 If the folks from Jackson County would  
17 come forward to speak on that?

18 If you would, if you-all would take a  
19 seat and pull the microphone up close to you. And both  
20 of you introduce yourself as to who you are and what  
21 your position is upon the ECD so the reporter can get  
22 it on the record.

23 MR. SMITH: Thank you, Mr. Chairman.

24 My name is Michael Smith. I'm chairman  
25 of the board for Jackson 911. I'm also acting

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1 director.

2 MR. MARTIN: My name is Patrick Martin.

3 I'm on the Board of directors in Jackson County.

4 CHAIR PORTER: Okay. Lynn, do we want  
5 to -- do you want to give us some history here, first  
6 of kind of what all that's took place to this point and  
7 then we'll hear for the districts?

8 MS. QUESTELL: Yes.

9 CHAIR PORTER: Okay.

10 MS. QUESTELL: Since -- I'm going to  
11 have Curtis do the background on this.

12 MR. SUTTON: Yes. Mr. Chairman, in  
13 order to put this issue in proper context, I believe  
14 it's necessary to provide the Board with some  
15 historical information regarding Jackson County ECD and  
16 how we kind of arrived at this situation.

17 Jackson County ECD passed a resolution  
18 on January 19th, 2004, requesting the TECB to deem them  
19 financially distressed and take remediable action as  
20 may be necessary and appropriate. The ECD took these  
21 actions after learning, among other things, that a bank  
22 loan was in default for essentially being returned for  
23 insufficient funds, they could not meet payroll, and  
24 the IRS may have initiated a lien on its assets. At  
25 that time the executive director had also resigned.

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1                   After receiving the ECD's resolution the  
2 TECB convened an emergency meeting on January 21st,  
3 2004, in order to respond. The TECB denied Jackson  
4 County's request to be declared financially distressed  
5 because the law at that time did not allow that  
6 designation for that situation. However, the Board  
7 agreed to take necessary and appropriate remediable  
8 action to assist the ECD in overcoming their financial  
9 situation.

10                   On February 20th, 2004, the TECB  
11 reimbursed Jackson County costs for reimbursement for  
12 equipment totaling \$66,146. From January 30th, 2004,  
13 to May 4th, 2004, the Board reimbursed Jackson County  
14 \$33,806 in payroll expenses. The Board also paid two  
15 bank notes for the ECD on March 30th and May 20th,  
16 2004, totaling \$40,000. And the Board provided \$20,000  
17 of reimbursement for CAT equipment on May 5th, 2004.  
18 Those total reimbursements in 2004 were \$160,000.

19                   As a result of the ECD's situation the  
20 Board drafted legislation and was successful in  
21 amending 7-86-304 to allow the Board to deem a district  
22 financially distressed if it is a subject of an IRS  
23 lien or unable to satisfy its financial obligation or  
24 default on any indebtedness.

25                   Notwithstanding this assistance, the

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1 Jackson County ECD experienced three years of  
2 consecutive negative changes in net assets and was  
3 deemed financially distressed on April 19th, 2007. At  
4 that meeting the Board waived the requirement -- waived  
5 a deadline of July 1st, 2003, for the Essential  
6 Equipment Reimbursement Program in order to provide the  
7 ECD with an additional \$50,000.

8                   The ECD had a negative change in net  
9 assets in the fiscal year 2008 and their eligibility  
10 for financial distress remained unchanged.

11                   Last year, April 21st, 2009, the then  
12 acting director was Shelby Bryant, visited the Board's  
13 offices and met with Robert McLeod and Jim Barnes  
14 regarding budget issues.

15                   Mr. Bryant revealed that the ECD's  
16 expenses at that time slightly exceeded the revenues  
17 and the ECD had no reserves on deposit or in any other  
18 accounts. Mr. Bryant shared his concerns about whether  
19 the ECD would consistently be able to meet its payroll  
20 obligations and discuss the feasibility of obtaining a  
21 short-term bank loan.

22                   The ECD's monthly expenses included  
23 \$4,455 for a repayment of a loan that was used to  
24 purchase equipment over five years ago. The original  
25 loan has a balloon payment and the balance had recently

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1 refinanced with the pay off of approximately \$146,000.

2                   Some of that equipment has been replaced  
3 since the original loan and purchased. Mr. Bryant  
4 recognized that the payoff of the outstanding \$146,000  
5 loan would save the ECD approximately 16,000 in  
6 interest payments per year and another 37,000 in  
7 principal payments. It was considered that that  
8 savings of this additional \$53,000 would enable the ECD  
9 to balance its budget and accumulate reserves.

10                   At the May 7th, 2009, board meeting, the  
11 Board authorized an interest free loan of \$145,237 to  
12 the Jackson County ECD for the purpose of paying off  
13 the outstanding equipment loan. This loan was  
14 contingent upon the ECD obtaining an increased  
15 reoccurring financial support from local government.

16                   Then accepting the loan, the ECD agrees  
17 to make annual payments of \$4,841.23 beginning  
18 August 1st, 2009. To date, the ECD has made no  
19 payments on this loan.

20                   On June 15th the Jackson County Board of  
21 Directors approved a budget that included an addition  
22 of approximately \$13,000 for increase to dispatcher  
23 salaries. Subsequently, the Board's Executive  
24 Director, Lynn Questell, talked with Mr. Bryant; and  
25 Mr. Bryant informed Lynn that the dispatchers received

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1 between \$9 and \$10.50 per hour and the plan was to  
2 provide them all them with a 50 cent raise. He  
3 estimated that the salary increase would cost an  
4 additional \$13,000 annually. Lynn informed Mr. Bryant  
5 that she declined to approve these salary increases to  
6 dispatchers.

7                   Ms. Bryant informed his board that -- of  
8 Lynn's decision. And on July 13th, 2010, the Jackson  
9 County ECD Board of Directors called a special meeting  
10 and rescinded the raise. On August 17th, 2010, the  
11 Jackson County ECD's attorney Mike Mahn informed the  
12 Board that the ECD Board of Directors had met in  
13 regular session and asked the decision denying the  
14 salary increase over \$5,000 to be reviewed by the TECB.

15                   And that's what's currently on appeal  
16 here.

17                   CHAIR PORTER: Okay. So everybody  
18 understands, any time a financial district goes under  
19 financial distress and is monitored by the Board, they  
20 have to have -- anything from \$5,000 over has to be  
21 approved by staff -- by Lynn. And that's what's  
22 happened here.

23                   And the appeals process is that if they  
24 don't agree with Lynn's decision, that they would bring  
25 it to the Board. And that's what Jackson County is

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1 doing here this morning.

2                   So we'll -- I'll let you-all state your  
3 case. You're the ones that are asking for the appeal  
4 to be reviewed -- the \$5,000 denial to be reviewed.

5                   MR. SMITH: The first thing I'd like to  
6 do is I'd like to thank the Board for all their past  
7 involvement with Jackson County and all the help we  
8 have received.

9                   The other thing is we wasn't aware of  
10 during our budget -- last year's budget approval  
11 that we was to pay anything back to the state board.  
12 That was left out by the former director. That will be  
13 taken care of after this meeting. We have a meeting in  
14 October. We will take care of that and send something  
15 to you, Ms. Questell.

16                   I know we haven't had a pay raise at  
17 Jackson County since 2007 for our employees, and they  
18 make 9.50 an hour. And I understand that the 14-,  
19 \$16,000 that we requested is -- since we are  
20 distressed, but I would like to look at maybe a quarter  
21 raise. I believe it equals out to \$7,000 to add to  
22 their -- to add to our budget for their pay raise.

23                   CHAIR PORTER: Just you going to talk  
24 for a second to them?

25                   Okay. Lynn, did you -- anything you

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1 want to -- anything else, Mickey, before we --

2                   MR. SMITH: Like I said, I talked to  
3 Lynn the other day by phone, and anything that we can  
4 do to make this right, I'm willing to. And also, our  
5 board is willing to make this right.

6                   Like I said, it wasn't put in our budget  
7 to repay our loan, and that will be fixed. On how we  
8 have to do it, I will talk to Rex, Ms. Questell --  
9 whoever we need to get this reconciled.

10                   CHAIR PORTER: Okay. Before we start  
11 our deliberations and everything, let's kind of do it  
12 like we do a rate increase request.

13                   Does any of the Board members have  
14 questions of the Jackson County folks before we start  
15 talking about it?

16                   VICE CHAIR LOWRY: Where would those  
17 funds come from that you're requesting -- for the  
18 increase, I mean?

19                   MR. SMITH: Just from our -- excuse me.  
20 Just from our revenues that we collect from the phone  
21 company, the County, and the City.

22                   CHAIR PORTER: If you -- if we did  
23 approve the \$7,000 -- the quarter raise that you're  
24 talking about, would your budget still be in the red or  
25 would it be in black?

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1                   MR. SMITH: That I can't tell you,  
2 Randy.

3                   CHAIR PORTER: That would be a question  
4 I would want to know. I mean, our goal is for you-all  
5 to have a balanced budget, and I know it's difficult in  
6 you-all being one of the smaller counties in the state.  
7 But for us to approve something that would put you in  
8 the red automatically, it would -- that would be a  
9 question that I would like to have answered.

10                  MR. SMITH: I think that will put us in  
11 the black.

12                  MEMBER COBB: Is that even after paying  
13 the amount on the loan that were to have to pay now?

14                  MR. SMITH: I just -- I just got  
15 appointed at our last meeting as active director  
16 because Mr. Bryant resigned just at that meeting, and  
17 then all this was done, in effect. Like I said, if  
18 we -- if you need me to come back to the next meeting,  
19 I will be more prepared and can I answer any questions  
20 that Ms. Questell or the staff or the Board wishes.

21                  MEMBER LEE: I would feel more  
22 comfortable if we defer this, then. I think if we give  
23 them more time to do that, to put together a new  
24 proposal and put it before the Board and give staff  
25 time to modify this -- to give staff time to look at

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1 it -- give Lynn time to look at it, she may change her  
2 recommendation. And our next meeting is when? In  
3 November?

4 MS. QUESTELL: Yes. It's November 18th.

5 CHAIR PORTER: So two months away. I  
6 don't think two months is going to make a difference,  
7 will it?

8 MR. SMITH: No, sir. Like I said --  
9 employees -- we have a good set of employees. And they  
10 was kind of distraught when we had to take their raise  
11 from them. And I told them I would come to bat for  
12 them. So that's why I'm here. And like I said,  
13 whatever it takes to make the Board happy and keep my  
14 employees happy.

15 CHAIR PORTER: I just want to make sure  
16 you stay in the black. We want everybody to be happy  
17 as long as you try to keep it in the black.

18 MEMBER LEE: Do you need a motion for  
19 that?

20 CHAIR PORTER: Lynn had one statement  
21 she wanted to make before we did that.

22 MEMBER LEE: Okay.

23 MS. QUESTELL: The whole point of that  
24 loan was to help you-all emerge from financial  
25 distress. And I don't think the Board wants you to try

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1 to pay that back unless it's being paid out of  
2 reserves. It's just totally counter-productive for you  
3 to not accumulate any reserves and go into the red to  
4 pay this loan back. We want the loan to be paid back  
5 out of reserve money.

6                   MR. SUTTON: The loan was a vehicle  
7 to -- for you to accumulate reserves rather than going  
8 into the red with the equipment company. So that was  
9 the purpose of the loan, for your accumulation  
10 purposes.

11                   MR. SMITH: I will get with Ms. Questell  
12 or Rex or whoever and find out what we have to do to  
13 make -- make everything correct.

14                   MS. QUESTELL: I would also like to say  
15 that as a matter of explanation for my decision that  
16 the idea that an entity -- I mean, these are hard times  
17 for people to be getting raises, especially public  
18 employees. The State has not given raises to State  
19 employees for three years. And that is also part of  
20 the context of my decision.

21                   MR. SMITH: Yes, ma'am.

22                   MEMBER LEE: With that being said, I  
23 make a motion to defer this and to allow staff time to  
24 get with Jackson County and allow Jackson County with  
25 the new director to put together proposals.

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1 CHAIR PORTER: You want to set that?

2 MEMBER LEE: To the November meeting.

3 CHAIR PORTER: Okay. I have a motion.

4 Do I have a second?

5 MEMBER BUTTRAM: Second.

6 CHAIR PORTER: I have a motion and  
7 second that we defer the Jackson County request until  
8 November to allow staff to work with them on this lower  
9 amount on the raise and look at the budget and so forth  
10 and see -- and see what they can work out and bring  
11 that back to us at the November board meeting.

12 MEMBER ARCHER: Can I ask a couple of  
13 questions?

14 CHAIR PORTER: Go ahead.

15 MEMBER ARCHER: Who was -- who was  
16 paying your dispatchers before 911 was in place in  
17 Jackson County?

18 MR. SMITH: The County.

19 MEMBER ARCHER: The County?

20 MR. SMITH: Yes. The County's Sheriff's  
21 Department.

22 MEMBER ARCHER: The Sheriff's Department  
23 was.

24 What percentage are they paying now? Do  
25 you have any idea?

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1                   MR. SMITH: They give -- they pay about  
2 \$50,000 a year from the County, and about \$20,000 a  
3 year from the City.

4                   MEMBER ARCHER: From the City.  
5                   Do we know what percentage?

6                   CHAIR PORTER: 53,900 from the County,  
7 and 21,175 from the City. Is that right?

8                   MEMBER BARNES: I believe that's about  
9 23 percent.

10                   Is that right, Robert?

11                   MEMBER ARCHER: 23? So it dropped from  
12 100 percent to 23 percent?

13                   MR. SMITH: The -- yes.

14                   MEMBER ARCHER: Okay. Thank you.

15                   MR. SUTTON: As part of -- as part of a  
16 condition on the loan, the County and City both  
17 increased their percentage by 10 percent.

18                   MEMBER ARCHER: But that still just puts  
19 it at 23 percent?

20                   MR. SUTTON: Yes. It was very low to  
21 begin with.

22                   CHAIR PORTER: Other questions or  
23 discussions?

24                   (Pause)

25                   CHAIR PORTER: Okay. We have a motion

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1 to defer to the November meeting.

2 All in favor say "aye."

3 THE BOARD: Aye.

4 CHAIR PORTER: All opposed, like sign.

5 (Pause)

6 CHAIR PORTER: Motion carried.

7 MR. SMITH: Thank you very much.

8 CHAIR PORTER: Thank you. Staff will be  
9 getting with you-all, and maybe you can work out  
10 something between now and then.

11 MR. SMITH: Thank you.

12 CHAIR PORTER: Thank you.

13 Okay. Next item on the agenda is to  
14 consider staff request to waive the timing of notice  
15 requirement in Policy number 14 that local hearings on  
16 rate increases be noticed twice at least in 30 days,  
17 but not more than 60 days before a hearing.

18 Lynn, you want to explain that?

19 MS. QUESTELL: Yes. This relates to  
20 Macon County Emergency Communications District request  
21 for a rate increase, which is the next item on the  
22 agenda.

23 And staff has worked really closely with  
24 them to help them with their rate increase application,  
25 and they were extremely professional and met every

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1 requirement. But we messed up and gave an error in  
2 advice as far as the timing of them posting one of  
3 their two official notices in the local newspaper about  
4 the hearing on their rate increase.

5                   The notice is not in violation of the  
6 Open Meetings Act or anything like that, it's just a  
7 couple days off of the requirement in Policy 14. And  
8 we would ask that the district not be punished for  
9 staff's error and that the Board would allow them to  
10 come forward and ask for their rate increase  
11 notwithstanding this timing mistake that was due  
12 totally to the staff's error and is not in any kind of  
13 violation of the law and does not appear to have caused  
14 any harm.

15                   CHAIR PORTER: You heard the request of  
16 staff that we waive the timing of notice requirement in  
17 Policy Number 14 for a Macon County rate increase  
18 request.

19                   What's the will of the Board?

20                   MEMBER SMITH: Mr. Chairman, I would  
21 move to approve the waiver.

22                   CHAIR PORTER: I have a motion by  
23 Mr. Smith.

24                   Do I have a second?

25                   MEMBER ARCHER: Second.

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1 CHAIR PORTER: Second by Mr. Archer.

2 Any discussion?

3 (Pause)

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

6 THE BOARD: Aye.

7 CHAIR PORTER: All opposed, like sign?

8 (Pause)

9 CHAIR PORTER: Motion carries.

10 And our final item on the agenda is to  
11 consider a request to increase the emergency telephone  
12 service charge in Macon County ECD.

13 If the Macon County folks would come  
14 forward, and we'll hear your request.

15 If you would have a seat, gentlemen.  
16 And pull the mic up close to you and state your name  
17 for the record.

18 MR. JONES: Steve Jones. I'm the  
19 director of operations for Macon County.

20 MR. KIRBY: Randall Kirby. I'm the  
21 chairman of the board.

22 CHAIR PORTER: Okay. Who's going first  
23 today?

24 Rex, you're on.

25 MR. HOLLAWAY: I'm older. I get to go

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1 first. And this will be brief, I think, for the time  
2 we spent on Robert's part of the report.

3 I visited with Steve, and we visited all  
4 the PSAPs -- all three PSAPs in Macon County on August  
5 the 18th. They currently have equipment and -- or  
6 provide equipment at the Macon EMS, the Macon County  
7 Sheriff's Department, and the Lafayette Police  
8 Department.

9 And let me just back up a minute -- just  
10 a second. The ECD does not operate any of these PSAPs.  
11 They simply provide equipment. So they are really an  
12 administrative ECD. But those three agencies do answer  
13 all the calls for the County for 911 and for other  
14 public safety needs, including calls for Lafayette  
15 Fire, Macon County Rescue, Red Boiling Springs Fire and  
16 Rescue, Red Boiling Springs Police Department, West  
17 Macon Rescue, and Willette Fire Department.

18 They put two positions at each location.  
19 And, typically, the EMS location -- and, see, this is  
20 kind of an unusual arrangement, but it's a great one,  
21 by the way. EMS PSAP typically answers all the 911  
22 calls. And then if they are not required on that call,  
23 then they put it on hold and either the Lafayette  
24 Police Department or the County Sheriff can pick up and  
25 take that call. So it's not really a true transfer

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1 taking place, it's just put on hold and picked up.

2                   But because of this arrangement it  
3 allows, really, all three PSAPs to operate as primary  
4 PSAPs. And they're really in -- I mean, all they can  
5 function is secondary, but they can also function as  
6 primary. And so if -- and they only usually have one  
7 person at one of the positions at all three locations.  
8 So that comes in real handy if there's an overload in  
9 calls, or if, you know, the EMS dispatcher needs to go  
10 to the bathroom. I mean, that allows somebody else to  
11 take those calls.

12                   They provide the call taker  
13 workstations, logging recorders, radio consoles, UPS,  
14 and GIS mapping systems. They've employed a wide area  
15 network that's based at the Lafayette Police  
16 Department. And all workstations are assisted  
17 satellite off of that one location.

18                   And if you will look at those photos,  
19 you'll see the Lafayette Police Department photos. And  
20 I was really impressed by the organization and the  
21 neatness of the dispatch centers and a well-ventilated,  
22 well-secured facility. And I wish we could see all of  
23 our equipment rooms look like this. It just makes for  
24 ease of maintenance for the vendors involved.

25                   And that's -- I want to say one thing

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1 about the call-processing system also. They're  
2 currently using the TCI Invision system, which is a  
3 good system, but it has been manufactured discontinued,  
4 as most of us know. TCI was absorbed by PlantCML or at  
5 least the organization called PlantCML. So they  
6 possibly will be looking for an equipment change-out  
7 earlier than they have to, just simply because -- we  
8 know they've got to upgrade when NG911 is really fully  
9 deployed, but they may have to move forward even before  
10 that, just simply because they have no control over  
11 what PlantCML is going to do with that TCI system.  
12 But, hopefully, that will hold out until they are  
13 really ready and NG standards put in place.

14                   That's about I'll I've got.

15                   CHAIR PORTER: Rex, when I lived in  
16 Macon County some 35 years ago, the way we always knew  
17 when a stranger was coming into town, it was when you  
18 pronounced it Lafayette.

19                   MR. HOLLAWAY: Did I say that?

20                   CHAIR PORTER: Yeah. All the country  
21 folk --

22                   MR. HOLLAWAY: I know it's Lafayette.

23                   CHAIR PORTER: I'm sure they knew you  
24 were a stranger up there calling it Lafayette.

25                   MR. HOLLAWAY: It's kind of like Murray

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1 County.

2 MEMBER RICH: And Santa Fe and Santa Fe.

3 CHAIR PORTER: Okay. Any questions of  
4 Rex on his site visit?

5 (Pause)

6 CHAIR PORTER: Okay. Robert, you're up.

7 MEMBER MCLEOD: Okay. On the financial  
8 review section, interlocal agreement or relationships,  
9 the Macon County ECD does have a relationship or  
10 interlocal agreement with Red Boiling Springs, City of  
11 Lafayette --

12 (Laughter)

13 MEMBER MCLEOD: I have an excuse, you  
14 don't.

15 (Laughter)

16 MEMBER MCLEOD: -- and the Macon County.  
17 And this was memorialized in the January 2010.

18 Under income -- and I want to make a  
19 note here, just in case I don't say it in the other  
20 section, that all the numbers for 2010 are estimated --  
21 they're un-audited. We believe that the numbers are  
22 not going to change that much when the auditors get a  
23 hold of it, so we kind of use these numbers.

24 And also for 2011, we use a 2011 budget  
25 because it's still -- the budget being used as the

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1 first year of projection so you understand how the  
2 numbers will flow.

3           We're looking at the service charge  
4 landline rate coming in for 2008, 99,826; 99 -- 96,975  
5 in 2009; and 94,260 in 2010. That's about what we're  
6 looking at in -- for the end of the year. Which shows  
7 about a 3 percent decline between the years. Which  
8 it's pretty much normal giving what's happened.

9           For the projected year 2011, 2012, and  
10 2013. 2011, 140,000. We're hoping that after the  
11 Board approves the rate increase they'll get a portion  
12 of those rate increases for the end of this current  
13 fiscal year.

14           For 2013 [sic] when they would've  
15 experienced the rate increase, we're looking at  
16 31 percent increase. 2013, again, we see the slight  
17 decline in the collections.

18           Non-wireline contribution out of  
19 25 percent contribution. In 2008 we gave the ECD  
20 46,366. In 2009, 52,583 -- which is a 13 percent  
21 increase out there.

22           The amount in 2009 included an amount  
23 that we recouped from the cost recovery that showed  
24 that amount to be a little bit higher. But when we  
25 come in 2010, we saw that there was a 2 percent

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1 decline.

2                   It's not really that the money -- the  
3 money that we're getting from the wireless contribution  
4 is less, but just so we have that extra payment in 2009  
5 so it shows a decline here.

6                   For the projected years 2011 -- or 2011  
7 we see that there is going to be about a 51,500, which  
8 is about the normal there. And then a gradual increase  
9 of about 3 percent over the next two years.

10                   Operational funding, we notice here that  
11 in 2010 that there was a big increase in the operation  
12 funding. And this is a general trend to all the ECDs  
13 coming from the TECB, the monies that's being sent out.

14                   In 2011 we have not, again, a big  
15 increase. Which we had a partial payment to the ECD in  
16 operational funding at the end of 2010, in that in 2011  
17 they would have had a full year. So you notice that  
18 there's a bigger number moving from 114,000 to 176,000  
19 in 2011. And then the trend continues for the  
20 projected year.

21                   When we look at the total recurring  
22 revenue for the ECD between 2009 and 2008, there was  
23 about a 2 percent increase. And then, of course, I  
24 mentioned in 2010 we had a big increase of 24 percent.

25                   For the projected year 2011, 25 percent

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1 increase; 2012, 12 percent increase; and then a slight  
2 decline in 2013.

3                   Under the expenditure portion in 2008  
4 the ECD was making impact payment for salaries and  
5 wages to the County and a little portion of it also in  
6 2009. However, in 2010 the ECD became fully  
7 responsible for the salary and wages in that they --  
8 although they don't have any dispatchers, they also  
9 have an ECD director -- and is it one or two  
10 administrators? One administrative personnel.

11                   So instead of paying the County, they  
12 are now taking over their own payroll. If you notice  
13 in 2008 impact payment was 31,000. And then they're  
14 just doing it off to zero by the end of 2013.

15                   For salary, wages, and benefits 2011,  
16 89,025. Which is an increase of 34 percent. Which the  
17 administrative personnel was part time, and now that  
18 person is now full-time employed by the ECD. Those  
19 numbers remain the same throughout the projected period  
20 for the rest the year.

21                   Total expenditure between 2008 and 2009  
22 increased by about 14 percent. By 2.3 percent by 2010.  
23 That amount will increase by 10.51 percent in 2011.  
24 Which is the current fiscal year. And then a slight  
25 decline in 2012, and less than a percent in 2013.

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1 Under the "Net Assets" section -- and  
2 this is where all the numbers are rolled up so you can  
3 really see the financial health of the ECD.

4 The total review for 2008 is 236,143.  
5 And in 2009 was 280,762, which shows an increase of 18  
6 or 19 percent, approximately.

7 In 2010 that amount increased by about  
8 5 percent.

9 For the projected year 2011 we're  
10 anticipating that there will be a 25 percent increase  
11 in revenue, 12 percent in 2012, and a slight decline in  
12 2013.

13 Expenditures, however, you notice it  
14 keeps going up. Hence, we have negative changes in net  
15 asset for all the audited periods 2008, 2009; and we  
16 anticipate in the same trend in 2010.

17 For the projected period, the first year  
18 of projection, which is the current fiscal year --  
19 depends on how the numbers come out -- which can  
20 change -- we're looking at -- we're still going to have  
21 a negative change in net asset in 2011 marginally about  
22 10,000.

23 For 2012 we notice that now things are  
24 changing. They will have a positive change in net  
25 asset in 2012 and 2013.

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1                   Now, because the ECD has experienced  
2 three consecutive years in net assets, we're  
3 anticipating that they will be deemed financially  
4 distressed because of how the numbers -- and as I said  
5 before, the numbers of 2010 is not yet official, but  
6 we're thinking it will pretty much have a negative  
7 change in net assets.

8                   Total cash and cash equivalence. Of  
9 course, if you're going to have -- to keep spending  
10 more than what you have, it's going to be a depletion  
11 there.

12                   Between 2009 and 2008 there was a  
13 20 percent decline in total cash and cash equivalent.

14                   In 2010 -- or 2010 there was a big  
15 increase there because of the amount of funds that the  
16 ECD pumped into the -- I mean, the TECB pumped into the  
17 ECD.

18                   For 2011 another big increase 62.34  
19 percent.

20                   And then 2012 a decline of 15 percent.

21                   2013, 88.68 percent.

22                   So we're seeing that there's going to be  
23 some changes in terms of cash and cash equivalent.

24                   In presenting the budget the ECD did  
25 include an amount for NG911 controller. Which the way

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1 it's going to be done by the Board is that either  
2 they're going to expand it or they're going to ask for  
3 reimbursement. So it doesn't really impact the budget,  
4 per se.

5                   Whatever the deficiency is, though,  
6 between what it's going to cost and what the TECB  
7 refunds is going to come from the reserve -- that  
8 amount is going to come from the reserves.

9                   The justification for the rate increase.  
10 Because the ECD was anticipating to be deemed  
11 financially distressed, they take proactive steps to go  
12 ahead and ask for the rate increase because that  
13 would -- eventually would have happened, I think,  
14 because now they're still at the minimum -- statutory  
15 minimum. So the reasons for the rate increase are to  
16 provide quick recovery from being financially  
17 distressed and to build -- fund its current obligation  
18 and retain earnings.

19                   Audit Findings. According to the  
20 reports that we have looked at, there are no audit  
21 findings. I hope this will continue. It's a good  
22 trend.

23                   However, we cannot -- this is one of the  
24 predictions we could not make of 2010, so -- until that  
25 report comes and we keep our eyes open.

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1                   Staff Analysis. Macon County ECD  
2 currently -- landline current rate is .65 for  
3 residential and \$2 for business, which is the statutory  
4 minimum. They're seeking to raise their rates to  
5 statutory maximum of \$1.50 for residential and \$3 for  
6 business.

7                   These new rates, if approved by TECB,  
8 would increase their revenue stream by approximately  
9 \$90,000 annually.

10                   As mentioned before, this ECD is an  
11 administrative ECD with only two employees. And,  
12 therefore, does not dispatch or pay for dispatching  
13 costs received for -- any funding from local  
14 government. So there's no local government  
15 contribution because they're not doing any dispatching  
16 or call taking.

17                   The ECD provides equipment and dispatch  
18 training for three PSAPs in the county. And their  
19 depreciation expense is substantial because of the  
20 amount of equipment they have purchased and provide by  
21 the ECD.

22                   And, again, as the discussion went  
23 amending Policy 16 is that depreciation, although not  
24 an error as Bobby reminded us, has an impact on the  
25 bottom line. And the auditors, when they do the

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1 financial statement, they will include it because  
2 that's a practice to have the depreciation. Because  
3 really it's a cost of doing business. It's a cost of  
4 doing business, but it's not an outflow of cash.

5                   The rate increase request is in  
6 anticipation of being deemed financially distressed  
7 according to TCA 7-86-304(d) (1) and in an effort to  
8 remove from this status as quickly as possible.

9                   The ECD has negative change in assets  
10 for the last few years because it did not take  
11 depreciation in consideration. And we always stress --  
12 and in -- some ECDs don't do it, but once you include  
13 the depreciation in your budget, then you will really  
14 see the reality of the bottom line. So we always  
15 encourage you to put your depreciation in there,  
16 although the manual will give you an option. But we  
17 like to see those numbers in there.

18                   In May TECB staff notified the ECD that  
19 they are at risk because they have two consecutive  
20 years of negative change in net asset, which is a  
21 reflection of the audited period for 2008 and 2009.

22                   The ECD management consulted with us and  
23 determined that in consideration of the ECD  
24 operation -- operational goal, the best option was to  
25 seek a rate increase since there will be the

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1 statutory -- they're at the statutory minimum.

2           The ECD will most likely, in the last  
3 fiscal year -- which was June 2010 -- would be deemed  
4 financially distressed having a negative change in net  
5 assets. The ECD also intends to replenish its reserve,  
6 which are expected to be used for the -- in fiscal year  
7 2011 to purchase a large of amount of equipment taken  
8 from reserves or reimbursement by the TECB.

9           Staff looked at the application. Of  
10 course, we had a lot of discussions about the way these  
11 numbers are falling and found the reasons for the rate  
12 increase reasonable and justified. Therefore, Staff  
13 sees no reason why the Board should not consider  
14 approving the ECD's request for this rate increase.

15           CHAIR PORTER: You've heard Robert's  
16 presentation. Any questions on any of the financials?

17                           (Pause)

18           CHAIR PORTER: Hearing none, Randall,  
19 you or Steve have anything you'd like to say before we  
20 go into deliberations?

21           MR. JONES: First off, I'd like to  
22 apologize -- and I take full responsibility for this --  
23 on our district. I have been with the district ever  
24 since '90 -- since it started and operated. I was not  
25 aware about the depreciation issue of needing to be put

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1 in the budget as an expense, and that's what's got us  
2 in this trouble. Cash flow has always been good, our  
3 bills are paid. We have good equipment. No problems  
4 in that.

5                   When I carried -- it literally made me  
6 sick when James called me. But I have to say that the  
7 staff has been great about trying to help us work this  
8 out.

9                   My board, we met. I explained it to  
10 them. The Board -- the members that are working on  
11 governmental agencies such as the police chiefs, the  
12 sheriffs, and everyone -- and myself -- I've worked 25  
13 years with the County as the director of EMS -- and  
14 we've never seen this under county government working  
15 as the depreciation. So it's a little bit harder for  
16 them to understand about the depreciation issues, as I  
17 was.

18                   But we -- there's no -- they're  
19 unanimous, there's no -- everybody is concerned about  
20 having to raise the rate, but there was no alternative  
21 other than to do this to make it -- the corrections  
22 right. We did our paperwork that we needed to do to  
23 apply for this and would like to see this done to  
24 correct the problem and be a good solid district.

25                   Cash flow is good, but we're -- that

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1 depreciation on our budget is what's causing the  
2 problem, so any consideration of this we'd appreciate  
3 it.

4 CHAIR PORTER: Okay.

5 MR. KIRBY: As a member of the board and  
6 chairman of the board, we agonized over this request.  
7 All of our members did. We did not want to place any  
8 more burden on our citizens than we had to. But one of  
9 the factors was we had been at the same rate for so  
10 long and -- 20 years -- we felt like at that time we  
11 needed to raise our rates just so that we could keep  
12 the same quality of equipment -- the same quality of  
13 the system that we've had.

14 We've had three disasters in three  
15 years, and the 911 has stepped up and been able to  
16 function well during all of those. So we don't want to  
17 step backwards.

18 CHAIR PORTER: Any questions of the  
19 board members of the district?

20 (Pause)

21 CHAIR PORTER: Okay. Thank you,  
22 everyone.

23 We'll go into our deliberations now.

24 So staff has recommended that we approve  
25 the rate increase for Macon County of 65 cents, up to a

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1 dollar and a half on residential, and \$2, up to \$3 on  
2 businesses.

3 What's the will of the Board?

4 VICE CHAIR LOWRY: So moved.

5 CHAIR PORTER: We've got a motion by  
6 Mr. Lowry.

7 Do I have a second?

8 MEMBER COBB: Second.

9 CHAIR PORTER: I'm going to get Ms. Cobb  
10 this time. You-all were about the same time.

11 We have a motion and a second to approve  
12 the rate increase request. Discussion or questions?

13 (Pause)

14 CHAIR PORTER: Hearing none, all in  
15 favor of the motion say "aye."

16 THE BOARD: Aye.

17 CHAIR PORTER: All opposed, like sign.

18 (Pause)

19 CHAIR PORTER: Motion carried.

20 Lynn will be getting with you and get  
21 you the letters and stuff to get to your telephone  
22 companies to do an increase.

23 These guys -- they're one of our  
24 counties in our region, and they had a horrific tornado  
25 and flood and had a lot happen over the last few years.

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1 And I'll have to say, during that whole time when we  
2 went to help them, their 911 system stayed up. And  
3 that was because of a lot of forethought into the way  
4 it was just designed with all that fiber you-all have  
5 got underground and stuff that goes to the dispatch  
6 centers. You-all did a great job.

7 I used to live in Macon County, and I  
8 remember when I was a kid these guys beating on my  
9 grandfather when he had a stroke. And so they're kind  
10 of my heroes. They're still doing good for their age,  
11 though. I appreciate you-all and the things you're  
12 doing.

13 Thanks for coming. We wish you the  
14 best.

15 MR. JONES: Thank you.

16 MR. KIRBY: Thank you.

17 CHAIR PORTER: Next meeting is  
18 November 18th at 9:30.

19 Everybody going to TENA, I suppose the  
20 27th, 28th, and 29? Is that right, Mr. Lowry?

21 VICE CHAIR LOWRY: Over 600 attendees on  
22 the roster right now.

23 CHAIR PORTER: Wow. That's -- Mr. Rich,  
24 you got something?

25 MEMBER RICH: Yeah. If they want to get

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1 there a day early like on Sunday and play golf, we've  
2 got a golf tournament going on.

3 CHAIR PORTER: You've got a golf  
4 tournament going on so you can relax and -- well, I  
5 don't know if that's relaxation or not. That's kind of  
6 stressful.

7 Don't forget the TENA conference,  
8 though. That's a very worthwhile two or three days  
9 there that you'll spend. You'll gain a wealth of  
10 information if you've never been.

11 VICE CHAIR LOWRY: Largest number of  
12 vendors.

13 CHAIR PORTER: Largest number of  
14 vendors. It was great last year, so I'm looking  
15 forward to that.

16 Any announcements or anything from any  
17 of the board members?

18 (Pause)

19 CHAIR PORTER: Anything else, Lynn, we  
20 need to do?

21 MS. QUESTELL: No, sir.

22 CHAIR PORTER: I will accept a motion to  
23 adjourn, then.

24 MEMBER COBB: So moved.

25 CHAIR PORTER: So moved.

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1 Do I have a second?

2 MEMBER BUTTRAM: Second.

3 CHAIR PORTER: All in favor say "aye."

4 THE BOARD: Aye.

5 CHAIR PORTER: All opposed, like sign?

6 (Pause)

7 CHAIR PORTER: You-all have a safe trip  
8 back home.

9 (End of the proceedings.)

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REPORTER'S CERTIFICATE

STATE OF TENNESSEE )  
COUNTY OF DAVIDSON )

I, Amber A. Thompson, 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  
machine 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  
11th day of November, 2010.

Amber A. Thompson, LCR #289  
Notary Public, State of Tennessee