

Minutes
Regular Meeting
Bluff City Board of Mayor & Aldermen
February 12, 2009

CALL TO ORDER:

Mayor Malone called the meeting to order at 7:00 p.m.

ROLL CALL:

Members present: Melvin Carrier, J.C. Gentry, Don Weaver, Mark Weaver and Irene Wells.

Others present: Chief of Police David Nelson, City Attorney Paul Frye and City Recorder Judy Dulaney.

PRAYER AND PLEDGE OF ALLEGIANCE:

Mayor Malone had prayer and led the Pledge of Allegiance.

MINUTES:

Alderman Don Weaver made a motion to approve the minutes from the regular meeting of the BMA on December 11, 2009 and the Special Called Meeting of the BMA on December 18, 2009 as written. Second by Vice-Mayor Gentry.

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| Roll Call Vote: | Alderman Carrier | yes |
| | Vice-Mayor Gentry | yes |
| | Alderman Don Weaver | yes |
| | Alderman Mark Weaver | yes |
| | Alderwoman Wells | yes |

PRESENTATIONS:

Lon Gene Leonard presented Corporal John Roberts of the Bluff City Police Department with a plaque from the citizens of Bluff City for his unselfish act of bravery on January 12, 2009 in the saving of another life. Sierra Summers read a poem written for Corporal Roberts.

Chief of Police David Nelson presented Corporal John Roberts with a Certificate of Commendation from the City of Bluff City and the Bluff City Police Department.

CITIZEN COMMENTS – FIRST SECTION

There were none.

PRESENTATION OF AUDIT:

Mike Eddy with Eddy & Eddy CPA's presented the audit for the Fiscal Year ending June 30, 2008. Mr. Eddy stated that the city had received an unqualified audit, which is the best that you can get. Mr. Eddy said that the things that the BMA needs to look at, and a lot of it has to do with the economy, is the receivables in the general fund, as this can affect the cash flow. Mr. Eddy stated that revenue was down a little bit and the biggest area was sales tax. Mr. Eddy stated that if you take away the capital expenditures the city basically had a small loss of six or seven thousand dollars. Mr. Eddy stated that Judy, the Chief and the staff had done a good job and had worked well with him in providing him with what he needed. Mr. Eddy stated that the city had \$118,000.00 in the water fund this year compared to the previous year of about \$139,000.00 so the water fund cash balance is down. Mr. Eddy stated that the receivables in the water fund are also higher this year. Mr. Eddy stated that the liabilities in the water/sewer fund are up to \$22,000.00 compared to about \$10,000.00 from the previous fiscal year. Mr. Eddy stated that the total debt is \$790,000.00 in the water/sewer fund and the current portion is around \$27,000.00. Mr. Eddy stated that the city took in about \$453,000.00 in the water/sewer fund and spent \$566,000.00 so the expenditures exceeded the revenues \$113,000.00 this year compared to about a \$37,000.00 loss the previous year and this does include depreciation but that fund still has a strong net asset base. Mr. Eddy stated that the original budget and the final budget are the same and usually are adjusted but Judy was off during this time and the person that replaced her as interim city recorder did not make any budget alignments. Mr. Eddy said that the police department did a good job with grants and documentation of the grants. Mr. Eddy stated that in the police department there was a \$33,000.00 variance but this was due to grant expenses and purchase of several new vehicles this past year. Mr. Eddy said that there was a \$25,000.00 variance in the Parks/Recreation, but most of this was the new boat dock. Mr. Eddy stated that these were items that would typically be adjusted and if Judy had been here he knew that would have been changed. Mr. Eddy stated that the first finding was material misstatements in the financial statements which must be reported and most of it is simple issues, one was the retainage account for the new city hall was still on the books and depreciation entries exceeded the materiality limits so this is a higher adjustment than what they usually make. Mr. Eddy stated that he had given Judy the depreciation entries for this year and he did not see that to be an issue. Mr. Eddy stated that the retainage issue was timing where Judy was off at the end the year and the person replacing her just did not know to do this, but this has

been taken care of. Mr. Eddy stated that the second finding is segregation of duties where you have a two or three person department you are always going to have overlapping of duties and it can't be helped. Mr. Eddy said that the third finding was that a couple of bank statements were not reconciled at the end of the year but those adjustments have been made which he thought this also went back to the timing where Judy was off at the end of the year, but he did not feel that this would be an issue. Mr. Eddy said that the safe guarding of assets is an issue and they talk about this every year with regard to the inventory for the water/sewer fund and not really having the facilities or the money to watch over the inventory. Mr. Eddy stated that he had recommended last year a Deposit and Investment Policy, and they have it in hand but it just never has been voted on by the board. Mr. Eddy said that the Comptroller's Office states that the board limits what the staff can invest the money in and the board needs to vote on it and have it in the minutes. Mr. Eddy stated that there were several areas that exceeded the budgetary guidelines and that was mainly due to not amending the budget at the end of the year.

Mr. Eddy stated that there were a few things he wanted to bring to the boards attention that he did not include in the audit to send to the Comptroller. Mr. Eddy stated that there were a couple of areas that he thought the board needed to check up on. The first one the bank reconciliations and he recommended someone from the board to periodically check this and sign, date and initial them. Mr. Eddy stated that there were some purchase orders that were dated after the initial invoice and this needs to be done the opposite way. Mr. Eddy stated that there were minutes that had not been signed and dated. Mr. Eddy stated that he recommended changing passwords on the computer system and watching who has access and what is taking place. Mr. Eddy said that there are some things that the public has access to and some they do not and procedure should be followed. Mr. Eddy stated that the staff was very cooperative.

PUBLIC HEARINGS – ORDINANCES:

1. Mayor Malone opened the Public Hearing on Ordinance No. 2008-015 at 7:34 p.m. Attorney Frye read Ordinance No. 2008-015, an ordinance amending Ordinance No. 2008-005 dealing with providing for the maintenance, preservation and protection of public records and establishing procedures for accessing and coping public records. There were no public comments. Mayor Malone closed the public hearing at 7:35 p.m.
2. Mayor Malone presented Ordinance No. 2008-015 to the BMA for consideration on second reading. Alderman Don Weaver made a motion to approve Ordinance No. 2008-015. Second by Alderman Carrier.

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| Roll Call Vote: | Alderman Carrier | yes |
| | Vice-Mayor Gentry | yes |
| | Alderman Don Weaver | yes |
| | Alderman Mark Weaver | yes |
| | Alderwoman Wells | yes |

3. Mayor Malone opened the Public Hearing on Ordinance No. 2008-016 at 7:36 p.m. Attorney Frye read Ordinance No. 2008-016, an ordinance to amend Section 17-111(3) of the Bluff City Municipal Code regarding garbage collection fees. There were no public comments. Mayor Malone closed the Public Hearing at 7:37 p.m.
4. Mayor Malone presented Ordinance No. 2008-016 to the BMA for consideration on second reading. Alderwoman Wells made a motion to approve Ordinance No. 2008-016 on second reading. Second by Vice-Mayor Gentry.

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| Roll Call Vote: | Alderman Carrier | yes |
| | Vice-Mayor Gentry | yes |
| | Alderman Don Weaver | yes |
| | Alderman Mark Weaver | yes |
| | Alderwoman Wells | yes |

5. Mayor Malone opened the Public Hearing on Ordinance No. 2008-017 at 7:39 p.m. Attorney Frye read Ordinance No. 2008-017, an ordinance establishing a driver education course and providing for its operation. There were no public comments. Mayor Malone closed the Public Hearing at 7:40 p.m.
6. Mayor Malone presented Ordinance No. 2008-017 to the BMA for consideration on second reading. Alderwoman Wells made a motion to approve Ordinance No. 2008-017. Second by Vice-Mayor Gentry.

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| Roll Call Vote: | Alderman Carrier | yes |
| | Vice-Mayor Gentry | yes |
| | Alderman Don Weaver | yes |
| | Alderman Mark Weaver | yes |
| | Alderwoman Wells | yes |

7. Mayor Malone opened the Public Hearing on Ordinance No. 2008-018 at 7:41 p.m. Attorney Frye read Ordinance No. 2008-018, an ordinance amending the

Bluff City Municipal Code 3-201 dealing with fines and ordinance. There were no public comments. Mayor Malone closed the Public Hearing at 7:42 p.m.

8. Mayor Malone presented Ordinance No. 2008-018 to the BMA for consideration on second reading. Alderman Don Weaver made a motion to approve Ordinance No. 2008-018. Second by Vice-Mayor Gentry.

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| Roll Call Vote: | Alderman Carrier | yes |
| | Vice-Mayor Gentry | yes |
| | Alderman Don Weaver | yes |
| | Alderman Mark Weaver | yes |
| | Alderwoman Wells | yes |

9. Mayor Malone presented Ordinance No. 2009-001 to the BMA for consideration on first reading. Attorney Frye read Ordinance No. 2009-001, an ordinance to rezone parcel 39.00 according to the Sullivan County Tax Map 111 and located at 4757 Bluff City Highway from B3 to M1 and amending Ordinance No. 95-012. Matt Wimberly, an attorney from Kingsport, said that he represented Rusty Vest and Mr. Vest is under contract to purchase the 84 Lumber property, which is what this zoning request is for. Mr. Wimberly stated that Mr. Vest owns Industrial Products Company and his contract to purchase is contingent upon this rezoning. Mr. Wimberly stated that during their due diligence they discovered that the zoning ordinances were put in place after 84 Lumber had the property so there use was grandfathered in. Mr. Wimberly stated that Industrial Products Company is a roofing, material and distribution company and there would be no manufacturing on sight. Mr. Wimberly stated that they felt that the impact on the surrounding residential area would be minimal. Mr. Wimberly stated that Gene Ward and Mike Spears are with him tonight and they would be managing that property. Vice-Mayor Gentry stated that there was a question brought up about the railroad spur being used. Mr. Wimberly stated that the company was not going to use the railroad spur. Vice-Mayor Gentry stated that there was somebody that wanted to use them but he could not remember who it was. Alderman Don Weaver made a motion to approve Ordinance No. 2009-001 on first reading. Second by Vice-Mayor Gentry.

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| Roll Call Vote: | Alderman Carrier | yes |
| | Vice-Mayor Gentry | yes |
| | Alderman Don Weaver | yes |
| | Alderman Mark Weaver | yes |
| | Alderwoman Wells | yes |

Mayor Malone scheduled a Special Called Meeting on February 19, 2009 at 4:00 p.m. for the public hearing and second reading of Ordinance No. 2009-001.

REPORT FROM MAYOR MALONE:

1. Mayor Malone reported that asphalt has been put down this week where there was a water leak on Main Street in January.
2. Mayor Malone reported that Bristol TN Essential Services have put in underground power to the water pump in Highland Subdivision but they have not got it connected from the pump to the pedestal yet but they are hoping to have that done very quickly. Mayor Malone stated that he had asked Judy where they were on the expenditures on where that was running to make sure they could go ahead and complete that project and they are okay so he was going to give the guys an okay to go ahead and have the electrician come in and hook the pump up and that project should be completed by the end of next week.
3. Mayor Malone stated that the city has had a lot of sewer problems during the cold weather.
4. Mayor Malone stated that the two pumps at the lift station on the Bluff City Highway were replaced last year
5. Mayor Malone stated that they are having problems with the pumps at the city garage that controls the Duty Drive area and Kingsport Armature is repairing it at this time.
6. Mayor Malone reported that they have had a lot of issues with the pumps at the bridge. Mayor Malone stated that one of the pumps went bad because of a valve they could not open, they tried to open it and it broke in the closed mode so they could not use that pump. Mayor Malone stated earlier in the week and over the weekend the second pump quit running. Mayor Malone stated that they worked all day on Wednesday repairing the broken valve. Mayor Malone stated that the pump that originally quit working they have got it online but the other pump is not working. Mayor Malone stated that these pumps were installed in the 50's and according to the engineers we are going to have to try to come up with some kind of pump to replace these as this style of pump is no longer made so they are going to have to deal with what they got until they can come up with the money, grants or something of that nature to replace this pump station.
7. Mayor Malone stated that there had been a lot of unexpected snow, water meters freezing and a lot of citizens had busted water lines from the cold weather.
8. Mayor Malone stated that there is a new water leak with an estimated loss of 50 to 100 gallons per minutes and they are trying to desperately find it. Mayor Malone stated that they have had some low pressure problems in the Highland's area and

other areas of the city. Mayor Malone stated that at least two times over the past week they have attempted to purchase water from Bristol-Bluff City Utility but could not because their plant was down. Mayor Malone stated that the area they are looking for the leak is the main trunk line. Mayor Malone asked the citizens if they see any water to call in.

REPORT FROM CITY ATTORNEY PAUL FRYE:

1. Attorney Frye stated that the BMA had asked him to get them information with regard to the sign ordinance. Attorney Frye reported that if you are in violation of the sign ordinance there will be a written notice from the building inspector and within 10 days the property owner has to comply or the sign will be removed and if it is a safety issue it can be removed immediately.
2. Mayor Malone reported that Sullivan County is going to clear the property at the school as soon as the weather breaks.

COMMENTS FROM THE ALDERMEN:

1. Alderman Carrier commented that he was glad to see the citizens come out and hope they come back.
2. Alderman Mark Weaver thanked everyone for coming and hope they come back also.
3. Alderman Don Weaver said it was good to see everyone and hurry back
4. Alderwoman Wells thanked everyone for coming out.
5. Vice-Mayor Gentry thanked everyone for coming and glad to see them.

REPORTS FROM CITY OFFICIALS AND COUNTY COMMISSIONERS:

1. City Recorder Dulaney said she had provided each board member a copy of the financial summary for January 31, 2009 in their packets. Recorder Dulaney reported that the revenues are lower than the expenditures and hopefully that will level out. Recorder Dulaney stated that she was not making the transfers into the debt service because they had talked about taking the money in the building fund for this so as to create a better cash flow in the operating account, but the BMA had never taken any kind of official vote on doing this. Recorder Dulaney stated that they could do this at the next meeting, but she wanted to bring it to the BMA's attention. Recorder Dulaney reminded the BMA that they still have not

- approved the non-profit resolutions on file and we are still not at a place where the checks could be disbursed. Alderman Don Weaver asked if these are usually split. Recorder Dulaney stated that the fire department funds are split into quarterly payments but the others are paid all at once. Alderman Don Weaver asked if this could be done with the transfer. Recorder Dulaney said no not yet as it will probably be closer to the end of the year which will depend on what the property tax collections are because if there is a lot of delinquent property taxes this could present a problem with the payments. Alderman Don Weaver as if the \$50,000.00 was going to be used for expenditures. Recorder Dulaney said no that the \$50,000.00 will go into the debt service to pay the building debt. Alderman Don Weaver asked if this was paid quarterly. Recorder Dulaney said that the interest was paid monthly and one balloon payment a year. Recorder Dulaney stated that due to interest being low they are saving money on the monthly interest payments. Alderman Don Weaver stated that the sales tax is killing us. Recorder Dulaney stated that the city has only collected 36.3% of the property taxes and they are down in the court fines whereas the BMA estimated \$58,000.00 but we have only collected a little over \$15,000.00. Recorder Dulaney stated that the Local Option Sales Tax is low as it should be at about 54% and it is only 39%. Alderman Don Weaver stated that he had read where they were \$65,409.00 out from September 9, 2008 to January 9, 2009 was that true. Recorder Dulaney stated that she had not read that but she could only go by what is on the books. Recorder Dulaney said that this was going to be a problem when they start the next budget and they won't have the building fund to fall back on. Recorder Dulaney stated that on the audit they stayed within what they had budgeted but they used reserve funds to do it with and you will not be able to do that anymore. Recorder Dulaney stated that they are running at a rate of \$140,000.00 in expenditures over the current revenue.
2. Chief Nelson gave a police report for the month of December and January (See attached). Chief Nelson reported that he had talked to Dave Metzgar and the red lights on Highway 11E and 19E will be turned on flashing mode on Monday for seven (7) days. Chief Nelson stated that they had issued a warrant in reference to the murder on the Bluff City Highway and the suspect had been apprehended in North Carolina and has been extradited to Chesapeake Bay, Virginia and they are waiting for extradition here. Chief Nelson commended his officers on a job well done.

OLD BUSINESS:

1. Alderwoman Wells asked if they found out from the engineer about being able to store the records. Mayor Malone said yes and he does not recommend it, as the cost is probably going to exceed what we need to do because the way the rafter systems is built and it would be hard to get in and out and there would have to be a weight bearing study done and he did not think it would be very economical at this point. Alderwoman Wells asked what the next plan was. Mayor Malone stated that they need some ideas as to where to store records because we are going to have to eventually pull out the records in the old city hall and store them somewhere. Mayor Malone said that we have the section up at the city garage but they would have to put a structure there and it would have to be a climate controlled environment. Recorder Dulaney reported that the Tennessee Municipal League sends an inspector each year to inspect the city building before they renew the coverage. Recorder Dulaney reported that she had received a call from the Tennessee Municipal League informing her that they would not provide liability and property coverage on the old city hall and recommended that anyone entering the building wear a haz-mat suit. Recorder Dulaney said that they would be sending the city a letter with regard to this. Alderwoman Wells ask if we knew that no other insurance company would cover it. Recorder Dulaney said that the BMA needed to let her and the Mayor know what they wanted to do. Mayor Malone said he would look into it. Alderwoman Wells asked if there was any space in the city garage. Recorder Dulaney stated that she had records already stored in the city garage and the rodents are eating them. Recorder Dulaney stated that she is out of space at the new city hall for record storage. Mayor Malone stated that they did not have a whole lot of room in the garage but maybe they could built an internal room temporarily to store records and maybe use it as another office or tool room which we could figure out later. Mayor Malone said he could look into that if the BMA wants to.

NEW BUSINESS:

1. Alderman Carrier asked why they could not make a motion to put in for a grant to fix the pumps at the bridge. Mayor Malone stated that they are working on that. Recorder Dulaney reported that she and the Mayor had a meeting with the gentlemen from the First TN Development District and the City Engineer Dave Wilson this week. Recorder Dulaney reported that the low to moderate income

surveys came back and the city needed 51% LMI to apply for a Community Development Block Grant and they only had 46% so they will not be able to apply this year.

2. Recorder Dulaney announced that the Bluff City Beer Board will meet on February 19, 2009 at 3:45 p.m. with regard to an Off Premise Beer Application submitted by White's IGA.
3. Alderman Carrier stated that he was eating at White's the other day and saw a Bluff City Police Cruiser at McCord's for over an hour. He said he was there from about 2:30 p.m. to 4:00 p.m. Mayor Malone told Alderman Carrier he would get with him later in the week with regard to this.

CITIZEN COMMENTS – SECOND SECTION:

1. Ricky Plank asked if the records in the old city hall would be contaminated. Recorder Dulaney said yes and before they are moved they would have to be cleaned.

ADJOURN:

Mayor Malone adjourned the meeting at 8:20 p.m.

Todd Malone, Mayor

ATTEST:

This 12th Day of February, 2009

Judy Dulaney, City Recorder

