



226 Capitol Boulevard Bldg., Suite 508
 Nashville, Tennessee 37243-0760
 Phone: (615) 741-3012
 Fax: (615) 532-2443
 www.tn.gov/tacir

**MINUTES OF THE
 TENNESSEE ADVISORY COMMISSION
 ON INTERGOVERNMENTAL RELATIONS
 10 December 2013**

Meeting Called to Order

The Tennessee Advisory Commission on Intergovernmental Relations met in Legislative Plaza Room 30 at 1:09 p.m., Chairman Mark NORRIS presiding.

Present 22	Absent 3
Mayor Troy Beets	Senator James Kyle
Mayor Tommy Bragg	Representative Antonio Parkinson
County Mayor Ernest Burgess	Councilmember Kay Senter
Mr. Charles Cardwell	
Representative Mike Carter	
Mr. Rozelle Criner	
Ms. Paula Davis	
County Mayor Brent Greer	
Representative Ryan Haynes	
Senator Douglas Henry	
County Executive Jeff Huffman	
County Mayor Kenny McBride	
Mr. Iliff McMahan	
Senator Randy McNally	
Senator Mark Norris	
Representative Gary Odom	
Representative Antonio Parkinson	
Mayor Tom Rowland	
Representative Charles Sargent	
Mr. Tommy Schumpert	
Senator Jim Tracy	
County Mayor Larry Waters	
Comptroller Justin Wilson ¹	

¹ Phillip Doss represented Justin Wilson

1. Call to Order and Approval of the Minutes

Chairman NORRIS called the meeting to order at 1:09 p.m. and requested approval of the minutes. A motion to adopt the minutes was made by Mayor HUFFMAN, seconded by Commissioner MCMAHAN, and passed unanimously.

2. Presentation by Dr. Cliff Lippard, Deputy Executive Director, of the 2014 Work Program.

Dr. Cliff Lippard presented the Commission's calendar year 2014 work program for approval. He explained that the document was essentially the same as the amended 2013 work program approved by the Commission at the June 2013 meeting. The only changes were that two completed projects, fire service and land use legislation, have been removed and the statuses of the remaining projects have been updated. Dr. LIPPARD also reminded the members that staff would bring for approval an amended work program, reflecting any new projects directed by the General Assembly or Commission members, to the June 2014 meeting.

Commissioner McMAHAN moved approval, Representative SARGENT seconded, and it was unanimously adopted.

3. Setting Water and Wastewater Rates for Non-resident Customers of City Utilities, (House Bill 600 by Hill, T.)—Draft Report for Review and Comment

Mr. Ben SMITH presented the draft report on water and wastewater rates. Because of the likelihood of unintended consequences, the report does not recommend HB 600, which would cap water and sewer rates for Johnson City Water and Sewer customers in Sullivan county that live outside the city limits at 150% of the rate charged city residents. The report instead recommends adopting some means of ensuring that rates are fairly set, either appointing non-resident representation on the city utility board or establishing an appeal process or both. Mr. SMITH said that having non-resident representation on the city utility board would offer a customer-focused solution that would lessen the need for appeals because all customers would have a voice in the body that makes rate decisions. The second proposed solution was adding an appeal process to the Water and Wastewater Financing Board, which oversees utilities operated by cities. A process already exists to appeal rates for customers of investor-owned utilities and utility districts.

Mr. SMITH explained that water rates vary across the state's geological regions and by whether the customer is inside a city, outside a city, or in a utility district. Regional differences in water rates are not surprising because of geological differences across regions. He said that comparisons between rates charged to non-resident customers of cities and those charged to customers of utility districts are the best apples- to-apples comparisons because the population densities are similar. Twenty cities charge 200% or more than their inside rate to customers that live outside city limits. Thirteen of the twenty charge exactly 200%, which on its face seems arbitrary.

Mr. SMITH said there is a problem across the state with some outside water rates not being affordable. According to a study by the University of North Carolina Environmental Finance

Center, affordable water rates are less than 1.5% of median household income. In Tennessee, 41 cities charge outside customers more than this 1.5% affordability threshold.

Mr. SMITH explained how municipal water boards are currently selected and how they could be modified to include representation for non-resident customers of cities. He said that increased representation might lessen the need for appeals. Mr. SMITH mentioned city's regional land use planning commissions as a precedent for providing outside representation. In the case of those commissions, if the area outside the city limits is at least half of the entire planning region, two representatives who live in the extraterritorial area are appointed by the city to serve on the planning commission; otherwise, only one need be appointed. As an example of another way that representation might work, Mr. SMITH said that municipal utility boards could have proportional representation for outside customers based on their number as a share of total customers. He cautioned that this could be problematic since in the case of 44 municipal water utilities, the outside customers outnumber inside customers.

Mr. SMITH discussed how jurisdictions outside Tennessee cap rates, noting that Florida and Wyoming both have a 125% cap on outside water rates. In Wyoming, cities can charge up to 200% if they can prove actual cost. However, there are few cities that do this and most stay within 125% of inside rates. In practice, rate caps tend to become the new standard rate.

Chairman NORRIS thanked Representative Timothy HILL for bringing the issue to the Commission's attention and said that he is sure that Representative HILL would be happy if the General Assembly could improve upon HB 600. He also noted that the report focuses on the inequities of the current system both from a cost and representation point of view.

Mayor BEETS asked how many city utilities there are and how many of them charge 200% or more to outside customers and whether it was only 10%. Mr. SMITH replied, yes, that 10% of cities with water systems that extend outside the city charge those outside customers 200% of the inside rate or more. Senator HENRY asked how affordability can be determined objectively. Mr. SMITH noted that determining affordability is not easy, but for this report, staff used the 1.5% of median household income that was used in the University of North Carolina study.

Chairman NORRIS said the baseline state law is that the systems have to be self-sustaining. Mr. SMITH added that outside extensions need to be self-sustaining, too. Chairman NORRIS asked whether there is a prohibition in state law against making a profit. Mr. SMITH answered that there is a prohibition on profits, but payments in lieu of taxes can be paid to the city. Chairman NORRIS said the report should determine at the outset what the current law requires.

Mr. DOSS asked whether the law requires served areas both inside and outside of a city to be self-sustaining. Mr. SMITH answered that the law is vague, but a cost of service study could show whether each extension is self-sustaining. Mr. DOSS asked whether, if the cost to build an extension is known, then is there not a way to know the cost to provide service for outside customers. Mr. SMITH replied that they may not know the actual cost of each extension and that a cost of service study is not done each time. County Executive HUFFMAN asked whether sustainable rates include debt and depreciation. Mr. SMITH answered that they do and added

that net assets cannot decrease two years in a row or the utility will fall under board jurisdiction. County Executive HUFFMAN asked whether North Carolina utilities are required by law to fund depreciation. Mr. SMITH replied that studies by the University of North Carolina include depreciation when determining whether rates are adequate. [Note: North Carolina does not require city utilities to include depreciation rates].

Commissioner SCHUMPERT asked whether determining the cost of outside service was the real complaint. Mr. SMITH answered that it probably is and that state law does not require a study to determine the cost of outside service. A requirement for outside cost accounting was considered, but that might place a large burden on some cities.

Vice-chairman ROWLAND said that the City of Cleveland's water board has five members. Six percent of the customers are outside the city, but one board member is 20% of the board. Mr. SMITH added that proportional representation would give customers outside of the city a majority of the representation in 44 cities.

Senator HENRY asked whether board decisions that are considered capricious can be appealed. Mr. SMITH answered that board decisions can be appealed to chancery court.

Representative CARTER said East Side Utility District (ESUD) sells water to Cleveland and charges a 2.17% markup over the rate charged in Hamilton County, which is much less than markups common across the state. Mr. SMITH said when extensions are being planned there is more of an effort to determine what it will cost to be self-sustaining, but as the years go by, there may be a loss of focus on what would be a sustainable rate. Representative CARTER added that because ESUD received funding from the federal Farmers Home Administration, they had to prove their rates were reasonable. Mayor ROWLAND noted that ESUD rates are the same as the rates the City of Cleveland charges their outside customers.

Senator MCNALLY asked whether any consideration is given to the risks and liabilities to cities when setting rates for customers outside the city. Mr. SMITH said that risk could be considered when setting outside rates. Mr. SMITH confirmed that the only alternative for outside customers under current law is to go to court.

Representative CARTER stated that the law requires a utility to stand on its own. For example, East Side Utility District could not get Hamilton County backing for their bonds. If ESUD could take advantage of Hamilton County's AAA credit rating, they could borrow at a lower interest rate and charge their customers lower water rates. Chairman NORRIS recognized Ms. Joyce WELBORN from the Comptroller's Office to clarify how different utilities back bonds. Ms. WELBORN said city and county utilities can use tax and revenue bonds. Water authorities and utility districts can only use their own revenue to back their bonds.

Chairman NORRIS asked whether Ms. WELBORN had any comments on the report. Ms. WELBORN replied that adding a complaint procedure for city customers to the WWFB would probably put a huge fiscal note on the bill because of the need for additional staff. Chairman NORRIS asked whether the spirit of the current law could be followed without adding staff. Ms. WELBORN replied that it probably could not.

Senator HENRY asked whether the WWFB or UMRB have ever been taken to court. Ms. WELBORN said the WWFB has been taken to court by the City of Mt. Juliet. The authority of the board was upheld by the state Supreme Court. The Utility Management Review Board is currently in court on two or three cases.

Commissioner SCHUMPERT asked how many of each type of utility there are. Ms. WELBORN said there are 252 city systems, 180 utility districts, 15 county systems, and a handful of water authorities in Tennessee.

Chairman NORRIS asked for any additional comments or additions to the current draft. Mayor BRAGG noted that there are city residents that are served by utility districts. He used the example of the city of Murfreesboro. The city residents served by the utility district there are charged more than the city residents served by the city.

4. Presentation on Legislation Allowing Insurance in Lieu of Surety Bonds for Local Public Officials (Senate Bill 624 by Norris.)

Mr. Nathan SHAVER presented the draft report on Senate Bill 624 for review and comment. He said the bill was sent to the Commission by the Senate State and Local Government Committee with instructions to study whether insurance would be a suitable alternative to the individual surety bonds that are currently required by state statute for certain local public officials. Individual surety bonds have been required in Tennessee since the 19th century to protect against losses caused when public officials do not faithfully perform their official duties. He said that the surety bond does this by providing a guarantee that the surety company will pay the governmental entity for losses caused by the public official up to the amount set in the bond and that the public official will reimburse it the amount paid on the claim, holding them personally liable.

Mr. SHAVER said that Senate Bill 624 proposed changing current laws to allow insurance as an alternative to individual surety bonds. He said that it is unclear that an insurance policy would provide the same coverage and safeguards as Tennessee's individual surety bond requirements, particularly as they relate to holding individual office holders accountable. Most states require surety bonds like Tennessee; however, 27 states allow for blanket bond coverage of some sort, six states allow insurance, another six allow for pooling, and four states allow for self-insurance to be used in place of individual surety bonds.

Mr. SHAVER said the report includes a draft recommendation based on discussion at the October meeting that the bill is not needed, at least not in the current form, but that the Commission may want to consider endorsing a provision allowing true blanket bond coverage that would provide equivalent coverage to the individual surety bonds currently required. He said that a blanket bond is one bond that covers several officials and can be set up to provide the same safeguards and coverage as an individual bond with liability remaining with the official. He said that many states already allow for blanket bond coverage and gave the example of the State of Virginia. He explained that allowing a blanket bond similar to

Virginia's could simplify the process and potentially cost less while providing the same coverage.

Senator Douglas HENRY pointed out that a few states that allow self-insurance, such as California, Illinois, and Louisiana, are not known for their fiscal strength and jokingly recommended that we not follow their lead.

Chairman Mark NORRIS stated that he initially sponsored the bill to save money for local governments and, in a roundabout way, we may have gotten to that point with the blanket bond idea. Senator Jim TRACY said that he supports giving local governments the option (of blanket bonds), and that he understands the concept because of his long history in the insurance business. He said that he supports looking at this further. Chairman NORRIS commented that he is intrigued by the blanket bond idea. Commissioner MCMAHON echoed Senator TRACY's comment, saying that this is a complex issue that needs to be discussed and that some of the local governments he deals with are really confused on this issue.

Representative Mike CARTER said that he had a discussion with the Chattanooga county mayor and a person from the insurance industry who said that he wanted the state to make the process quicker, easier, and cheaper. They also want the option to use a blanket bond that has coverage amounts approved by the Comptroller's Office.

Representative CARTER said that he would be happy to get with concerned parties to draft something for the Commission. He asked whether individual bonds were only required for counties in Tennessee. Mayor Tom ROWLAND responded that he thought cities had discretion as to requirements for individual surety bonds. [Tennessee law requires bonds for city managers and city employees who handle money. With modified city-manager-council charters, the city council determines which employees must give a bond. Bond amounts for city employees are set locally.]

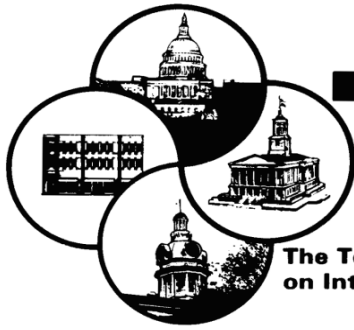
Mayor Ernest BURGESS asked whether blanket bonds would require a duty of indemnification on the official to the surety company just like with individual surety bonds. Representative CARTER responded that anything that he would support would have to have that requirement and without that, you have nothing, that the indemnification requirement is essential to this process, and that if we could pass one law that could bring this together, it would be an enormous help to the counties.

Chairman NORRIS commented that he has heard some impressive figures on potential cost savings from using blanket bonds. He said he was pursuing a simpler and more cost-effective process to get the job done.

Representative CARTER asked whether he should put together a prototype and send it to Executive Director Lynnis ROEHRICH-PATRICK and county members of TACIR for them to

analyze. Chairman NORRIS said that was fine with him and that the Comptroller's office and the Department of Commerce and Insurance should weigh in on this as well.

Chairman NORRIS adjourned the meeting at 2:26 P.M.



TACIR

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**MINUTES OF THE
TENNESSEE ADVISORY COMMISSION
ON INTERGOVERNMENTAL RELATIONS
11 December 2013**

Meeting Called to Order

The Tennessee Advisory Commission on Intergovernmental Relations met in Legislative Plaza Room 29 at 8:41 a.m., Chairman Mark NORRIS presiding.

Present 21	Absent 4
Mayor Troy Beets	Senator Douglas Henry
Mayor Tommy Bragg	Senator James Kyle
County Mayor Ernest Burgess	Mr. Iliff McMahan
Mr. Charles Cardwell	Representative Antonio Parkinson
Representative Mike Carter	
Mr. Rozelle Criner	
Ms. Paula Davis	
County Mayor Brent Greer	
Representative Ryan Haynes	
County Executive Jeff Huffman	
County Mayor Kenny McBride	
Senator Randy McNally	
Senator Mark Norris	
Representative Gary Odom	
Mayor Tom Rowland	
Representative Charles Sargent	
Mr. Tommy Schumpert	
Councilmember Kay Senter	
Senator Jim Tracy	
County Mayor Larry Waters	
Comptroller Justin Wilson ¹	

¹ Phillip Doss represented Justin Wilson

Call to Order

Chairman NORRIS called the meeting to order at 8:41 a.m.

- 1. Lynnis ROEHRICH-PATRICK, Executive Director, presented a discussion document for the report on Municipal Boundary Changes and Comprehensive Growth Planning in Tennessee.**

Chairman NORRIS called the meeting to order and reminded everyone that the task of the Commission under Public Chapter 441 is more than studying annexation and annexation by referendum; it is to review the broad context of the laws in the 20-year growth planning process. The Chairman explained that the day's discussion would focus on the points highlighted in the report.

Executive Director ROEHRICH-PATRICK recapped the process leading up to the presentation and the plan developed by the Commission for moving forward. Ms. ROEHRICH-PATRICK explained that the discussion document in the docket book walks through the topics addressed by Chapters 51 and 58 of the Tennessee Code, which are the chapters the General Assembly asked the Commission to review, noting that much of the document was the same information presented at the October meeting. Ms. ROEHRICH-PATRICK said that any of the options included in the draft could be made a statewide requirement, or counties could be allowed to choose from them locally—by popular vote or other means. She also said that if referendums were required there would be questions on who gets to vote.

On the first discussion point, that people want a more participatory process with more control over whether and when they are annexed, County Executive HUFFMAN, referring to a caveat to the third option—that cities be compensated for infrastructure investments if residents are allowed to be removed from an annexation or excluded from urban growth boundaries—asked who would pay the city for those infrastructure items. Ms. ROEHRICH-PATRICK suggested that if the Commission was interested in this option, staff would look at the other states where deannexation can be initiated by landowners for ideas about how to address this question. County Executive HUFFMAN wanted to know if, for example, 75 residents wanted to be deannexed but there was a \$1 million infrastructure investment by the city, then would those residents be expected to pay the cost. Ms. ROEHRICH-PATRICK said that would not be a reasonable expectation and that what would happen in effect is that you would not be able to be deannexed in a situation like that.

Concerning a discussion point about vesting of development standards, that the same standards should apply before and after annexation, Chairman NORRIS asked whether they are standards in the county or standards in the adjacent city. Ms. ROEHRICH-PATRICK said that staff is looking for clarification from the members.

On allocation of tax revenue after annexation as it relates to the unique “hold harmless” provision in Tennessee’s Growth Policy Act, Mayor BRAGG asked for clarification of the discussion point that beer wholesalers be required to provide specific information tying

remission amounts to the location of retailers; he asked whether this was about “locus.” Chairman NORRIS said yes, but that the term is “situs.”

Chairman NORRIS asked that the description of Senate Bill 732 by Watson (House Bill 231 by Carter), which would prohibit a municipality that has not annexed all territory within its UGB to propose an amendment to the growth plan and to serve on the coordinating committee, be clarified to refer to the mayor of such municipality.

Following Ms. ROEHRICH-PATRICK’s presentation, Chairman NORRIS said there were several ways for the Commission to proceed. Public Chapter 441 requires TACIR to report to the General Assembly and make recommendations by January 14, 2014. To meet that deadline, the Commission would have to approve what is submitted by the 14th. He added that TACIR’s next scheduled meeting is January 30 and 31. The report could take these discussion points and convert them to recommendations, and it could be submitted and comply with the requirements of Public Chapter 441. However, several members have expressed sentiment to work on some of these ideas more. A motion to adopt the report was made and seconded for purposes of discussion.

Mayor HUFFMAN asked whether TACIR had looked at letting the joint economic and community development boards also serve as industrial development boards. He said that the boards are authorized by separate statutes, maybe because elected officials are prohibited from serving on industrial development boards, while JECDBs require certain elected officials to serve. If a JECDB isn’t doing a lot in some area, and they have an IDB that is, it seems the functions are similar. Chairman NORRIS said that could be a local option and asked Mayor HUFFMAN whether he meant for the functions of the industrial development boards to be moved to the JECDB, or could the reverse be true. Mayor HUFFMAN responded that one of the two would have to be changed regardless of which way you go and suggested that it may make sense to combine those functions. Ms. ROEHRICH-PATRICK said that it could be recommended as an option, and if the legislature were interested in the option, the Commission could work with them to figure out how exactly it could work.

Mayor BRAGG expressed concern about reconciling the prohibition against elected officials serving on an IDBs board with the requirement for having the JECDB made up of elected representatives. Chairman NORRIS agreed, saying that it would need further study, and that suggesting it as an option doesn’t do any harm.

Vice-Chairman ROWLAND added to the point by Mayor HUFFMAN earlier about reimbursing a city for investments in an area that deannexes. He noted that those expenses could include things like fire stations as well as basic infrastructure. Mayor ROWLAND also added that he serves on his industrial development board and asked whether that was against the rules. Chairman NORRIS asked that a talking point on this issue be added to the report for consideration.

[Note: While no officer or employee may serve on the board of an industrial development corporation formed by a single local government (Tenn. Code Ann. § 7-53-301), Code Ann. § 7-

53-104 authorizes officers, city managers, and other comparable chief administrative offices to serve as directors of an IDB formed jointly by two or more local governments.]

Representative CARTER called attention to the first discussion point, that the consensus of the Commission is to adopt a more participatory process. He said it should be looked at in two phases and that any significant changes to the law require great study to avoid unintended consequences. He made a motion to recommend changing Tenn. Code Ann. § 6-51-102 on annexation by ordinance to require a referendum on any nonconsensual annexation of homes or agricultural property. He suggested asking for additional time to consider the other issues. The motion was not seconded. Chairman NORRIS said that although his personal preference is the same as Representative CARTER'S, rather than telling the General Assembly which option to choose, the Commission might serve them better by offering multiple options.

Vice-Chairman ROWLAND asked whether Representative CARTER was referring to areas both inside growth boundaries and outside. Representative CARTER replied that annexations outside the growth boundary already require referendums and that he wants to apply the same law inside it as well. He mentioned four occasions on which cities attempted to annex outside a growth boundary, and the referendums passed in three of those.

Representative SARGENT took the opposite side of the issue and presented a letter from the Middle Tennessee Mayors Caucus. He said that probably two-thirds of the growth in the state over the last ten years has come from the counties represented by the caucus. These city and county planning commissions work together to plan growth, and their plans have worked well. The trouble with requiring referendums is making it the same for everybody; let those with concerns opt in to something rather than having places where it works try to opt out.

Senator McNALLY said that he'd like to see the one-year moratorium extended. His concern was that the legislature might not have enough time to act between when they get the report in January and when the session ends. He said he agrees with Representative CARTER to have annexation by consent only, but since he doesn't feel that can pass the Commission, it is best to look at all the options. Vice-Chairman ROWLAND agreed with Senator McNALLY and added that there are a few questions left unanswered yet. Extending the moratorium gives time to study and make recommendations on these few issues.

Mayor BURGESS called attention to a map in the report showing the number of annexations in Tennessee from 2000-2009. Eighty-eight of the counties had fewer than 100 annexations in that time. Three of the counties that had more than 100 were in middle Tennessee. Going back to what Representative SARGENT said, he said that in his two terms as mayor of Rutherford County, he had not had a single call from a citizen complaining about being annexed.

Mayor BEETS offered to second Senator McNALLY's motion to recommend to the legislature that the moratorium be extended. Chairman NORRIS explained that this will just be a recommendation and that the General Assembly will have to decide whether to amend Public Chapter 441.

Representative SARGENT said that Thompson's Station in Williamson County had put off an annexation to wait and see what was happening. He wanted to clarify that this motion would continue to exclude commercial property from the moratorium. Chairman NORRIS said yes.

Mayor BRAGG reminded the commissioners that there is redress through the courts to contest annexations. Cases can be tied up in court for years, and changing the laws could complicate matters further. Cities and counties gave up a lot when rural areas and planned growth areas were drawn, requiring referendums for annexation outside urban growth boundaries. Public Chapter 1101 was a compromise, and people living near the city have a reasonable expectation that they can be annexed into the city.

Representative CARTER asked whether the motion could be amended to say that the moratorium will continue until a bill is passed, to avoid there being a gap between the moratorium ending and a bill being signed into law. Chairman NORRIS said that it would be something dealt with in the actual legislation.

Representative ODOM suggested including in the recommendation the reason why the Commission is asking for more time—that is, to be able to formulate more detailed recommendations to the General Assembly. Chairman NORRIS suggested doing this after voting on the motion recommending the extension and looking at the remainder of the recommendations in the report in that light.

The motion to recommend extending the moratorium was adopted. Chairman NORRIS asked for further discussion on any of the other points in the document and if the Commission wanted to make any further recommendations. Mayor BRAGG offered a motion to clarify that registered voters who are property owners should be the ones who get to vote in a referendum, and made this motion. Senator McNALLY asked about cases where a property is in one person's name, would a spouse living there get to vote? Mayor BRAGG said no. Senator McNALLY noted that the election Commissions would have to look at property records as well as voter registration. The motion was not seconded.

Senator TRACY asked whether a city could annex some territory to extend sewer while a road project was in progress. Chairman NORRIS said no, depending on the type of land it was, but that they also didn't have to annex the land to be able to run sewer lines. Representative CARTER agreed, saying that extending utilities has nothing to do with annexation. Representative CARTER also added that the moratorium is only on residential and agricultural land. Public Chapter 441 limits only "adversarial" annexations, not restricting people or developers who wish to be annexed.

Chairman NORRIS asked that more explanation be added to the report. He also suggested hearing from election officials and the Attorney General about issues related to referendums. While the legislature can work some of these details out in committees, TACIR's role is to refine the issues and give the general assembly some options. The Chairman asked whether the Commission wanted to put forth the remainder of the report for further analysis and discussion, subject to the moratorium being extended.

Mayor BURGESS said that some of the points are ready, but others remain unclear. Regarding a timeline for plans of service, what services are required? In the cases where cities should be able to recover investment costs, it will take a lot to define the process. It has to be understood that these need more work before the Commission endorses them. Mayor BEETS answered that the timeline for "required" services is whatever was called for in the adopted plan of services. He raised the issue of cities taking on debt based on certain tax revenues and then having areas choosing to deannex. Chairman NORRIS said that he had heard that concern from other members as well.

Commissioner SCHUMPERT commented that the common reason for seeking deannexation is that services have not been provided. Chairman NORRIS agreed and added that citizens often don't have the resources to sue cities to get those services. Mayor ROWLAND agreed and asked Representative CARTER about a case in Hixson, where they were asking for deannexation from Chattanooga because they hadn't been provided services. Representative CARTER clarified that this wasn't exactly the situation. There was a settlement to an earlier challenge to annexing that area, and now that it is time for it to go into effect, the people want to stop it. He said that the county there provides all of the necessary services and utilities and the people will see no benefit from annexation.

Chairman NORRIS asked for a vote to adopt the report as it had been modified, to include the motion that passed to recommend extension of the moratorium. Moved by Representative ODOM and seconded by Councilmember SENTER, the motion carried.

Representative ODOM also asked that the report clarify the current status of the law under the moratorium.

Councilmember SENTER said that the Commission has adopted the report today, and that it is important to let the legislature know that it is a work in progress.

Chairman NORRIS said that the work is not done, and will continue in January.

Next meeting

The next meeting is scheduled as follows:

- January 30 and 31, 2014

Chairman NORRIS adjourned the meeting at 10:16 A.M.