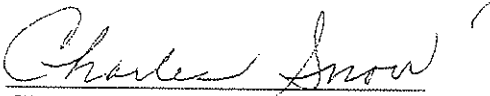


ADDENDUM to Roane County Grand Jury Report – February 2013 Term

In addition to the regular cases presented on Tuesday by law enforcement and the District Attorney General's Office, the results of which are listed in the Minutes and regular report, the Grand Jury heard testimony on Wednesday morning on the following matters:

- a) TBI Special Agent Darrin Shockey testified about a TBI investigation that was predicated by the District Attorney General based on a complaint from current Property Assessor David Morgan and current Property Assessor employees (who were also employees of former Property Assessor, Teresa Kirkham). The TBI investigation revealed inappropriate use of an office computer after hours by a former employee of Kirkham's. The investigation involved multiple interviews of individuals and the review of information provided by Morgan and his employees. The Grand Jury, after receiving the full investigative report and hearing testimony from the TBI Agent determined that the action of the former employee did not amount to criminal conduct. Furthermore, the Grand Jury felt that the actions of Kirkham upon learning of the inappropriate computer use were based in part upon advice from an attorney at CTAS and not of a criminal nature. Finally, the Grand Jury recommends that Roane County adopt guidelines concerning computer use by its employees. The Grand Jury in recommending so noted that the County Attorney and County Mayor are both aware of the specific conduct involved in this complaint such that they should be able to address the drafting of such guidelines.
- b) Attorney Chad Jackson of the State Comptroller's Office conducted an investigation at the request of the District Attorney General into a complaint from current Property Assessor David Morgan regarding former Property Assessor Teresa Kirkham's downward adjustment of a property appraisal on a commercial building owned by Dr. Clary Foote and into a 'refund' that was at issue under Property Assessor David Morgan's administration. The reports of Attorney Jackson's investigation into these two matters are attached hereto as Exhibits "A" and "B". The Grand Jury chose to take no action on these matters.
- c) Auditor Phillip Job of the State Comptroller's Office conducted an investigative audit of the Rockwood City Parks and Recreation Department at the request of the Rockwood Mayor James Watts and the District Attorney General. Job presented his report and the result of this presentation was a multi-count indictment on former Director Tom Pierce that is included in the list of New Bill indictments. The State Comptroller's Office will publish on its website the full investigative report once this defendant is in custody. The Grand Jury requested that one additional indictment as a result of this audit be held on the 'bound over' docket until the next meeting of the Grand Jury.

This 20th day of February, 2013


Charles Snow, Foreman

Filed 2/20, 2013
KIM R. NELSON Time 3:50
By Jucy Guy D.C

EXHIBIT "A"

TO GRAND JURY REPORT



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF GENERAL COUNSEL

Justin P. Wilson
Comptroller

James K. Polk State Office Building
505 Deaderick Street, Suite 1700
Nashville, Tennessee 37243-1402

Robert T. Lee
General Counsel

February 14, 2013

Honorable Russell Johnson
District Attorney General
1008 Bradford Way
P.O. Box 703
Kingston, Tennessee 37763

RE: Adjustments to the Appraised Value of 200 N Roane Street in Harriman

General Johnson,

As per your request, I reviewed records from the Roane County Assessor's Office, the Division of Property Assessments, have spoken with current and former employees of the Roane County Assessor's Office, and will detail the findings of my review below.

The transaction I reviewed and the questions associated therewith center around the property located at 200 N. Roane St. in Harriman, Tennessee. Apparently, in early 2012, the subject property changed hands and was purchased by Dr. Clary Foote for \$280,500. After purchasing the property, Dr. Foote retained the services of a fee appraiser who, according to witness recollection, estimated the value of the property around \$1,200,000. Dr. Foote subsequently contacted then Property Assessor Teresa Kirkham's office for an official re-appraisal of his property which was currently listed according to county records at \$2,077,200. According to information provided by two of the former Assessor's employees, Ms. Kirkham informed them that the property was "too high". The employees were then tasked with re-appraising the property in order to arrive at a more accurate value. An "on-site" visit was made to the subject property and the employees provided their opinions as to how best to value the subject property which, according to standard appraisal principles would be based upon its highest and best use.

The two employees utilized different methodologies for arriving at these values, however both appraisal opinions given were equal to or less than the amount at which the property was

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By [Signature] D.C

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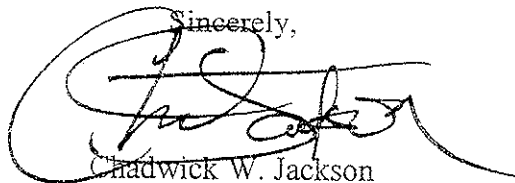
DR. CLARY FOOTE ATTORNEY AT LAW

ultimately listed according to the 2012 property record cards located in the Assessor's office. One suggestion offered by an employee was to adjust the overall structural element "calls" for the property from "above average" to "average". According to one property record card from the 2012 field review, the notes indicate that the "structural elements [were] adjusted to reflect actual quality present". These adjustments reflected the opinion of the appraiser that the overall quality of the building was "average" as compared to how the "call" was listed on the property record cards at that time. This adjustment resulted in a suggested value of \$1,502,300. Another suggestion by a second employee was to decrease the value of the property based upon an "economic obsolescence" reflecting that the property was not being utilized and occupied to its fullest commercial potential as a bank. A twenty percent (20%) reduction for economic obsolescence was suggested which would have ultimately lowered the appraised value to approximately \$1,300,000 according to the employee's recollection of the value at which he arrived based upon his recommendations. Along with the twenty percent economic obsolescence, it was also suggested by the second employee that the building was "over built" for its use as a normal office building and that the additional details associated with its former use as a bank building were obsolete for purposes of normal commercial office space. Therefore, it was suggested that the "bank" improvement type formerly assigned to the property by the Assessor's office was outdated and could be changed to bring the classification of the property more in-line with its current use as a standard office building. Additionally, records provided by the current Assessor, David Morgan, indicate that in July 2012 the Roane County Board of Equalization considered Dr. Foote's complaint regarding the assessment of the subject property and determined that it should be valued for the current year at \$1,502,300.

Based on the aforementioned, I was unable to determine that the 2012 property value at which former Assessor Teresa Kirkham arrived was improper or unsupported by reasonable basis. Given the fact that like-minds appear to differ as to the value of the subject property even among experts in the field whom were employed by the Assessor's office at the time of the reappraisal and an independent appraiser retained by the property owner, a determination that former Assessor was unjustified in making the changes could not be reached.

If I can be of further assistance in this matter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Chadwick W. Jackson", written over a horizontal line.

Chadwick W. Jackson
Assistant General Counsel

EXHIBIT "B"

TO GRAND JURY REPORT



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

Justin P. Wilson
Comptroller

OFFICE OF GENERAL COUNSEL
James K. Polk State Office Building
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Nashville, Tennessee 37243-1402

Robert T. Lee
General Counsel

February 14, 2013

Honorable Russell Johnson
District Attorney General
1008 Bradford Way
P.O. Box 703
Kingston, Tennessee 37763

RE: 2011 Refund Issued on 200 N. Roane Street in Harriman

General Johnson,

As per your request, I reviewed records from the Roane County Assessor's Office, have spoken with Roane County Trustee, and will detail the findings of my review below.

The transaction I reviewed and the questions associated therewith center around the property located at 200 N. Roane St. in Harriman, Tennessee and a refund issued for the 2011 tax year by current Roane County Assessor of Property David Morgan on or about September 14, 2012. While records from the Roane County Assessor's Office and statements made by the Roane County Trustee appear to support the fact that the refund, which was originally thought to be for the 2011 tax year, was a clerical error, Assessor David Morgan was nevertheless unauthorized to issue such a refund.

According to notes written on the Roane County Assessor of Property Change of Assessment Certification, the refund was originally believe to be for a change in assessment for the 2011 tax year¹. However, without an appeal timely filed by the 2011 property owners, an entity listed as First States Investors, Assessor Morgan was not authorized under state law to issue a refund check for any errors in value for the 2011 tax year. Assuming, Mr. Morgan determined that the property was overvalued in 2011 and that the previous property owners overpaid based upon any subsequent assessment changes, the only mechanism in the law which would authorize him to issue a refund under these circumstances would be if either the County

¹ The actual assessment change occurred in February 2012 under Assessor Morgan's predecessor.

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By Judy Guy D.C.

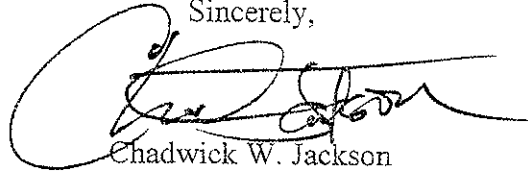
FEB 18 2013

BY: R. Johnson

Board of Equalization or the State Board of Equalization heard an appeal and approved the change in assessment. Regardless, the check was never transacted by First States Investors and the refund was subsequently voided. This matter appears to have been the result of an oversight by Assessor Morgan or a misunderstanding as to his legal authority regarding refunds.

If I can be of further assistance in this matter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Chadwick W. Jackson". The signature is fluid and cursive, with a large initial "C" on the left side.

Chadwick W. Jackson
Assistant General Counsel