AGENDA

BOARD OF MAYOR AND ALDERMEN
CALLED WORK SESSION

Monday, April 2, 2012
Council Room — 2nd Floor, City Hall
2:00 p.m.

Board of Mayor and Aldermen

Mayor Dennis R. Phillips, Presiding
Alderman John Clark
Alderman Valerie Joh
Alderman Mike McIntire
Vice Mayor Tom C. Parham
Alderman Tom Segelhorst
Alderman Jantry Shupe

Leadership Team

John G. Campbell, City Manager
J. Michael Billingsley, City Attorney
Jim Demming, City Recorder/CFO
Craig Dye, Fire Chief
Jeff Fleming, Asst. City Manager, Development Services
Chris McCartt, Assistant to the City Manager
Ryan McReynolds, Public Works Director
Gale Osborne, Police Chief
Tim Whaley, Community and Gov't Relations Director

1. Call to Order

2. Roll Call

3. Capital Improvements Projects (CIP) – Judy Smith & John Campbell
   A. Library Expansion Presentation – Chris McCartt

4. Model City Coalition Update & CIP Requests – Lynn Shipley & Jeff Fleming

5. Adjourn

Citizens wishing to comment on agenda items, please come to the podium and state your name and address. Please limit your comments to five minutes. Thank you.

AGENDA

BOARD OF MAYOR AND ALDERMEN
REGULAR WORK SESSION

Monday, April 2, 2012
Council Room — 2nd Floor, City Hall
4:30 p.m.

Board of Mayor and Aldermen

Mayor Dennis R. Phillips, Presiding
Alderman John Clark
Alderman Valerie Joh
Alderman Mike McIntire
Vice Mayor Tom C. Parham
Alderman Tom Segelhorst
Alderman Jantry Shupe

Leadership Team

John G. Campbell, City Manager
J. Michael Billingsley, City Attorney
Jim Demming, City Recorder/CFO
Craig Dye, Fire Chief
Jeff Fleming, Asst. City Manager, Development Services
Chris McCartt, Assistant to the City Manager
Ryan McReynolds, Public Works Director
Gale Osborne, Police Chief
Tim Whaley, Community and Gov't Relations Director

1. Call to Order
2. Roll Call
3. Work Session Tickler
4. Review of Items on April 3, 2012 Regular Business Agenda
5. Adjourn

Citizens wishing to comment on agenda items, please come to the podium and state your name and address. Please limit your comments to five minutes. Thank you.

AGENDA

BOARD OF MAYOR AND ALDERMEN

REGULAR BUSINESS MEETING

Tuesday, April 3, 2012
Council Room – 2nd Floor, City Hall
7:00 p.m.

Board of Mayor and Aldermen
Mayor Dennis R. Phillips, Presiding

Alderman John Clark
Alderman Valerie Joh
Alderman Mike McIntire
Vice Mayor Tom C. Parham
Alderman Tom Segelhorst
Alderman Jantry Shupe

City Administration
John G. Campbell, City Manager
J. Michael Billingsley, City Attorney
James Demming, City Recorder

I. CALL TO ORDER

II.A PLEDGE OF ALLEGIANCE TO THE FLAG

II.B INVOCATION – Ray Amos, Jr. – Pastor, St. Matthew United Methodist

III. ROLL CALL

IV. RECOGNITIONS

V. APPROVAL OF MINUTES
1. Regular Worksession 03/19/12
2. Regular Business Meeting 03/20/12

VI. COMMUNITY INTEREST ITEMS

AA. PUBLIC HEARINGS

1. Public Hearing and Consideration of an Ordinance to Amend Zoning of Parcel 24 on Tax Map 61B, Group K located along Carver Street and Douglass Street from R-1C Zoning to R-2 Zoning (AF: 90-2012)
   - Public Hearing
   - Zoning Ordinance – First Reading

COMMENT

Citizens may speak on agenda items. When you come to the podium, please state your name and address and sign the register that is provided. You are encouraged to keep your comments non-personal in nature, and they should be limited to five minutes. A total of thirty minutes is allocated for public comment during this part of the agenda.

B. BUSINESS MATTERS REQUIRING FIRST READING

1. Consideration of an Ordinance to Condemn for Easements and Right-of-Ways for the Rock Springs/Stonetree Area Sanitary Sewer Extension Project (AF: 88-2012)
   - Ordinance – First Reading

2. Consideration of an Ordinance to Condemn for Easements and Right-of-Ways for the Cooks Valley Road Improvement Project – Phase II and the Cleek Road Improvement Project – Phase II (AF: 89-2012)
   - Ordinance – First Reading

3. Consideration of an Ordinance to Appropriate Cultural Arts Funding received from Engage Kingsport and Kingsport Tomorrow (AF: 80-2012)
   - Ordinance – First Reading

C. BUSINESS MATTERS REQUIRING FINAL ADOPTION

1. Consideration of an Ordinance to Amend the Code of Ordinances, Division 9, Section 114-467 for the City of Kingsport (AF: 66-2012)
   - Ordinance - Second Reading & Final Adoption

2. Consideration of an Ordinance to Amend the Code of Ordinances, Article I, Section 114-1b, Definitions for the City of Kingsport (AF: 67-2012)
   - Ordinance – Second Reading & Final Adoption

3. Consideration of Ordinances to Annex/ Amend Zoning of the Cleek Road Part 2 Annexation (AF: 59-2012)
   - Annexation Ordinance – Second Reading & Final Adoption
   - Zoning Ordinance – Second Reading & Final Adoption

4. Consideration of Ordinances to Annex/ Amend Zoning of the Eastern Star Road Part 2 Annexation (AF: 60-2012)
   - Annexation Ordinance – Second Reading & Final Adoption
   - Zoning Ordinance – Second Reading & Final Adoption

5. Consideration of Ordinances to Annex/ Amend Zoning of the Kingsport South Annexation (AF: 61-2012)
   - Annexation Ordinance – Second Reading & Final Adoption
   - Zoning Ordinance – Second Reading & Final Adoption

D. OTHER BUSINESS

1. Consideration of a Resolution Exercising the Option to Award the Bid for the Purchase of one (1) 23 Passenger Urban Mass Transit Mini-Bus to National Bus Sales & Leasing, Inc.(AF: 87-2012)
   - Resolution

2. Consideration of a Resolution Awarding the Bid for the Purchase of Chlorine to JCI Jones Chemical, Inc., Hydrofluorisilic Acid to Key Chemical, Inc., Coagulant to Gulbrandsen, Inc. & Zinc Orthophosphate to Carus Corporation (AF: 85-2012)
   - Resolution

3. Consideration of a Resolution Awarding the Bid for the Purchase of one (1) Diesel Powered Single Axle Trash Type Dump Truck to Goodpasture Motor Company, Inc. (AF: 92-2012)
   - Resolution

4. Consideration of a Resolution Awarding the Bid for the Purchase of one (1) Propane Powered Stake-Bed Truck to Empire Ford, Inc. (AF: 93-2012)
   - Resolution

5. Consideration of a Resolution Awarding the Bid for the Purchase of two (2) Gasoline Powered 4X4 One Ton Pick-Up Trucks to Fairway Ford, Inc. (AF: 94-2012)
   - Resolution

6. Consideration of a Resolution Approving an Agreement with Marriott Hotel Services, Inc. and Authorizing the Mayor to Execute the Agreement (AF: 98-2012)
   - Resolution

E. APPOINTMENTS

None

VII. CONSENT AGENDA

1. Consideration of an Ordinance to Appropriate the Funds for a Materials Agreement with Danny Karst Related to the Edinburgh Phase 2 Section 2C Development (AF: 77-2012)
   - Ordinance – Second Reading & Final Adoption

2. Consideration of Approval of Offers for Easements and Right-of-Ways for the Tiffany Court Sanitary Sewer Extension Project (AF: 78-2012)
   - Approve Offers

VIII. COMMUNICATIONS

A. City Manager
B. Mayor and Board Members
C. Visitors

Citizens may speak on issue-oriented items. When you come to the podium, please state your name and address and sign the register that is provided. You are encouraged to keep your comments non-personal in nature, and they should be limited to five minutes.

IX. ADJOURN

Kingsport
TENNESSEE

Work Session Tickler

April 2, 2012

Special Projects

Welcome Center ***Michael Thompson*** ***April 2, 2012***

Charles Blalock & Sons, Inc. continues retaining wall construction and excavation on the east side. The bridge abutments and center pier have been poured. The bridge beam launching ramp is on site, and bridge beams are expected within the next 2 weeks. The westbound exit ramp has been graded to subgrade level. Blasting and excavation on the west side continues. The contract currently has a completion date of October 28, 2012. The Welcome Center Building is under a separate contract and is under design by Hastings Architecture. The tentative schedule for the Welcome Center building construction is currently estimated to be September 2011 - April 2013.

Quebecor Redevelopment Project ***John Campbell*** ***April 2, 2012***

Press, LLC (private rehabilitation of 200,000 sq. ft.) is Mountain Region Family Practice, 67,000 sq. ft, occupied the building in December and is now seeing patients daily. Psychiatric Associates has just moved into their approximate 3,000 sq. ft. space. Integrity Capital is expected to move into heir 4,000 sq. ft. space on the third floor the first week in May. They are getting closer to finding another health related business for 4,000 sq. ft. The partners are gathering memorabilia about the Kingsport Press for a historical area off the front lobby. The partners have offered to provide a prominent space in the lobby for an information kiosk about Kingsport events.

Board of Education/Chamber of Commerce Building (100,000 sq. ft. building on Press Street to be reduced to approximately 55,000 sq. ft.)

Site landscaping and the enhanced Chamber of Commerce terrace are underway. The City School Offices are complete and fully operational. The Chamber has started to move in to the first floor and plans to be open by 4/1.

Board of Education/
Chamber of Commerce Building

Special Projects (continued)

Farmers' Market, Phase II and III ***Chris McCartt*** ***April 2, 2012***

Bids have been received for phase II-A of the Farmer's Market. Those bids included electrical, HVAC, sprinkler system and floor refinishing. Crews are now working to repair and refinish the floors. The floor work should be finished before the opening day of the market which is scheduled for April 4th. The remaining work for phase II-A will be done over the course of the coming months; however, it will not interfere with market operations on Wednesday's and Saturday's.

City Departments

Fire Department

Fire Station Eight ***Craig Dye*** ***April 2, 2012***

We are in the final stages before moving into the Station. Everyone I speak in the public is glad we are opening the new station. They should have finished the concrete outside as of last week. The windows and doors are installed and the final paint and flooring are done. The yard and landscaping should be done the this week, and some furniture and equipment are already in place.

Public Works

Gibson Mill Phase IV ***Hank Clabaugh*** ***April 2, 2012***

Thomas Construction Co., Inc. began the construction for this project on February 1, 2012. The bridge deck and most of the piers are totally demolished.

Construction of the retaining wall and sanitary sewer are ongoing and expected to occur over the next several weeks.

Contract time is 275 days with an expected project completion date of November 2, 2012. (See pictures on the two next page.)

HEALTHSOUTH

Engineering

Cleek Road Improvements Phase 2 **Hank Clabaugh** **April 2, 2012**

Design of this project is complete with construction anticipated to start in the summer of 2012. Property appraisal has been completed and acquisition is ongoing. Phase 2 consists of completing an improved Cleek Road (including safety, stormwater, pedestrian mobility, and slope improvements) from the end of Phase 1 to a new connection point on Orebank Road. This new connection point will be in the vicinity of the intersection with Lamberth Street. Site distance improvements will also be made on Orebank Road. Annexation of the area not in the City has begun.

Transportation

Wayfinding **Tim Elsea** **April 2, 2012**

This project is complete. Below are pictures of the signs.

Leisure Services

Aquatic Center ***Chris McCartt*** ***April 2, 2012***

The installation of storm drainage infrastructure is underway. The rough grading for the new entrance road from Meadowview Parkway is complete and is open to construction traffic. Truck traffic is no longer entering through the Eastman property. Work continues on the building foundations. (See photo on next page.)

Aquatic Center (aerial view)

Riverfront Redevelopment/Greenbelt ***Stephen Robbins*** ***April 2, 2012***

All structures have been removed and site grading is complete. Duco construction has been spreading topsoil and started seeding last week. Paving for the Greenbelt extension will be completed in the next couple of weeks. Final selection of shelters and other amenities will be completed this week.

There will be great views of the Holston River and Bays Mt. from the site once the work is completed.

Riverfront Redevelopment/Greenbelt

Cultural Arts *Bonnie Macdonald* *April 3, 2012*

Carousel. Saturday, March 24, 10 a.m. – 6 p.m. and Sunday, March 25 Noon – 5 p.m. was our first attempt at a Carousel Arts and Craft Show. We had between 850 - 1000 people in attendance. We had 20 vendors, artwork from Girls Inc., and many carousel animals on display. We received a commitment for one large animal. Ellen Elmes conducted a workshop for design and painting of the rounding boards with 14 area artists.

Sculpture Walk VI. -- Public Art Kingsport had 28 artists submit 47 works for consideration. States represented include: Arkansas (1), Connecticut (1), Florida (1)
Georgia (1), Louisiana (1), Missouri (2), Maryland (1), New York (4), North Carolina (8)
Ohio (1), Tennessee (5), Virginia (1), West Virginia (1).

Peggy Townsend – Public Art Director in Chattanooga was the curator for the show and presented her proposal to the Public Art Kingsport committee. Attached you can see a preview of the invited works.

Sculpture Walk sculptors and sponsors will be featured at the **Party on Market**, May 3 – 5.

Art Nights/City Lights. ***Ball in the House*** – men's acapella group performed on Thursday, March 22 at 7 p.m. Over 400 people were in attendance including members of the schools' 7th and 8th grade chorus serving as 'back up'.

Nashville's **'18 South'** band will be in concert on Thursday, April 26 at 7:00 p.m. at the Renaissance Center. This Americana group is a favorite of the Bristol Rhythm and Roots Reunion.

Rounding Board Painting Workshop with Ellen Elmes, instructor

pARTy
on
mARKeT
FIRST THURSDAY MAY 3
5-8PM
Local Band: Everbetter
Sculpture Walk Artist Reception
at Cindy Saadeh Fine Art Gallery
Downtown Merchants open late!
SATURDAY MAY 5
10AM Sculpture Walk and Talk Tour
with Curator Peggy Townsend,
Director of Public Art Chattanooga
11AM-4PM Market Street Fun!
Artists, Ballet, Theater, Musicians, Local Food,
Carousel Horse display, Face Painting,
Sidewalk Chalk and more!
pubic art
CULTURAL ARTS

Minutes of the Regular Work Session of the
Board of Mayor and Aldermen, City of Kingsport, Tennessee
Monday, March 19, 2012, 4:30 PM
Council Room – City Hall

PRESENT: Board of Mayor and Aldermen
Mayor Dennis Phillips
Alderman John Clark
Alderman Valerie Joh
Alderman Mike McIntire
Vice-Mayor Tom C. Parham
Alderman Tom Segelhorst
Alderman Jantry Shupe

City Administration
John G. Campbell, City Manager
J. Michael Billingsley, City Attorney
James H. Demming, City Recorder

1. **CALL TO ORDER:** 4:35 p.m. by Mayor Phillips.

2. **ROLL CALL:** By Deputy City Recorder Angie Marshall.

3. **WORK SESSION TICKLER.** Mayor Phillips commented the Board of Education and the Chamber of Commerce would be relocating to the new building over the next two weeks, noting the landscaping was looking good. Chief Dye informed the Mayor that firefighters will be at the new station in May. The Mayor also asked about the status of the Wayfinding project. Public Works Director Ryan McReynolds stated some adjustments would be forthcoming due to the new Aquatic Center and other relocations. Assistant to the City Manager Chris McCartt confirmed this is the end of Phase 2 with no more phases for the city pending. Phase 3 will be performed by TDOT (Tennessee Department of Transportation).

4. **EVALUATION OF LONG TERM RETIREMENT OPTION.** City Recorder Demming stated that the City has opted to withdraw from TCRS (Tennessee Consolidated Retirement Service) unless the Board decides to rescind that decision. He then introduced Mr. Mark Morgan from Sherrill Morgan who gave the Board details on the retirement options that are being offered by the State of Tennessee. Mr. Morgan noted his role is to evaluate and assist with any decision making, stating there were four options available to the City. The first two options were purely a defined benefit, noting option one was similar to what is in place now through TCRS and option two extended the number of years to allow an employee to be eligible and the benefit would be a little less, allowing the city to save some money. Option two also had the capability to freeze, suspend or modify the benefit. Option three was considered a hybrid solution, allowing for a combination of defined benefit and defined contribution. Option four was purely defined contribution and was the only option that would allow a city to completely opt out of any administration by the state. Mr. Morgan stated this option could be handled in various ways, such as a 401K or 401A.

Mayor Phillips commented the Board was looking for a package that gives annual flexibility, asking Mr. Morgan to cite the pros and cons of option four. City Manager Campbell pointed out if option four was chosen, he would recommend a base benefit of five percent with the employee also putting in five percent to stay competitive with TCRS benefits in place now.

Minutes of the Regular Work Session of the Board of Mayor and Aldermen of Kingsport, Tennessee, Monday, March 19, 2012

There was considerable discussion on this item. Mr. Morgan noted the IRS had guidelines on establishing vesting requirements. Alderman Segelhorst pointed out that an employee with 30 years of service would not be able to withdraw from a 401K if they were not at least 55 years old. Mayor Phillips asked Alderman McIntire and Alderman Segelhorst to meet with the City Manager to discuss these issues and make a recommendation to the Board by the second meeting in April.

5. DISCUSSION OF PUBLIC SAFETY BRIDGE APPROACH. City Manager Campbell stated the need for two resolutions to address this issue. He then asked City Attorney Billingsley to provided further details on these resolutions, noting they were items VI.D.7 and VI.D.8 on the regular business meeting agenda. Mr. Billingsley stated the first resolution that would establish a mandatory retirement age in addition to approving the bridge benefit. He further explained the money received from this benefit is basically equivalent to the amount of social security that can be drawn when the employee is of age to do so. There was some discussion on the age requirement and Mr. Billingsley confirmed these guidelines are defined by statute. Mr. Billingsley also pointed out that if enacted, this benefit is irreversible and also, it cannot be adopted once the city has left TCRS. Mr. Campbell noted that future employees would not be covered under this benefit. Mr. Billingsley stated the second resolution outlined the Board's intent for the bridge benefit to be paid for out of the future raised for police and fire employees. Alderman McIntire voiced several concerns, noting he did not see how the city could avoid some up-front costs when the older employees would not be putting in as much money as they would soon be drawing out upon retirement. Mr. Campbell stated the money could be rolled over each year. Alderman Shupe commented it could be just as expensive to have older, less productive employees making top-out pay than younger ones making a lower salary. Mr. Billingsley also pointed out the percentage taken from the employees' raises would have a cumulative effect over the years and the city manager would be required to maintain the differentials and report to the Board on a regular basis. Alderman Clark suggested an analysis specific to Kingsport to validate the estimated cost. There was considerable discussion on this item.

Firefighter Darrell Hayes commented in favor of the bridge benefit and offered an explanation on some of the financial issues as this moves forward. Police Officer Dale Farmer noted that many of these employees will not leave as soon as they are eligible. The police and fire employees in the audience confirmed for the Mayor that they were in favor of this arrangement. Vice-Mayor Parham pointed out the need for the ability to make adjustments to credit the employees with a raise if the monetary benefit is being met and there is still more money going in. Alderman Segelhorst questioned the issue of this benefit being retroactive. City Manager Campbell explained that only four retired employees would fall into this category, noting the city would only pay them for the time they had left in the age window bracket. Mayor Phillips commented that no plan is perfect and reminded the Board the City would be responsible for any shortage.

6. REVIEW OF AGENDA ITEMS ON THE MARCH 20, 2012 REGULAR BUSINESS MEETING AGENDA. City Manager Campbell, members of staff and community members provided a summary or presentation for each item on the proposed agenda. Those items the Board discussed at greater length or which received specific questions or concerns included:

Minutes of the Regular Work Session of the Board of Mayor and Aldermen of Kingsport, Tennessee, Monday, March 19, 2012

VI.AA.3 Public Hearing and Consideration of an Ordinance to Amend the Code of Ordinances, Division 9, Section 114-467 for the City of Kingsport (AF: 66-2012). City Manager Campbell explained this would accommodate a signage issue for the Reedy Creek Winery. Mayor Phillips pointed out that if this resolution doesn't pass, then they won't be able to have a sign. He also noted that all parties were in agreement.

VI.AA.6 Public Hearing and Consideration of Ordinances to Annex/Amend Zoning of the Eastern Star Part 2 Annexation and Consideration of a Resolution Adopting the Plan of Services (AF: 60-2012). City Manager Campbell stated it was essential for this to be completed in April in regards to the Border Regions project.

VI.D.2 Consideration of a Resolution Authorizing the Mayor to Execute an Agreement between the City of Kingsport and the Lynn Garden Optimist Club (AF: 75-2012). Assistant to the City Manager Chris McCartt commented that this was a continuing agreement. Mr. McCartt further stated the lights should be installed sometime this fall.

VI.D.3 Consideration of a Resolution Authorizing the Mayor to Sign All Documents Necessary to Apply for and Receive a Grant from the Tennessee Department of Environment and Conservation's Clean Tennessee Energy Grant Program (AF: 79-2012). City Manager Campbell gave details on this item, noting the deal for these replacement vehicles were buy one and get one at no cost. Fleet Manager Steve Hightower discussed the benefits of alternate fuels.

VI.D.4 Consideration of a Resolution Designating the Unnamed Orebank Road Bridge Over Reedy Creek as the Lance Corporal William F. Dykes Memorial Bridge (AF: 81-2012). Mr. Sam Jones provided details on this item, noting the goal was to have a bridge named everyone on the virtual memorial wall. He further stated Lance Corporal William F. Dykes did have a family connection to this bridge. The dedication ceremony will be held on April 28th at 2:00 p.m.

VI.D.5 Consideration of a Resolution Awarding the Bid for the Purchase of One (1) Compact Vacuum Street Sweeper to Carolina Industrial Equipment, Inc. (AF: 82-2012). City Manager Campbell gave information on this item, noting that there was only one bid. He stated the competitor was contacted and informed the city they could not meet the needs required. Mr. Campbell also noted this vehicle had few hours and a full warranty.

VI.D.6 Consideration of a Resolution Awarding the Bid for the Alterations to the Former City Schools Central Office Space to Armstrong Construction Company, Inc. and Authorizing the Mayor to Sign All Applicable Documents (AF: 83-2012). Kingsport City Schools Finance Director David Frye discussed the details of this conversion of space, noting that seven classrooms will be added for use by the foreign language department. He further stated there would be no issues or concerns for using the Qualified School Construction Bonds.

Minutes of the Regular Work Session of the Board of Mayor and Aldermen of Kingsport, Tennessee, Monday, March 19, 2012

VI.D.7 Consideration of a Resolution Establishing a Mandatory Retirement Age for Certain Fire and Police Personnel and Approving the Supplemental Bridge Benefit for Those Employees (AF: 84-2012). See Item 5.

VI.D.8 Consideration of a Resolution Expressing the Intent for the Board to Pay for the Supplemental Bridge Retirement Benefit and the Guidelines for Implementation of Such Intent (AF: 86-2012). See Item 5.

BOARD COMMENT. None.

PUBLIC COMMENT. None.

7. ADJOURN. Seeing no other matters presented for discussion at this work session, Mayor Phillips adjourned the meeting at 6:55 p.m.

ANGELA MARSHALL
Deputy City Recorder

DENNIS R. PHILLIPS
Mayor

Minutes of the Regular Business Meeting of the
Board of Mayor and Aldermen of the City of Kingsport, Tennessee
Tuesday, March 20, 2012, 7:00 PM
Large Court Room – City Hall

PRESENT:

Board of Mayor and Aldermen

Mayor Dennis R. Phillips, Presiding
Alderman John Clark
Alderman Valerie Joh
Alderman Michael McIntire
Vice-Mayor Tom C. Parham
Alderman Tom Segelhorst
Alderman Jantry Shupe

City Administration

John G. Campbell, City Manager
J. Michael Billingsley, City Attorney
James H. Demming, City Recorder

I. **CALL TO ORDER:** 7:00 p.m., by Mayor Dennis R. Phillips.

II.A. **PLEDGE OF ALLEGIANCE TO THE FLAG:** Ms. Catherine Campbell.

II.B. **INVOCATION:** By Mickey Rainwater, Senior Pastor – First Broad Street Methodist Church.

III. **ROLL CALL:** By City Recorder Jim Demming. All Present.

IV. **RECOGNITIONS AND PRESENTATIONS.** None.

V. **APPROVAL OF MINUTES.**

Motion/Second: Parham/McIntire, to approve minutes for the following meetings:
A. March 6, 2012 Regular Work Session
B. March 6, 2012 Regular Business Meeting
Approved: All present voting "aye."

VI. **COMMUNITY INTEREST ITEMS.**

AA. **PUBLIC HEARINGS.**

1. **Public Hearing for Annexation Plan of Services Report** (AF: 64-2012). City Planner Forrest Koder gave a brief presentation on this item, noting that one of the six locations has been completed.

PUBLIC COMMENT ON ITEM VI.AA.1. Mr. James Brotherton, 204 Patrick Henry Circle, commented on the change of service plans from five years to eight years.

2. **Public Hearing and Consideration of a Resolution to Amend the Resolution for the Plan of Services for the Cherry Knoll Annexation Area** (AF: 65-2012). City Planner Forrest Koder gave a brief presentation on this item, noting the property owner has agreed to this arrangement.

PUBLIC COMMENT ON ITEM VI.AA.2. None.

Motion/Second: McIntire/Shupe, to pass:
Resolution No. 2012-158, A RESOLUTION AMENDING RESOLUTION NO. 2009-105 BY AMENDING THAT PORTION OF THE PLAN OF SERVICES FOR CHERRY KNOLL ANNEXATION OF THE CITY OF KINGSPORT, TENNESSEE PERTAINING TO THE PROVISION OF SANITARY SEWER AND STREET LIGHTS
Passed: All present voting "aye."

3. **Public Hearing and Consideration of an Ordinance to Amend the Code of Ordinances, Division 9, Section 114-467 for the City of Kingsport** (AF: 66-2012). City Planner Forrest Koder gave a brief presentation on this item, stating this would allow for an additional, free-standing monument sign on the Meadowview property parcel. Mayor Phillips noted that without this change, the new winery would not be able to have any signage.

PUBLIC COMMENT ON ITEM VI.AA.3. None.

Motion/Second: McIntire/Joh, to pass:
AN ORDINANCE TO AMEND THE CODE OF ORDINANCES, CITY OF KINGSPORT, TENNESSEE, DIVISION 9, SECTION 114-467; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE
Passed on first reading: All present voting "aye."

4. **Public Hearing and Consideration of an Ordinance to Amend the Code of Ordinances, Article I, Section 114-1(b), Definitions for the City of Kingsport** (AF: 67-2012). City Planner Forrest Koder gave a brief presentation on this item, noting these definitions regarding business signs were created in response to the situation discussed in the previous item and suggested by City Attorney Billingsley.

PUBLIC COMMENT ON ITEM VI.AA.4. None.

Motion/Second: Segelhorst/McIntire, to pass:
AN ORDINANCE TO AMEND THE CODE OF ORDINANCES, CITY OF KINGSPORT, TENNESSEE, ARTICLE I, SECTION 114-1(b); AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE
Passed on first reading: All present voting "aye."

5. Public Hearing and Consideration of Ordinances to Annex/Amend Zoning of the Cleek Road Part 2 Annexation and Consideration of a Resolution Adopting the Plan of Services (AF: 59-2012). City Planner Ken Weems provided information on this item.

PUBLIC COMMENT ON ITEM VI.AA.5. None.

Motion/Second: McIntire/Parham, to pass:
AN ORDINANCE TO ANNEX THAT CERTAIN TERRITORY ADJOINING THE PRESENT CORPORATE BOUNDARIES OF THE CITY OF KINGSPORT, EMBRACING THAT CERTAIN PART OF THE 10TH CIVIL DISTRICT OF SULLIVAN COUNTY, TENNESSEE, AND KNOWN AS THE CLEEK ROAD PART 2 ANNEXATION, AS HEREINAFTER DESCRIBED; TO INCORPORATE THE SAME WITHIN THE CORPORATE BOUNDARIES OF THE CITY OF KINGSPORT, TENNESSEE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE
Passed on first reading: All present voting "aye."

Motion/Second: Joh/McIntire, to pass:
AN ORDINANCE TO FURTHER AMEND THE ZONING CODE, TEXT AND MAP, TO ZONE PROPERTY ALONG NEW BEASON WELL ROAD AND CLEEK ROAD TO A-1, AGRICULTURAL DISTRICT, IN THE 10TH CIVIL DISTRICT OF SULLIVAN COUNTY; TO FIX A PENALTY FOR THE VIOLATION OF THIS ORDINANCE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE
Passed on first reading: All present voting "aye."

Motion/Second: McIntire/Parham, to pass:
Resolution No. 2012-159, A RESOLUTION ADOPTING A PLAN OF SERVICES FOR THE CLEEK ROAD PART 2 ANNEXATION OF THE CITY OF KINGSPORT, TENNESSEE
Passed: All present voting "aye."

NOTE: At this time, at the request of Mayor Phillips, Sullivan County Director of Schools Jubal Yennie explained to the Board and the Community the $1,500,000.00 Stem School Award that was received, noting it was a base to launch many opportunities in the area. Mr. Yennie further noted the benefits that would result from this project, noting the platform school would open this fall and would be operated by the City and the County. Mayor Phillips pointed out the savings to tax payers while providing a better education. Alderman Segelhorst commended the cooperation between the City, the County and East Tennessee State University.

6. Public Hearing and Consideration of Ordinances to Annex/Amend Zoning of the Eastern Star Part 2 Annexation and Consideration of a Resolution Adopting the Plan of Services (AF: 60-2012). City Planner Ken Weems provided information on this item.

PUBLIC COMMENT ON ITEM VI.AA.6. An unidentified citizen spoke in opposition of this annexation and asked questions regarding his property. Mr. Weems provided a rationale for this annexation. Ms. Barbara Brown commented on an incident that occurred at a planning commission meeting. Mr. James Brotherton, 204 Patrick Henry Circle stated he did not receive notice of this annexation.

Motion/Second: McIntire/Parham, to pass:
AN ORDINANCE TO ANNEX THAT CERTAIN TERRITORY ADJOINING THE PRESENT CORPORATE BOUNDARIES OF THE CITY OF KINGSPORT, EMBRACING THAT CERTAIN PART OF THE 14TH CIVIL DISTRICT OF SULLIVAN COUNTY, TENNESSEE, AND KNOWN AS THE EASTERN STAR ROAD PART 2 ANNEXATION, AS HEREINAFTER DESCRIBED; TO INCORPORATE THE SAME WITHIN THE CORPORATE BOUNDARIES OF THE CITY OF KINGSPORT, TENNESSEE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE
Passed on first reading: All present voting "aye."

Motion/Second: Parham/Joh, to pass:
AN ORDINANCE TO FURTHER AMEND THE ZONING CODE, TEXT AND MAP, TO ZONE PROPERTY ALONG EASTERN STAR ROAD TO M-1R, LIGHT INDUSTRIAL DISTRICT, IN THE 14TH CIVIL DISTRICT OF SULLIVAN COUNTY; TO FIX A PENALTY FOR THE VIOLATION OF THIS ORDINANCE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE
Passed on first reading: All present voting "aye."

Motion/Second: McIntire/Segelhorst, to pass:
Resolution No. 2012-160, A RESOLUTION ADOPTING A PLAN OF SERVICES FOR THE EASTERN STAR PART 2 ANNEXATION OF THE CITY OF KINGSPORT, TENNESSEE
Passed: All present voting "aye."

7. **Public Hearing and Consideration of Ordinances to Annex/Amend Zoning of the Kingsport South Annexation and Consideration of a Resolution Adopting the Plan of Services** (AF: 61-2012). City Planner Ken Weems provided information on this item.

PUBLIC COMMENT ON ITEM VI.AA.7. Mr. James Brotherton asked for clarification on this property and that of the Border Regions. Mr. Brian Bolling, 399 Pickens Road asked for an explanation of the Border Regions concept, to which Mr. Weems replied. Mr. Brotherton also requested the City Manager to explain these details to the Sullivan County Commission at their next meeting in April. Another unidentified citizen commented on the cost savings to property owners being annexed. Mr. Weems explained the reason these savings vary from property to property. City Manager Campbell and Public Works Director McReynolds responded to questions from these citizens.

Motion/Second: McIntire/Joh, to pass:
AN ORDINANCE TO ANNEX THAT CERTAIN TERRITORY ADJOINING THE PRESENT CORPORATE BOUNDARIES OF THE CITY OF KINGSPORT, EMBRACING THAT CERTAIN PART OF THE 14TH CIVIL DISTRICT OF SULLIVAN COUNTY, TENNESSEE, AND KNOWN AS THE EASTERN STAR ROAD PART 2 ANNEXATION, AS HEREINAFTER DESCRIBED; TO INCORPORATE THE SAME WITHIN THE CORPORATE BOUNDARIES OF THE CITY OF KINGSPORT, TENNESSEE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE
Passed on first reading: All present voting "aye."

Motion/Second: Parham/McIntire, to pass:
AN ORDINANCE TO FURTHER AMEND THE ZONING CODE, TEXT AND MAP, TO ZONE PROPERTY ALONG MITCHELL ROAD, PICKENS ROAD, AND LEBANON ROAD TO A-1, AGRICULTURAL DISTRICT, IN THE 14TH CIVIL DISTRICT OF SULLIVAN COUNTY; TO FIX A PENALTY FOR THE VIOLATION OF THIS ORDINANCE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE
Passed on first reading: All present voting "aye."

Motion/Second: Joh/McIntire, to pass:
Resolution No. 2012-161, A RESOLUTION ADOPTING A PLAN OF SERVICES FOR THE KINGSPORT SOUTH ANNEXATION OF THE CITY OF KINGSPORT, TENNESSEE
Passed: All present voting "aye."

A. PUBLIC COMMENT. Mayor Phillips invited citizens in attendance to speak about any of the remaining agenda items. The Mayor commented he wanted to make sure everyone understood the intent of the City in regards to Item VI.D.7 and VI.D.8 after the work session discussion last night. He further stated that if the bridge benefit passed, there would be no expense to city taxpayers and could require the City to dip into actual salaries rather than solely relying on the money forfeited from pay raises should the need arise when this is re-evaluated in two years. Police Officer Dale Farmer commented he understood the money would come from future raises rather than salaries. City Attorney Billingsley explained the revised draft of this resolution that he changed after comments made at the work session. Alderman McIntire voiced concerns about finances, noting there could be problems farther down the road. Vice-Mayor Parham pointed out this has been looked at and well-studied for several years and will be cost effective. Firefighter Darrell Hayes also commented on this issue, noting the success of other cities who have adopted the bridge. Mayor Phillip noted that the goal is a safe proposal that is fair because it cannot be undone. There was considerable discussion. The police and fire department employees asked for a brief recess to review the changes made since last night, before endorsing their support to move forward. They left the room for discussion as the business meeting continued.

At this point, the Mayor closed the public comment segment.

B. BUSINESS MATTERS REQUIRING FIRST READING.

1. Consideration of a Resolution to Authorize the Mayor to Sign All Documents Necessary to Enter into a Materials Agreement with Danny Karst Related to the Edinburgh Phase 2 Section 2C Development and an Ordinance to Appropriate the Funds (AF: 77-2012).

Motion/Second: Segelhorst/Parham, to pass:
Resolution No. 2012-162, A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A MATERIALS AGREEMENT WITH DANNY KARST FOR EDINBURGH PHASE 2 SECTION 2C AND AUTHORIZING THE MAYOR TO SIGN ALL DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE AGREEMENT
Passed: All present voting "aye."

Motion/Second: McIntire/Joh, to pass:
AN ORDINANCE TO AMEND THE WATER AND SEWER PROJECT FUNDS BY TRANSFERRING FUNDS TO THE EDINBURGH PHASE 2 SECTION 2C MATERIALS AGREEMENT PROJECTS (WA1276 AND SW1276); AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE
Passed on first reading: All present voting "aye."

C. BUSINESS MATTERS REQUIRING FINAL ADOPTION. None.

D. OTHER BUSINESS.

1. Consideration of a Resolution Authorizing the Reimbursement of Materials Agreement Funds to M & M Builders for Brookton Park Subdivision (AF: 76-2012). City Manager Campbell noted the amount for this agreement was less than originally projected, noting staff recommended approval. Mayor Phillips pointed out that through the support of these materials agreements, there have been 706 new lots, 118 building permits and 84 certificates of occupancy issued.

Motion/Second: Joh/Segelhorst, to pass:
Resolution No. 2012-163, A RESOLUTION AUTHORIZING REIMBURSEMENT OF MATERIALS AGREEMENT FUNDS TO M & M BUILDERS FOR BROOKTON PARK SUBDIVISION
Passed: All present voting "aye."

2. Consideration of a Resolution Authorizing the Mayor to Execute an Agreement between the City of Kingsport and the Lynn Garden Optimist Club (AF: 75-2012).

Motion/Second: Parham/Segelhorst, to pass:
Resolution No. 2012-164, A RESOLUTION AUTHORIZING THE MAYOR TO

EXECUTE AGREEMENTS WITH THE LYNN GARDEN OPTIMIST CLUB RELATED TO THE USE OF THE ATHLETIC FIELDS AND CONCESSION STAND OPERATIONS AT THE LYNN VIEW COMMUNITY CENTER
Passed: All present voting "aye."

3. **Consideration of a Resolution Authorizing the Mayor to Sign All Documents Necessary to Apply for and Receive a Grant from the Tennessee Department of Environment and Conservation's Clean Tennessee Energy Grant Program** (AF: 79-2012). City Manager Campbell noted this would the purchase of two Nissan Leafs by the fleet fund basically at a buy one get one free rate. Mayor Phillips pointed out these vehicles were made in Tennessee.

Motion/Second: Joh/Parham, to pass:
Resolution No. 2012-165, A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE ALL DOCUMENTS NECESSARY AND PROPER TO APPLY FOR AND RECEIVE A CLEAN TENNESSEE ENERGY GRANT FROM THE TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION
Passed: All present voting "aye."

4. **Consideration of a Resolution Designating the Unnamed Orebank Road Bridge Over Reedy Creek as the Lance Corporal William F. Dykes Memorial Bridge** (AF: 81-2012). Vice-Mayor Parham pointed out the dedication for this bridge was scheduled for April 28, 2012 at 2:00 p.m.

Motion/Second: Joh/Shupe, to pass:
Resolution No. 2012-166, A RESOLUTION DESIGNATING THE UNNAMED OREBANK ROAD BRIDGE OVER REEDY CREEK AS THE LANCE CORPORAL WILLIAM F. DYKES MEMORIAL BRIDGE
Passed: All present voting "aye."

5. **Consideration of a Resolution Awarding the Bid for the Purchase of One (1) Compact Vacuum Street Sweeper to Carolina Industrial Equipment, Inc.** (AF: 82-2012). City Manager Campbell commented this was a good deal on a "demo" vehicle that still had a warranty.

Motion/Second: Joh/Parham, to pass:
Resolution No. 2012-167, A RESOLUTION AWARDING THE BID FOR PURCHASE OF ONE COMPACT VACUUM STREET SWEEPER TO CAROLINA INDUSTRIAL EQUIPMENT, INC. AND AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE ORDER FOR THE SAME
Passed: All present voting "aye."

6. **Consideration of a Resolution Awarding the Bid for the Alterations to the Former City Schools Central Office Space to Armstrong Construction Company, Inc. and Authorizing the Mayor to Sign All Applicable**

Documents (AF: 83-2012). City Manager Campbell provided information on this item, noting this takes the former superintendent office and changes is to classrooms.

Motion/Second: Parham/McIntire, to pass:
Resolution No. 2012-168, A RESOLUTION AWARDING THE BID FOR THE RENOVATION TO THE FORMER CENTRAL OFFICE SPACE FOR CITY SCHOOLS TO ARMSTRONG CONSTRUCTION COMPANY; AUTHORIZING THE MAYOR TO EXECUTE AN AGREEMENT FOR THE SAME; AND AUTHORIZING THE MAYOR TO EXECUTE ALL DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE AGREEMENT
Passed: All present voting "aye."

7. **Consideration of a Resolution Establishing a Mandatory Retirement Age for Certain Fire and Police Personnel and Approving the Supplemental Bridge Benefit for Those Employees** (AF: 84-2012). The police and fire department personnel returned and representatives from each group stated they were comfortable with moving forward tonight. Firefighter Hayes commented he was confident in the cost savings that have already been calculated.

Motion/Second: Shupe/Parham, to pass:
Resolution No. 2012-169, A RESOLUTION ADOPTING A MANDATORY RETIREMENT AGE REQUIREMENT OF AGE SIXTY (60) PURSUANT TO TENNESSEE CODE ANNOTATED, SECTION 8-36-205; AUTHORIZING THE PAYMENT OF THE SUPPLEMENTAL BRIDGE BENEFIT PURSUANT TO TENNESSEE CODE ANNOTATED, SECTION 8-36-211; AND AUTHORIZING GROUP 1 MEMBERS WHO HAVE CREDITABLE SERVICE IN A GROUP 1 POSITION COVERED BY SUCH MANDATORY AGE RETIREMENT TO RETIRE ON SERVICE RETIREMENT BENEFITS UPON ATTAINMENT OF AGE FIFTY-FIVE (55) WITH TWENTY-FIVE (25) YEARS OF CREDITABLE SERVICE PURSUANT TO TENNESSEE CODE ANNOTATED, SECTION 8-36-201(a)(2)
Passed: All present voting "aye" except McIntire who abstained.

8. **Consideration of a Resolution Expressing the Intent for the Board to Pay for the Supplemental Bridge Retirement Benefit and the Guidelines for Implementation of Such Intent** (AF: 86-2012). City Attorney Billingsley pointed out that as it stands now, this resolution requires a unanimous vote before it can be adopted. Mr. Billingsley also wanted to make sure that every Board member knew they were voting on the revised resolution rather than the one they received in their packet. Vice-Mayor Parham made a motion (seconded by Alderman Shupe) to substitute the revised resolution document supplied by City Attorney Billingsley for the one that was in the original packet. Alderman Joh then made a motion (seconded by Alderman Shupe) to amend the adoption and amendment requirement from a unanimous vote to a two-thirds majority. All present voting "aye" on both motions to amend. Chief Osborne thanked former Alderman Ben Mallicote and Alderman Shupe for starting this process three years ago and making it happen.

Motion/Second: Shupe/Joh, to pass as now substituted and amended:
Resolution No. 2012-170, A RESOLUTION EXPRESSING THE INTENT OF THE BOARD OF MAYOR AND ALDERMEN TO PAY FOR THE SUPPLEMENTAL BRIDGE RETIREMENT BENEFIT FOR CERTAIN FIRE AND POLICE PERSONNEL BY USING FUNDS THAT WOULD OTHERWISE HAVE BEEN USED FOR PAY ADJUSTMENTS FOR CERTAIN FIRE AND POLICE PERSONNEL; AND ADOPTING GUIDELINES FOR IMPLEMENTATION OF SUCH INTENT
Passed: All present voting "aye" except McIntire voting "nay."

E. **APPOINTMENTS/REAPPOINTMENTS.** None.

VII. CONSENT AGENDA. None.

VIII. COMMUNICATIONS.

A. **CITY MANAGER.** Mr. Campbell commented on the success of the recent book sale for the Friends of the Library, noting they grossed $22,000 and thanking those who donated books. Mr. Campbell also noted that tomorrow was the first day for the new school superintendent and welcomed Dr. Ailshie.

B. **MAYOR AND BOARD MEMBERS.** Alderman McIntire commented on the Energy Star Award received by Eastman as well as the Safe Community Award given by the State.

Alderman Joh noted the carousel project was recognized in *CarouselNews.com* magazine, featuring pictures of the carvers and the progress being made. She also stated the Carousel Arts and Crafts Show would be participating in a woodworking exhibition at the Civic Auditorium on Saturday from 10:00 a.m. to 6:00 p.m. and Sunday from 12:00 p.m. to 5:00 p.m. and invited everyone to attend.

Alderman Segelhorst offered congratulation those involved with the Stem School Award, noting he was proud to be on the governing board for this new school. He also commented on the Safe Community Award, pointing out that only 272 were given in the world with 19 in the United Stated and ours being the only one in Tennessee.

Alderman Clark commented that he was honored to be finishing his first month as Alderman and thankful for the opportunity to help the City progress.

Vice-Mayor Parham described a reach-out program sponsored by Wal-Mart that has collected over 8,000 pounds of food for the Sullivan County-Blountville-Kingsport Animal Shelter. He also commented on the special cooperation among so many in our area that is not prevalent in many other communities, noting he was appreciative and offered congratulations to all.

Mayor Phillips pointed out that everyone has already discussed the items he was going to talk about. The Mayor stated the City owed a debt of gratitude to the management team at Eastman for all they've done to contribute to the City.

City Attorney Billingsley recognized Human Resource Director Barbara Duncan and Budget Director Judy Smith for all of their hard work on the public safety bridge.

C. **VISITORS.** Ms. Barbara Brown commented favorably on the police and fire department employees.

IX. ADJOURN. Seeing no other business for consideration at this meeting, Mayor Phillips adjourned the meeting at 9:23 p.m.

ANGELA MARSHALL
Deputy City Recorder

DENNIS R. PHILLIPS
Mayor

AGENDA ACTION FORM

Public Hearing and Consideration of an Ordinance to Amend Zoning of Parcel 24 on Tax Map 61B, Group K located along Carver Street and Douglass Street from R-1C Zoning to R-2 Zoning

To: Board of Mayor and Aldermen
From: John G. Campbell, City Manager

Action Form No.: AF-90-2012
Work Session: 2 April 2012
First Reading: 3 April 2012

Final Adoption: 17 April 2012
Staff Work By: J. Meredith
Presentation By: J. Meredith

Recommendation:

- Hold public hearing.
- Approve ordinance amending the zoning ordinance to rezone Parcel 24 from R-1C, Residential District to R-2, Two-Family Residential District.

Executive Summary:

The request is to rezone approximately .37 acres of property along to Carver Street and Douglass Street, and is initiated by the Greater Kingsport Alliance for Development, Inc., the property owner. The property will be redeveloped by the Kingsport Housing and Redevelopment Authority, who plans to construct four, one-level attached units on the parcel. The proposed zoning for the area is R-2, Two-Family Residential District. The initial request, as indicated in the staff report, was to zone the property PVD, Planned Village District, "Village Edge." After discussion by the Kingsport Regional Planning Commission, the request was revised and proposes to zone the property R-2, Two-Family Residential District. Water and sewer are available to the parcel. At their March 15, 2012 meeting, the Kingsport Regional Planning Commission voted 8-0 to send a favorable recommendation for the rezoning of this parcel to the Board of Mayor and Alderman. There has been no opposition to the request. The Notice of Public Hearing was published March 19, 2012.

Attachments:

1. Public Hearing
2. Zoning Ordinance
3. Staff Report
4. Maps

Funding source appropriate and funds are available:_____

	Y	N	O
Clark	—	—	—
Joh	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Shupe	—	—	—
Phillips	—	—	—

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN to all citizens of the City of Kingsport, Tennessee, to all persons interested, and the public at large that the City of Kingsport Board of Mayor and Aldermen will conduct a Public Hearing during its regular business meeting on Tuesday April 3, 2012 to consider the rezoning for parcel 24 on Tax Map 061B, Group K located along Carver Street and Douglass Street from R-1C, Residential District to R-2, Two-Family Residential District. The regular business meeting will begin at 7:00 p.m. in the large courtroom located on the second floor of City Hall, at 225 W. Center Street, Kingsport, Tennessee.

The property proposed for rezoning is generally described as follows:

BEGINNING at a point, said point being the northern corner of parcel 24, Tax Map 061B, Group K, thence in an southeasterly direction, following the southern right of way of Douglass Street, approximately 160 feet to a point, said point being the eastern corner of parcel 24, thence in a southwesterly direction, approximately 100 feet to a point, said point being the southern corner of parcel 24, thence in a northwesterly direction, approximately 160 feet to a point, said point being the western corner of parcel 24, thence in a northeasterly direction, following the eastern right of way of Carver Street, approximately 100 feet to the point of BEGINNING, and being all of parcel 24, Tax Map 061B, Group K as shown on the March 2011 Sullivan County Tax Maps.

All interested persons are invited to attend this meeting and public hearing. A detailed map and description is on file in the offices of the City Manager and Planning Manager for inspection. Additional information concerning this proposal may be obtained by contacting the Kingsport Planning Division of the Development Services Department, telephone 423-229-9485.

CITY OF KINGSPORT
Angie Marshall, City Clerk
P1T: 3/19/12

ORDINANCE NO._____

PRE-FILED
CITY RECORDER

AN ORDINANCE TO FURTHER AMEND THE ZONING CODE, TEXT AND MAP, TO REZONE PROPERTY AT 300 CARVER STREET FROM R-1C RESIDENTIAL DISTRICT TO R-2, TWO-FAMILY RESIDENTIAL DISTRICT IN THE 11th CIVIL DISTRICT OF SULLIVAN COUNTY; TO FIX A PENALTY FOR THE VIOLATION OF THIS ORDINANCE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

BE IT ORDAINED BY THE CITY OF KINGSPORT, AS FOLLOWS:

SECTION I. That the zoning code, text, and map, be and the same is hereby further amended to rezone property at 300 Carver Street from R-1C, Residential District to R-2, Two-Family Residential District in the 11th Civil District of Sullivan County; said area to be rezoned being further and more particularly described as follows:

BEGINNING at a point, said point being the northern corner of parcel 24, Tax Map 061B, Group K, thence in an southeasterly direction, following the southern right of way of Douglass Street, approximately 160 feet to a point, said point being the eastern corner of parcel 24, thence in a southwesterly direction, approximately 100 feet to a point, said point being the southern corner of parcel 24, thence in a northwesterly direction, approximately 160 feet to a point, said point being the western corner of parcel 24, thence in a northeasterly direction, following the eastern right of way of Carver Street, approximately 100 feet to the point of BEGINNING, and being all of parcel 24, Tax Map 061B, Group K as shown on the March 2011 Sullivan County Tax Maps.

SECTION II. Any person violating any provisions of this ordinance shall be guilty of an offense and upon conviction shall pay a penalty of FIFTY DOLLARS ($50.00) for each offense. Each occurrence shall constitute a separate offense.

SECTION III. That this ordinance shall take effect from and after the date of its passage and publication, as the law directs, the public welfare of the City of Kingsport, Tennessee, requiring it.

_____
DENNIS PHILLIPS
Mayor

ATTEST:

_____
Charlotte Light
Deputy City Recorder

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY
City Attorney

PASSED ON 1ST READING _____
PASSED ON 2ND READING_____

CARVER STREET REZONING REPORT
File No.: 12-101-00002

TO:	KINGSPORT REGIONAL PLANNING COMMISSION
FROM:	Jason Meredith, Planner
DATE:	March 28, 2012
APPLICANT:	Greater Kingsport Alliance for Development, Inc.
REQUESTED ACTION:	City rezoning of approximately .37 acres of property from R-1C, Residential District to PVD, Planned Village District.
LOCATION:	Property is located at 300 Carver Street, as identified on Control Map 61B, Group K, Parcel 24 on the 2011 Sullivan County Tax Maps. The property is located in the 11th Civil District.
EXISTING LAND USE:	single-family residential
PROPOSED USE:	multi-family residential

SURROUNDING ZONING AND LAND USE:

North:	City PVD (Village Edge): HOPE VI duplex homes; Douglass Street
South:	City R-1C: single-family residential
East:	City R-1C: single-family residential
West:	City R-1C: Central Baptist Church of Kingsport; single-family residential

LAND USE PLAN:	The City's 2030 Land Use Plan recommends single-family land use for this area.
UTILITIES:	Water and Sanitary sewer are currently available to the property.
TRANSPORTATION:	The property is located along Carver Street, with approximately 100 feet of road frontage, and Douglass Street, with approximately 160 feet of road frontage.

PHYSICAL CHARACTERISTICS:

The property totals approximately.37 acres in area and fronts Carver Street and Douglass Street. The terrain is level and there should be no issues in the redevelopment of the property.

OPTIONS: The Planning Commission's options are as follows:

1. Approve the rezoning.
2. Disapprove the rezoning and state the reasons for denial in writing.
3. Postpone action pending receipt of additional information.

STAFF RECOMMENDATION: The Kingsport Planning Division recommends Option 1 for the following reasons:

1. Proposed zoning is a logical extension of the existing Planned Village District.
2. Rezoning promotes continued redevelopment of the neighborhood .
3. Rezoning of the site would be beneficial to the citizens of Kingsport as a whole.

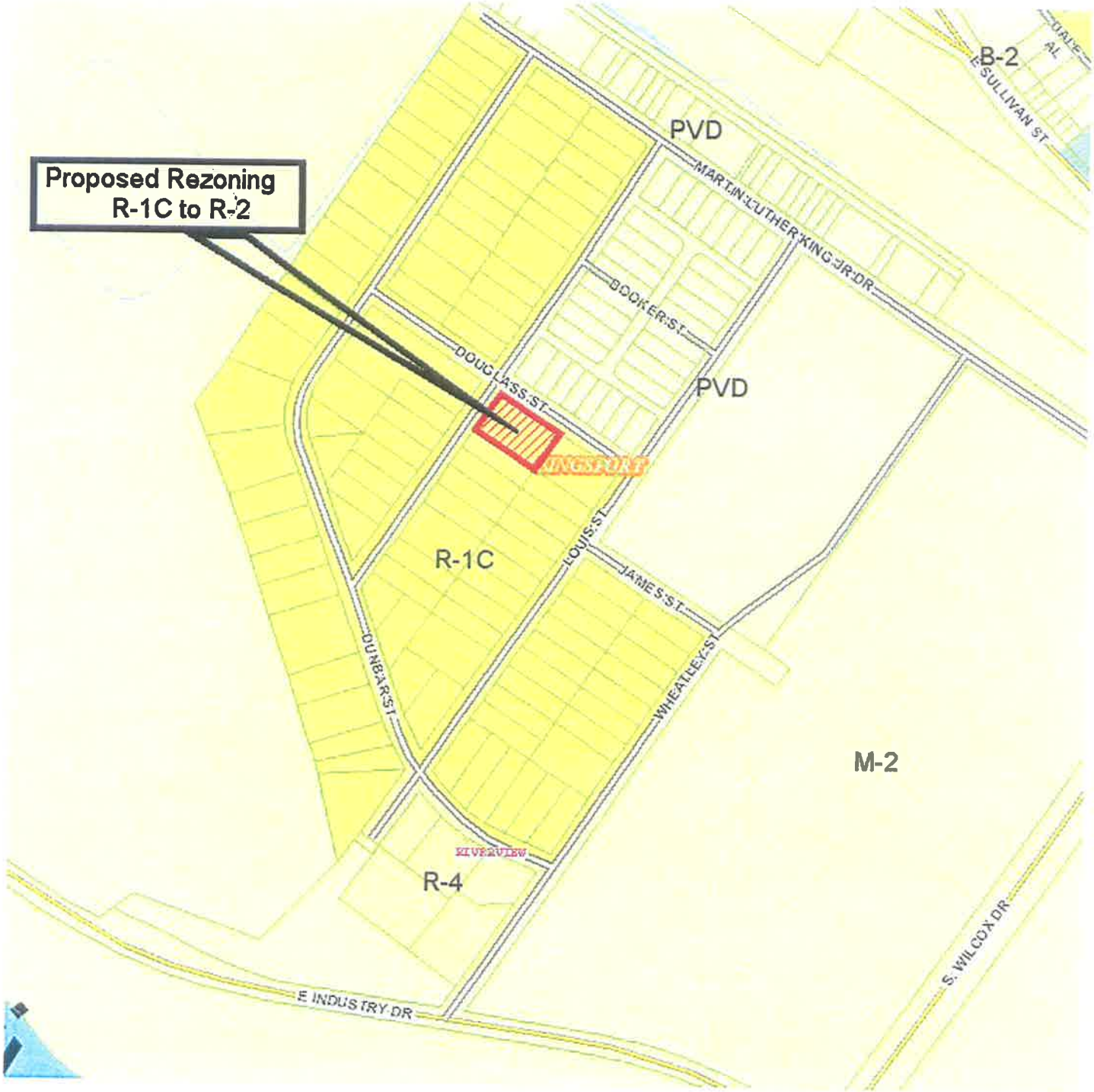
Carver Street Rezoning

Kingsport Board of Mayor & Aldermen

April 3, 2012

Proposed Rezoning
R-1C to R-2
WILE ST
UNICOI ST
E MAIN ST
OAK ST
DALE AL
DALE ST
MAPLE ST
E SEVIER AV
MYRTLE ST
BROOK ST
E SULLIVAN ST
N WILCOX DR
BIRCH ST
MARTIN LUTHER KING JR DR
BOOKER ST
DOUGLASS ST
KINGSPORT
LOUIS ST
JAMES ST
WHEATLEY ST
DUNBAR ST
LINCOLN ST
S WILCOX DR
E INDUSTRY DR
ton River

LOUIS ST
DOUGLASS ST
CARVER ST
Zoned
PVD
Zoned
R-1C


Proposed Rezoning
R-1C to R-2
B-2
PVD
E SULLIVAN ST
MARTIN LUTHER KING JR DR
BOOKER ST
DOUGLASS ST
PVD
KINGSPOINT
R-1C
LOUIS ST
JAMES ST
DUNBAR ST
WHEATLEY ST
M-2
RIVERVIEW
R-4
E INDUSTRY DR
S. WILCOX DR

1020

1015

Rationale

Staff recommends Option 1 for the following reasons:

1. Proposed zoning is a logical extension of the existing Planned Village District.
2. Rezoning promotes continued redevelopment of the neighborhood
3. Redevelopment of the site would be beneficial to citizens of Kingsport as a whole

Kingsport
TENNESSEE

AGENDA ACTION FORM

Consideration of an Ordinance to Condemn for Easements and Right-of-Ways for the Rock Springs/Stonetree Area Sanitary Sewer Extension Project

To: Board of Mayor and Aldermen
From: John G. Campbell, City Manager

Action Form No.: AF-88-2012
Work Session: April 2, 2012
First Reading: April 3, 2012

Final Adoption: April 17, 2012
Staff Work By: R. Trent, R. McReynolds
Presentation By: R. McReynolds

Recommendation: Approve the Ordinance.

Executive Summary:

The Public Works Department has requested easements and right-of-ways for the Rock Springs/Stonetree Area Sanitary Sewer Extension Project. The attached ordinance authorizes and directs the City Attorney to initiate condemnation proceedings to acquire easements and rights-of-way that cannot be voluntarily acquired on the Rock Springs/Stonetree Area Sanitary Sewer Extension Project.

Attachments:

1. Ordianance
2. Location Map

Funding source appropriate and funds are available:_____

	Y	N	O
Clark	—	—	—
Joh	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Shupe	—	—	—
Phillips	—	—	—

ORDINANCE NO._____

PRE-FILED
CITY RECORDER

AN ORDINANCE TO AUTHORIZE AND DIRECT THE CITY ATTORNEY TO INITIATE CONDEMNATION PROCEEDINGS TO ACQUIRE PROPERTY, REAL OR PERSONAL, OR ANY EASEMENT, INTEREST, ESTATE OR USE THEREIN, FROM AFFECTED PROPERTY OWNERS ALONG THE ROUTE OF CERTAIN PUBLIC WORKS PROJECTS; TO FIX THE PROCEDURE FOR DIRECTING THE INITIATION OF SUCH LITIGATION; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE.

WHEREAS, the construction of the Public Works Projects are deemed a matter of highest priority for the public health, welfare, safety and convenience of the citizens and the public at large; and

WHEREAS, pursuant to the provisions of Tenn. Code Ann. Section 7-35-101 et seq., the City has embarked upon the accomplishment of the herein named Public Works Project in accordance with the terms and provisions of said Act; and

WHEREAS, the City is empowered by ordinance, in accordance with the provisions of Article I, Section 2, Subsection 9 of the Charter, to condemn property, real or personal, or any easement, interest, estate or use therein, either within or without the City, for present or future public use, and in accordance with the terms and provisions of the general law of the State regarding eminent domain; and

WHEREAS, it may become necessary in the accomplishment of the herein named Public Works Projects to initiate litigation to acquire property, real or personal, or any easement, interest, estate or use therein, in connection with the herein named Public Works Project; and

WHEREAS, time is of the essence in the accomplishment of the herein named Public Works Project,

Now therefore,

BE IT ORDAINED BY THE CITY OF KINGSPORT, as follows:

SECTION I. In accordance with the provision of Article I, Section 2, Subsection 9 of the Charter, the City Attorney is hereby authorized and directed to initiate eminent domain proceedings to condemn property, real or personal, or any easement, interest, estate or use therein, for the accomplishment of the following Public Works Project:

Rock Springs/Stonetree Area Sanitary Sewer Extension Project

SECTION II. That since time is of the essence in the expeditious acquisition of property, real or personal, or any easement, interest, estate or use therein, to accomplish the foregoing stated purposes, the City Attorney is further directed to proceed forthwith to institute eminent domain proceedings as authorized by Resolution.

_____
DENNIS R. PHILLIPS, Mayor

ATTEST:

_____
JAMES H. DEMMING
City Recorder

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY
City Attorney

PASSED ON 1ST READING_____
PASSED ON 2ND READING_____

NORTH

PROJECT LOCATION MAP 2010–C13
STONETREE SUBDIVISION
SANITARY SEWER EASEMENTS
CITY OF KINGSPORT, TENNESSEE

NOT TO SCALE

16 JUNE 2011

Kingsport
TENNESSEE

AGENDA ACTION FORM

Consideration of an Ordinance to Condemn for Easements and Right-of-Ways for the Cooks Valley Road Improvement Project – Phase II and the Cleek Road Improvement Project – Phase II

To: Board of Mayor and Aldermen
From: John G. Campbell, City Manager

Action Form No.: AF-89-2012
Work Session: April 2, 2012
First Reading: April 3, 2012

Final Adoption: April 17, 2012
Staff Work By: R. Trent, R. McReynolds
Presentation By: R. McReynolds

Recommendation: Approve the Ordinance.

Executive Summary:

The Public Works Department has requested easements and right-of-ways for the Cooks Valley Road Improvement Project – Phase II and the Cleek Road Improvement Project – Phase II. The attached ordinance authorizes and directs the City Attorney to initiate condemnation proceedings to acquire easements and rights-of-way that cannot be voluntarily acquired on the Cooks Valley Road Improvement Project – Phase II and the Cleek Road Improvement Project – Phase II.

Attachments:

1. Ordinance
2. Location Maps

Funding source appropriate and funds are available:_____

	Y	N	O
Clark	—	—	—
Joh	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Shupe	—	—	—
Phillips	—	—	—

PRE-FILED
CITY RECORDER

ORDINANCE NO._____

AN ORDINANCE TO AUTHORIZE AND DIRECT THE CITY ATTORNEY TO INITIATE CONDEMNATION PROCEEDINGS TO ACQUIRE PROPERTY, REAL OR PERSONAL, OR ANY EASEMENT, INTEREST, ESTATE OR USE THEREIN, FROM AFFECTED PROPERTY OWNERS ALONG THE ROUTE OF CERTAIN PUBLIC WORKS PROJECTS; TO FIX THE PROCEDURE FOR DIRECTING THE INITIATION OF SUCH LITIGATION; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE.

WHEREAS, the construction of the Public Works Projects are deemed a matter of highest priority for the public health, welfare, safety and convenience of the citizens and the public at large; and

WHEREAS, pursuant to the provisions of Tenn. Code Ann. Section 7-31-107 et seq., the City has embarked upon the accomplishment of the herein named Public Works Project in accordance with the terms and provisions of said Act; and

WHEREAS, the City is empowered by ordinance, in accordance with the provisions of Article I, Section 2, Subsection 9 of the Charter, to condemn property, real or personal, or any easement, interest, estate or use therein, either within or without the City, for present or future public use, and in accordance with the terms and provisions of the general law of the State regarding eminent domain; and

WHEREAS, it may become necessary in the accomplishment of the herein named Public Works Projects to initiate litigation to acquire property, real or personal, or any easement, interest, estate or use therein, in connection with the herein named Public Works Project; and

WHEREAS, time is of the essence in the accomplishment of the herein named Public Works Project,

Now therefore,

BE IT ORDAINED BY THE CITY OF KINGSPORT, as follows:

SECTION I. In accordance with the provision of Article I, Section 2, Subsection 9 of the Charter, the City Attorney is hereby authorized and directed to initiate eminent domain proceedings to condemn property, real or personal, or any easement, interest, estate or use therein, for the accomplishment of the following Public Works Projects:

Cooks Valley Road Improvement Project – Phase II
Cleek Road Improvement Project – Phase II

SECTION II. That since time is of the essence in the expeditious acquisition of property, real or personal, or any easement, interest, estate or use therein, to accomplish the foregoing stated purposes, the City Attorney is further directed to proceed forthwith to institute eminent domain proceedings as authorized by Resolution.

_____
DENNIS R. PHILLIPS, Mayor

ATTEST:

_____
JAMES H. DEMMING
City Recorder

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY
City Attorney

PASSED ON 1ST READING_____
PASSED ON 2ND READING_____

NORTH

FIGURE 1 – MAP LOCATION
PHASE II
COOKS VALLEY ROAD IMPROVEMENTS

CITY OF KINGSPORT, TENNESSEE

NO SCALE

14 DECEMBER 2011

FIGURE 2 – MAP LOCATION
CLEEK ROAD, NEW BEASON WELL
ROAD IMPROVEMENTS–PHASE II
CITY OF KINGSPORT, TENNESSEE

NO SCALE

07 MAY 2010

AGENDA ACTION FORM

Consideration of an Ordinance to Appropriate Cultural Arts Funding Received from Engage Kingsport and Kingsport Tomorrow

To: Board of Mayor and Aldermen
From: John G. Campbell, City Manager

Action Form No.:	AF- 80-2012	Final Adoption:	April 17, 2012
Work Session:	April 2, 2012	Staff Work By:	Macdonald/J. Smith
First Reading:	April 3, 2012	Presentation By:	C. McCartt

Recommendation:

Approve the Ordinance

Executive Summary:

Cultural Arts Division has received donations for the Sculpture Walk program and Art Nights/City Lights from its non-profit partner Engage Kingsport. Sculpture Walk donations include sponsorships from First Tennessee Bank, Bank of Tennessee, Eastman, Regional Eye Center, Pal's Sudden Service, Eastman Credit Union and Absolute Communications.

Engage Kingsport also collected ticket sales for the concert which they are donating for continued support of the Art Nights/City Lights concert series.

Kingsport Tomorrow served as fiscal agent for the public art project "Learning Curve" which benefited from donation of labor and materials that the artist was able to secure. As a result Kingsport Tomorrow is donating surplus budget from the design and construction of 'Learning Curve' at the Higher Education Center to the Sculpture Walk program.

Appropriate $9,913.47 to the Sculpture Walk NC0710
Appropriate $1,454.36 to Art Nights/City Lights NC0905

Attachments:

1. Ordinance

Funding source appropriate and funds are available:_____

	Y	N	O
Clark	—	—	—
Joh	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Shupe	—	—	—
Phillips	—	—	—

PRE-FILED
CITY RECORDER

ORDINANCE NO. _____

AN ORDINANCE TO AMEND THE GENERAL PROJECT-SPECIAL REVENUE FUND BUDGET BY APPROPRIATING DONATIONS RECEIVED FROM ENGAGE KINGSPORT AND KINGSPORT TOMORROW FOR THE YEAR ENDING JUNE 30, 2012; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

BE IT ORDAINED BY THE CITY OF KINGSPORT, as follows:

SECTION I. That the General Project-Special Revenue Fund budget be amended by appropriating donations received from Engage Kingsport in the amount of $1,454 to the Arts Nights/City Lights project (NC0905) and by appropriating donations received from Kingsport Tomorrow in the amount of $9,913 to the Sculpture Walk project (NC0710).

Account Number/Description:		**Budget**	**Incr/<Decr>**	**New Budget**
Fund 111: General Project Special Revenue Fund				
Arts Nights/City Lights (NC0905)				
Revenues:		$	$	$
111-0000-332-3200	TN Arts Commission	18,050	0	18,050
111-0000-341-1077	Ticket Sales	1,079	0	1,079
111-0000-364-2000	From Corporations	0	1,454	1,454
111-0000-364-3000	From Non-Profit Groups	7,852	0	7,852
111-0000-364-5667	Southern Arts Fed/NEA	2,250	0	2,250
111-0000-391-0100	From General Fund	12,000	0	12,000
	Totals:	**41,231**	**1,454**	**42,685**
Expenditures:		$	$	$
111-0000-601-2020	Professional Consultant	40,510	1,454	41,964
111-0000-601-3011	Postage	721	0	721
	Totals:	**41,231**	**1,454**	**42,685**
Fund 111: General Project Special Revenue Fund				
KPRT Art & Sculpture Walk (NC0710)				
Revenues:		$	$	$
111-0000-332-3200	TN Arts Commission	29,653	0	29,653
111-0000-364-1000	From Individuals	5,200	0	5,200
111-0000-364-2000	From Corporations	16,000	5,250	21,250
111-0000-364-3000	From Non-Profit Groups	39,080	4,663	43,743
111-0000-391-0100	From General Fund	109,758	0	109,758
	Totals:	**199,691**	**9,913**	**209,604**

Expenditures:		$	$	$
111-0000-601-1010	Salaries	6,215	0	6,215
111-0000-601-1020	Social Security	888	0	888
111-0000-601-1040	Retirement	1,200	0	1,200
111-0000-601-1060	Workmen's Comp	170	(5)	165
111-0000-601-1061	Unemployment	0	5	5
111-0000-601-2010	Advertising & Publication	11,178	0	11,178
111-0000-601-2020	Professional Consultant	120,978	9,913	130,891
111-0000-601-2040	Travel	5,000	0	5,000
111-0000-601-2099	Miscellaneous	6,240	0	6,240
111-0000-601-3012	Food	5,000	0	5,000
111-0000-601-3020	Operating Supplies & Tools	6,394	0	6,394
111-0000-601-3022	Maintenance Supplies	36,428	0	36,428
	Totals:	**199,691**	**9,913**	**209,604**

SECTION II. That this Ordinance shall take effect from and after its date of passage, as the law direct, the welfare of the City of Kingsport, Tennessee requiring it.

_____
DENNIS R. PHILLIPS, Mayor

ATTEST:

APPROVED AS TO FORM:

_____
JAMES H. DEMMING
City Recorder

_____
J. MICHAEL BILLINGSLEY, City Attorney

PASSED ON 1ST READING: _____

PASSED ON 2ND READING: _____

Kingsport
TENNESSEE

AGENDA ACTION FORM

Consideration of an Ordinance to Amend the Code of Ordinances, Division 9, Section 114-467 for the City of Kingsport

To: Board of Mayor and Aldermen
From: John G. Campbell, City Manager

Action Form No.: AF:66-2012
Work Session: March 19, 2012
First Reading: March 20, 2012

Final Adoption: April 3, 2012
Staff Work By: F. Koder
Presentation By: F. Koder

Recommendation:

- Approve ordinance amending Division 9, Section 114-467, the BC, Business Conference District for the City of Kingsport by adding the text as indicated on the attached ordinance.

Executive Summary:

The purpose and intent of this amendment to the Business Conference District is to allow multiple businesses on a single parcel the ability to advertise on one free-standing sign provided they co-locate with one another on the same sign. This will be a Business Complex sign and the location must be adjacent to an Interstate system. Additionally those businesses located in a BC zone will be allowed one freestanding monument sign adjacent to their business.

Staff supports the amended ordinance as presented. The Kingsport Regional Planning Commission sent a unanimous favorable recommendation to the Board of Mayor and Alderman during their January 19, 2012 meeting. The Public hearing Notices was advertised on March 4, 2012.

Attachments:

1. ~~Public Notice~~
2. Amended Ordinance
3. Staff Reports

Funding source appropriate and funds are available:_____

	Y	N	O
Clark	—	—	—
Joh	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Shupe	—	—	—
Phillips	—	—	—

Kingsport
TENNESSEE

AGENDA ACTION FORM

Public Hearing and Consideration of an Ordinance to Amend the Code of Ordinances, Division 9, Section 114-467 for the City of Kingsport

To: Board of Mayor and Aldermen
From: John G. Campbell, City Manager

Action Form No.: AF-66-2012
Work Session: March 19, 2012
First Reading: March 20, 2012

Final Adoption: April 3, 2012
Staff Work By: F. Koder
Presentation By: F. Koder

Recommendation:

- Hold public hearing.
- Approve ordinance amending Division 9, Section 114-467, the BC, Business Conference District for the City of Kingsport by adding the text as indicated on the attached ordinance.

Executive Summary:

The purpose and intent of this amendment to the Business Conference District is to allow multiple businesses on a single parcel the ability to advertise on one free-standing sign provided they co-locate with one another on the same sign. This will be a Business Complex sign and the location must be adjacent to an Interstate system. Additionally those businesses located in a BC zone will be allowed one freestanding monument sign adjacent to their business.

Staff supports the amended ordinance as presented. The Kingsport Regional Planning Commission sent a unanimous favorable recommendation to the Board of Mayor and Alderman during their January 19, 2012 meeting. The Public hearing Notices was advertised on March 4, 2012.

Attachments:

1. Public Notice
2. Amended Ordinance
3. Staff Reports

Funding source appropriate and funds are available:_____

	Y	N	O
Clark	—	—	—
Joh	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Shupe	—	—	—
Phillips	—	—	—

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN to all citizens of the City of Kingsport, Tennessee, to all persons interested, and the public at large that the City of Kingsport Board of Mayor and Aldermen will conduct a Public Hearing during its regular business meeting on Tuesday March 20, 2012 to consider an ordinance to amend the Code of Ordinances, City of Kingsport, Tennessee, Chapter 114-467 governing the Business Conference District. The regular business meeting will begin at 7:00 p.m. in the large courtroom located on the second floor of City Hall, at 225 W. Center Street, Kingsport, Tennessee.

All interested persons are invited to attend this meeting and public hearing. Additional information concerning this proposal may be obtained by contacting the Kingsport Planning Division of the Development Services Department, telephone 423-229-9485.

CITY OF KINGSPORT
Angie Marshall, City Clerk
PIT: 03/4/12

ORDINANCE NO._____

PRE-FILED
CITY RECORDER

AN ORDINANCE TO AMEND THE CODE OF ORDINANCES, CITY OF KINGSPORT, TENNESSEE, DIVISION 9, SECTION 114-467; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

BE IT ORDAINED BY THE CITY OF KINGSPORT, AS FOLLOWS:

SECTION I. That Section 114-467 of the Code of Ordinances, City of Kingsport, Tennessee is amended by deleting the entire section and substituting in its place the following:

Sec. 114-467. Design standards.

The following dimensional standards shall apply in the business conference center district:

(1) *Multiple uses.* Multiple principal uses, structures and accessory uses per lot are permitted.

(2) *Lot area.* Minimum lot area within this district shall be one acre.

(3) *Periphery yard.* The district shall have a 30-foot landscaped, development-free buffer. Structures, including parking areas, shall not be permitted within the district periphery yard.

(4) *Setbacks.* The following minimum setbacks shall be observed:

a. *Front yard.* The minimum front yard setback from a public street or right-of-way for vehicular travel shall be 30 feet.

b. *Side yard.*

1. The minimum side yard setback from a public street or right-of-way for vehicular travel shall be 12 feet.

2. Zero lot lines in lieu of the side yard setback may be permitted on one side only when complimentary joint uses are approved by the planning commission; the opposite side yard shall have a minimum setback of 24 feet.

c. *Rear yard.* The minimum rear yard setback from a public street or right-of-way for vehicular travel shall be 12 feet.

d. *Loading areas.* Loading docks, bays or maneuvering areas shall not be visible from abutting public streets.

e. *Transit facilities.* Transit stops and transit shelters may encroach into the setback.

(5) *Building height.* There shall be no maximum building height. However, all minimum yards are increased by five feet for each story over three stories.

(6) *Density.* Building ground coverage for each use in this district shall not exceed 35 percent of the lot or the average area of several lots when an integrated complex is developed,

including all buildings and parking structures. A maximum floor area ratio (FAR) of 1:3 shall be observed for buildings, including parking structures.

(7) *Parking and loading.* Parking and loading provisions for the business conference center district shall be as set out in article V of this chapter.

(8) *Lighting.* All lighting shall be sufficient for the safe use of the facilities and shall not create a traffic hazard. Lighting facilities shall be required for all employee parking areas.

(9) *Signs.*

a. All signs within the district shall be reviewed by the planning commission as part of the site plan approval process.

b. Complex Freestanding signs are permitted in the Business Conference District as follows:

1. A Complex Freestanding sign is permitted on the parcel adjacent to an interstate right-of-way, and only one such freestanding sign may be permitted per lot.

2. Each business on the same parcel will be allowed one sign on the complex sign supports. Signs allowed placement on the complex sign base will be classified as a primary sign or a secondary sign as follows:
   a. Only one primary sign will be allowed and it shall not to exceed 150 square feet per side or a maximum of 300 square feet total on all sides.
   b. Each additional business will be allowed one secondary sign and it shall not exceed 100 square feet per side or a maximum of 200 square feet total on all sides.

3. The maximum height of such sign shall be 15 feet above average ground level.

4. Complex freestanding signs shall not be located closer than ten feet to any public street or permanent easement.

c. Business identification monument signs may be located within setbacks of each individual business located on the same parcel. Each business is permitted one business identification sign and the sign shall comply with the following:

1. The sign shall not exceed 32 square feet per side or a maximum of 64 square feet total of all sides.

2. The maximum height of such sign shall be eight feet above existing grade and must be a monument sign.

3. The sign shall not be located closer than ten feet to any public street.

4. Monument signs shall require landscaping around the base of the monument equal in square footage to both sign faces.

d. Wall mounted signs are permitted equivalent to a maximum of one percent of the building ground coverage area per side. Uses having less than 4,000 square feet of area may utilize up to 40 square feet of signage.

e. One freestanding electronic message board to convey information by words, letters, or pictures:

1. The maximum height of the sign is to be 35 feet above the roadway and a minimum height of 12 feet.

2. The maximum allowable sign surface area is to be 150 square feet per side or 300 square feet total of both sides.

3. The sign must be located along an interstate highway and a part of the complex freestanding sign.

f. Traffic/directional or location signs are allowed and shall comply with the following:

1. All signs shall not exceed two square feet in area.

2. Signs shall be used to identify parking areas, direct traffic movements onto the premise and within the premise, service areas, freight entrances or to a particular location on the premise.

3. No signs shall be placed in the public right-of-way.

(10) *Lot frontage.* Access to individual lots shall be from public streets or permanent easements which have been approved by the planning commission. Fifty feet of frontage on a public street or permanent easement shall be required for each lot.

SECTION II. That this ordinance shall take effect from and after the date of its passage and publication, as the law directs, the public welfare of the City of Kingsport, Tennessee requiring it.

_____
DENNIS PHILLIPS, MAYOR

ATTEST:

_____
JAMES DEMMING, CITY RECORDER

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, CITY ATTORNEY
City Attorney

PASSED ON 1ST READING _____
PASSED ON 2ND READING _____

Memorandum

To: Kingsport Regional Planning Commission Members

From: Forrest Koder – Principal Planner

Date: 3/8/2012

Re: Proposed Amendment to the Business Conference Center Sign Regulations

---

This is a proposal to amend Section 114-467(9) *Signs* of Division 9, Business Conference Center District in the City of Kingsport Zoning Code. The purpose and intent of this amendment is to allow multiple businesses on a single parcel the ability to advertise on one freestanding sign provided they co-locate with one another on the same sign. This will be a Business Center Complex sign and the location must be adjacent to an interstate right-of-way system. Additionally this amendment will allow those businesses located on a single parcel in a BC zone to advertise their business logo on one freestanding monument sign. (Recommended Changes in Red)

Currently all of the Business Conference Center zoning is adjacent to Meadowview Parkway. Those businesses on the north side of Meadowview Parkway are located on separate parcels and allowed separate monument style freestanding signs. The Meadowview Conference Center is not afforded this ability because it is currently on one parcel. With the addition of Reedy Creek Winery, there is no means for advertising this or any additional business that may locate on this site.

In creating this amendment, staff spoke to Mr. Andy King of *Meadowview Marriott*. Our concern was meeting a need while at the same time not adding to a proliferation of additional signage on the site. Mr. King stated at this time they were happy with the signage allowed for the hotel and conference center and had actually scrapped plans to place a large *Marriott* wall sign on the wall of the top floor of the motel.

Staff recommends the Planning Commission send a favorable recommendation for this amendment to the Board of Mayor and Alderman.

Kingsport
TENNESSEE

AGENDA ACTION FORM

Consideration of an Ordinance to Amend the Code of Ordinances, Article I, Section 114-1b, Definitions for the City of Kingsport

To: Board of Mayor and Aldermen
From: John G. Campbell, City Manager

Action Form No.: AF-67-2012
Work Session: March 19, 2012
First Reading: March 20, 2012

Final Adoption: April 3, 2012
Staff Work By: F. Koder
Presentation By: F. Koder

Recommendation:

- Approve ordinance amending Article I, Section 114-1b; Definitions for the City of Kingsport by adding the definitions as indicated on the attached ordinance.

Executive Summary:

The purpose and intent of this amendment is to add two definitions to Section 114-1b. It was discovered while reviewing the amendment to the BC, Business Conference District that the terminology used for a Business Complex Sign and a Monument Sign needed further clarification. The City Attorney recommended staff include definitions for the aforementioned terms to which staff is including these definitions to accompany the amendment to the BC District.

Staff supports the amended ordinance as presented. The Kingsport Regional Planning Commission sent a unanimous favorable recommendation to the Board of Mayor and Alderman during their February 16, 2012 meeting. The Public hearing Notices was advertised on March 4, 2012.

Attachments:

~~1.Public Hearing~~
2.Amended Ordinance
3.Staff Report

Funding source appropriate and funds are available:_____

	Y	N	O
Clark	—	—	—
Joh	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Shupe	—	—	—
Phillips	—	—	—

Kingsport
TENNESSEE

AGENDA ACTION FORM

Public Hearing and Consideration of an Ordinance to Amend the Code of Ordinances, Article I, Section 114-1b, Definitions for the City of Kingsport

To: Board of Mayor and Aldermen
From: John G. Campbell, City Manager

Action Form No.: AF-67-2012
Work Session: March 19, 2012
First Reading: March 20, 2012

Final Adoption: April 3, 2012
Staff Work By: F. Koder
Presentation By: F. Koder

Recommendation:

- Hold public hearing.
- Approve ordinance amending Article I, Section 114-1b; Definitions for the City of Kingsport by adding the definitions as indicated on the attached ordinance.

Executive Summary:

The purpose and intent of this amendment is to add two definitions to Section 114-1b. It was discovered while reviewing the amendment to the BC, Business Conference District that the terminology used for a Business Complex Sign and a Monument Sign needed further clarification. The City Attorney recommended staff include definitions for the aforementioned terms to which staff is including these definitions to accompany the amendment to the BC District.

Staff supports the amended ordinance as presented. The Kingsport Regional Planning Commission sent a unanimous favorable recommendation to the Board of Mayor and Alderman during their February 16, 2012 meeting. The Public hearing Notices was advertised on March 4, 2012.

Attachments:
1. Public Hearing
2. Amended Ordinance
3. Staff Report

Funding source appropriate and funds are available:_____

	Y	N	O
Clark	—	—	—
Joh	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Shupe	—	—	—
Phillips	—	—	—

PRE-FILED
CITY RECORDER

ORDINANCE NO._____

AN ORDINANCE TO AMEND THE CODE OF ORDINANCES, CITY OF KINGSPORT, TENNESSEE, ARTICLE I, SECTION 114-1(b); AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

BE IT ORDAINED BY THE CITY OF KINGSPORT, AS FOLLOWS:

SECTION I. That Section 114-1(b) of the Code of Ordinances, City of Kingsport, Tennessee is amended by adding the following definitions to the section:

Sign, Complex: A freestanding sign for a commercial development containing one or more businesses on the same parcel, sharing common access, parking, or other amenities.

Sign, Monument: A permanent, freestanding sign mounted on a base or other supports and where the bottom of the sign face is located within three (3) feet of ground level.

SECTION II. That this ordinance shall take effect from and after the date of its passage and publication, as the law directs, the public welfare of the City of Kingsport, Tennessee requiring it.

_____
DENNIS PHILLIPS, MAYOR

ATTEST:

_____
JAMES DEMMING, CITY RECORDER

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, CITY ATTORNEY
City Attorney

PASSED ON 1ST READING _____
PASSED ON 2ND READING_____

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN to all citizens of the City of Kingsport, Tennessee, to all persons interested, and the public at large that the City of Kingsport Board of Mayor and Aldermen will conduct a Public Hearing during its regular business meeting on Tuesday March 20, 2012 to consider an ordinance to amend the Code of Ordinances, City of Kingsport, Tennessee, Chapter 114-1 governing Definitions. The regular business meeting will begin at 7:00 p.m. in the large courtroom located on the second floor of City Hall, at 225 W. Center Street, Kingsport, Tennessee.

All interested persons are invited to attend this meeting and public hearing. Additional information concerning this proposal may be obtained by contacting the Kingsport Planning Division of the Development Services Department, telephone 423-229-9485.

CITY OF KINGSPORT
Angie Marshall, City Clerk
PIT: 03/4/12

Memorandum

To: Kingsport Regional Planning Commission

From: Forrest Koder – Planning Division

Date: 1/30/2012

Re: BC Sign Amendment – Additional Amendment to Section 114-1 Definitions

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It has come to staff's attention from the City Attorney's office while reviewing the sign amendment change for the Business Conference District that we make reference two types of signs that are currently not addressed in our definitions section of the zoning code. In order to amend this section, we offer the following definitions for a complex and monument sign to amend *Section 114-1 – Definitions* of the zoning code.

Sign, complex: A freestanding sign for a commercial development containing one or more businesses on the same parcel, sharing common access, parking, or other amenities.

Sign, Monument: A permanent, freestanding sign mounted on a solid base and where the bottom of the sign face is typically located within three (3) feet of ground level.

This is definitely something that in hindsight was needed before now for monument signs as the Gateway District requires the use of monument signs. Staff supports sending a favorable recommendation to the Board of Mayor and Alderman on this amendment

Recommendation:

Staff recommends sending a favorable recommendation to amend Section 114-1 Definitions to add a definition for complex sign and monument sign.

Planning Department

Kingsport
TENNESSEE

AGENDA ACTION FORM

Consideration of Ordinances to Annex/ Amend Zoning of the Cleek Road Part 2 Annexation

TO: Board of Mayor and Aldermen

FROM: John G. Campbell, City Manager

Action Form No.: AF: 59-2012
Work Session: March 19, 2012
First Reading: March 20, 2012

Final Adoption: April 3, 2012
Staff Work By: Ken Weems
Presentation By: Ken Weems

Recommendation:

- Approve ordinance for the Cleek Road Part 2 annexation
- Approve ordinance amending the zoning ordinance for the Cleek Road Part 2 annexation

Executive Summary:

This is the Cleek Road Part 2 annexation of approximately 75 acres/ 3 parcels located on and around Cleek Road and New Beason Well Road. The annexation area does not contain any residents. The current county zoning of the area is A-1 (Agricultural District) and R-1 (Residential District).The proposed City zoning for the area is A-1 (Agricultural District). Both City water and sanitary sewer require an upgrade to adequately serve the annexation area. During their February 2012 regular meeting, the Kingsport Regional Planning Commission voted to send a favorable recommendation for the annexation, zoning, and plan of services to the Board of Mayor and Aldermen for this annexation. This item has not received any opposition as of March 8, 2012. The Notice of Public Hearing was published on March 5, 2012.

Attachments:

~~1. Notice of Public Hearing~~
2. Annexation Ordinance
3. Zoning Ordinance
~~4. Resolution~~
5. Staff Report
6. Cost Estimate
7. Maps

Funding source appropriate and funds are available:_____

	Y	N	O
Clark	—	—	—
Joh	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Shupe	—	—	—
Phillips	—	—	—

AGENDA ACTION FORM

Public Hearing and Consideration of Ordinances to Annex/ Amend Zoning of the Cleek Road Part 2 Annexation and Consideration of a Resolution Adopting the Plan of Services

TO: Board of Mayor and Aldermen

FROM: John G. Campbell, City Manager

Action Form No.: AF: 59-2012
Work Session: March 19, 2012
First Reading: March 20, 2012

Final Adoption: April 3, 2012
Staff Work By: Ken Weems
Presentation By: Ken Weems

Recommendation:

- Hold public hearing
- Approve ordinance for the Cleek Road Part 2 annexation
- Approve ordinance amending the zoning ordinance for the Cleek Road Part 2 annexation
- Approve resolution adopting a plan of services for the annexation area

Executive Summary:

This is the Cleek Road Part 2 annexation of approximately 75 acres/ 3 parcels located on and around Cleek Road and New Beason Well Road. The annexation area does not contain any residents. The current county zoning of the area is A-1 (Agricultural District) and R-1 (Residential District).The proposed City zoning for the area is A-1 (Agricultural District). Both City water and sanitary sewer require an upgrade to adequately serve the annexation area. During their February 2012 regular meeting, the Kingsport Regional Planning Commission voted to send a favorable recommendation for the annexation, zoning, and plan of services to the Board of Mayor and Aldermen for this annexation. This item has not received any opposition as of March 8, 2012. The Notice of Public Hearing was published on March 5, 2012.

Attachments:

1. Notice of Public Hearing
2. Annexation Ordinance
3. Zoning Ordinance
4. Resolution
5. Staff Report
6. Cost Estimate
7. Maps

Funding source appropriate and funds are available:_____

	Y	N	O
Clark	—	—	—
Joh	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Shupe	—	—	—
Phillips	—	—	—

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN to all citizens of the City of Kingsport, Tennessee, to all persons interested, and the public at large that the City of Kingsport Board of Mayor and Aldermen will conduct a Public Hearing during its regular business meeting on Tuesday, March 20, 2012, to consider the annexation, zoning, and plan of services for the Cleek Road Part 2 annexation. The regular business meeting will begin at 7:00 p.m. in the large courtroom located on the second floor of City Hall, at 225 W. Center Street, Kingsport, Tennessee.

The property proposed for annexation is generally described as follows:

Tract 1:

Beginning at a point, said point being the northwestern corner of parcel 24, Tax Map 47; thence in a easterly direction, approximately 280 feet to a point, said point being northeastern corner of parcel 24; thence in a southeasterly direction, approximately 2,510 feet to a point, said point being the northern corner of parcel 23.10; thence in a southwesterly direction, approximately 700 feet to a point, said point being the northwestern corner of parcel 23.10; thence in a southeasterly direction, approximately 470 feet to a point, said point being the southeastern corner of parcel 24; thence in a southwesterly direction, approximately 655 feet to a point, said point being the southern corner of parcel 24; thence in a northwesterly direction, approximately 1,385 feet to a point, said point being on the western border of parcel 24; thence in a westerly direction, approximately 55 feet to a point, said point being on the western border of parcel 24; thence in a northerly direction, approximately 235 feet to a point, said point being the western corner of parcel 24; thence in a northeasterly direction, approximately 670 feet to a point, said point being the southeastern corner of parcel 44, Tax Map 31; thence in a northwesterly direction, approximately 348 feet to a point, said point being the southern corner of parcel 5, Tax Map 31N, Group C; thence in a northeasterly direction, approximately 540 feet to a point, said point being the eastern corner of parcel 7; thence in an easterly direction, approximately 380 feet to a point, said point being the southern corner of parcel 27; thence in a northeasterly direction, approximately 280 feet to a point, said point being the eastern corner of parcel 27; thence in a northerly direction, approximately 980 feet to the point of BEGINNING, and being all of parcel 24, Tax Map 47, as seen on the March 2011 Sullivan County Tax Maps.

Tract 2:

Beginning at a point, said point being on the eastern border of parcel 34, Tax Map 47; thence in an easterly direction, crossing Cleek Road, approximately 32 feet to a point, said point being on the western border of parcel 6; thence in a southerly direction, following the eastern right-of-way of Cleek Road, approximately 740 feet to a point, said point being along the southern bank of Reedy Creek, on the western border of parcel 6; thence in a southerly direction, maintaining a 10 foot buffer between the boundary and existing eastern right-of way of Cleek Road and running parallel to the eastern right-of-way of Cleek Road, approximately 845 feet to a point, said point being 10 feet off the eastern right-of way of Cleek Road, near the western border of parcel 6; thence in an easterly direction, approximately 135 feet to a point, said point being along the existing municipal boundary on parcel 6; thence in a southwesterly direction, along the existing municipal boundary, approximately 95 feet to a point, said point being on the western border of parcel 6; thence in an easterly direction, along the northern right-of-way of Cleek Road, approximately 585 feet to a point, said point being along the existing municipal boundary on the northern border of parcel 54; thence in an easterly direction, following the existing municipal boundary, approximately 160 feet to a point, said point being on the western border of parcel 34, Tax Map 48A, Group A; thence in a southeasterly direction, approximately 120 feet to a point, said point being the eastern corner of parcel 54; thence in a southwesterly direction, following the northern right-of-way of Orebank Road, crossing Cleek Road, approximately 840

feet to a point, said point being the southeastern corner of parcel 1, Tax Map 47E, Group A; thence in a northwesterly direction, approximately 965 feet to a point, said point being the eastern corner of parcel 15; thence in a northerly direction, approximately 265 feet to a point, said point being the northeastern corner of parcel 15; thence in an easterly direction, approximately 25 feet to a point, said point being the southeastern corner of parcel 34, Tax Map 47; thence in a northwesterly direction, approximately 725 feet the point of BEGINNING, and being portions of parcels 6 and 54, Tax Map 47, as well as a portion of Cleek Road, approximately 2,285 feet, as seen on the March 2011 Sullivan County Tax Maps.

All interested persons are invited to attend this meeting and public hearing. A detailed map, description, and plan of services document is on file in the offices of the City Manager, Planning Manager, and Kingsport Library for inspection. Additional information concerning this proposal may be obtained by contacting the Kingsport Planning Division of the Development Services Department, telephone 423-229-9485.

CITY OF KINGSPORT
James H. Demming, City Recorder
P1T: 3/05/12

PRE-FILED
CITY RECORDER

ORDINANCE NO._____

AN ORDINANCE TO ANNEX THAT CERTAIN TERRITORY ADJOINING THE PRESENT CORPORATE BOUNDARIES OF THE CITY OF KINGSPORT, EMBRACING THAT CERTAIN PART OF THE 10TH CIVIL DISTRICT OF SULLIVAN COUNTY, TENNESSEE, AND KNOWN AS THE CLEEK ROAD PART 2 ANNEXATION, AS HEREINAFTER DESCRIBED; TO INCORPORATE THE SAME WITHIN THE CORPORATE BOUNDARIES OF THE CITY OF KINGSPORT, TENNESSEE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

WHEREAS, a public hearing before the Board of Mayor and Aldermen of the City of Kingsport, Tennessee, was held on the 20th day of March, 2012, and notice thereof published in the Kingsport Times-News on the 5th day of March, 2012; and

WHEREAS, the Board of Mayor and Aldermen finds that the annexation will materially benefit the health, safety, and welfare of the citizens and property owners of the city and the territory annexed; and

WHEREAS, the annexation of such property is deemed necessary for the welfare of the residents and property owners thereof and the city as a whole; and

WHEREAS, a plan of services for this area was adopted by Resolution on the 20th day of March, 2012 as required by Tenn. Code Ann., 6-51-102, et seq.

BE IT ORDAINED BY THE CITY OF KINGSPORT, AS FOLLOWS:

SECTION I. Pursuant to the authority conferred by Tennessee Code Annotated §6-51-102 et seq. there is here by annexed to the City of Kingsport, Tennessee, and incorporated within the corporate boundaries thereof, the following described territory adjoining the present corporate boundaries: embracing that certain part of Civil District No. 10 of Sullivan County, Tennessee, and more fully described to-wit:

Tract 1:

Beginning at a point, said point being the northwestern corner of parcel 24, Tax Map 47; thence in a easterly direction, approximately 280 feet to a point, said point being northeastern corner of parcel 24; thence in a southeasterly direction, approximately 2,510 feet to a point, said point being the northern corner of parcel 23.10; thence in a southwesterly direction, approximately 700 feet to a point, said point being the northwestern corner of parcel 23.10; thence in a southeasterly direction, approximately 470 feet to a point, said point being the southeastern corner of parcel 24; thence in a southwesterly direction, approximately 655 feet to a point, said point being the southern corner of parcel 24; thence in a northwesterly direction, approximately 1,385 feet to a point, said point being on the western border of parcel 24; thence in a westerly direction, approximately 55

feet to a point, said point being on the western border of parcel 24; thence in a northerly direction, approximately 235 feet to a point, said point being the western corner of parcel 24; thence in a northeasterly direction, approximately 670 feet to a point, said point being the southeastern corner of parcel 44, Tax Map 31; thence in a northwesterly direction, approximately 348 feet to a point, said point being the southern corner of parcel 5, Tax Map 31N, Group C; thence in a northeasterly direction, approximately 540 feet to a point, said point being the eastern corner of parcel 7; thence in an easterly direction, approximately 380 feet to a point, said point being the southern corner of parcel 27; thence in a northeasterly direction, approximately 280 feet to a point, said point being the eastern corner of parcel 27; thence in a northerly direction, approximately 980 feet to the point of BEGINNING, and being all of parcel 24, Tax Map 47, as seen on the March 2011 Sullivan County Tax Maps.

Tract 2:

Beginning at a point, said point being on the eastern border of parcel 34, Tax Map 47; thence in an easterly direction, crossing Cleek Road, approximately 32 feet to a point, said point being on the western border of parcel 6; thence in a southerly direction, following the eastern right-of-way of Cleek Road, approximately 740 feet to a point, said point being along the southern bank of Reedy Creek, on the western border of parcel 6; thence in a southerly direction, maintaining a 10 foot buffer between the boundary and existing eastern right-of way of Cleek Road and running parallel to the eastern right-of-way of Cleek Road, approximately 845 feet to a point, said point being 10 feet off the eastern right-of way of Cleek Road, near the western border of parcel 6; thence in an easterly direction, approximately 135 feet to a point, said point being along the existing municipal boundary on parcel 6; thence in a southwesterly direction, along the existing municipal boundary, approximately 95 feet to a point, said point being on the western border of parcel 6; thence in an easterly direction, along the northern right-of-way of Cleek Road, approximately 585 feet to a point, said point being along the existing municipal boundary on the northern border of parcel 54; thence in an easterly direction, following the existing municipal boundary, approximately 160 feet to a point, said point being on the western border of parcel 34, Tax Map 48A, Group A; thence in a southeasterly direction, approximately 120 feet to a point, said point being the eastern corner of parcel 54; thence in a southwesterly direction, following the northern right-of-way of Orebank Road, crossing Cleek Road, approximately 840 feet to a point, said point being the southeastern corner of parcel 1, Tax Map

47E, Group A; thence in a northwesterly direction, approximately 965 feet to a point, said point being the eastern corner of parcel 15; thence in a northerly direction, approximately 265 feet to a point, said point being the northeastern corner of parcel 15; thence in an easterly direction, approximately 25 feet to a point, said point being the southeastern corner of parcel 34, Tax Map 47; thence in a northwesterly direction, approximately 725 feet the point of BEGINNING, and being portions of parcels 6 and 54, Tax Map 47, as well as a portion of Cleek Road, approximately 2,285 feet, as seen on the March 2011 Sullivan County Tax Maps.

SECTION II. That this ordinance shall take effect from and after the date of its passage, as the law directs, the public welfare of the citizens of Kingsport, Tennessee, requiring it.

_____
DENNIS R. PHILLIPS
Mayor

ATTEST:

APPROVED AS TO FORM:

_____
JAMES H. DEMMING
City Recorder

_____
J. MICHAEL BILLINGSLEY
City Attorney

PASSED ON 1ST READING_____
PASSED ON 2ND READING_____

ORDINANCE NO._____

PRE-FILED
CITY RECORDER

AN ORDINANCE TO FURTHER AMEND THE ZONING CODE TEXT AND MAP, TO ZONE PROPERTY ALONG NEW BEASON WELL ROAD AND CLEEK ROAD TO A-1, AGRICULTURAL DISTRICT, IN THE 10TH CIVIL DISTRICT OF SULLIVAN COUNTY; TO FIX A PENALTY FOR THE VIOLATION OF THIS ORDINANCE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

BE IT ORDAINED BY THE CITY OF KINGSPORT, AS FOLLOWS:

SECTION I. That the zoning code, text, and map, be and the same is hereby further amended to rezone property along New Beason Well Road and Cleek Road to A-1, Agricultural District, in the 10th Civil District of Sullivan County; said property to be rezoned being further and more particularly described as follows:

Tract 1:

Beginning at a point, said point being the northwestern corner of parcel 24, Tax Map 47; thence in a easterly direction, approximately 280 feet to a point, said point being northeastern corner of parcel 24; thence in a southeasterly direction, approximately 2,510 feet to a point, said point being the northern corner of parcel 23.10; thence in a southwesterly direction, approximately 700 feet to a point, said point being the northwestern corner of parcel 23.10; thence in a southeasterly direction, approximately 470 feet to a point, said point being the southeastern corner of parcel 24; thence in a southwesterly direction, approximately 655 feet to a point, said point being the southern corner of parcel 24; thence in a northwesterly direction, approximately 1,385 feet to a point, said point being on the western border of parcel 24; thence in a westerly direction, approximately 55 feet to a point, said point being on the western border of parcel 24; thence in a northerly direction, approximately 235 feet to a point, said point being the western corner of parcel 24; thence in a northeasterly direction, approximately 670 feet to a point, said point being the southeastern corner of parcel 44, Tax Map 31; thence in a northwesterly direction, approximately 348 feet to a point, said point being the southern corner of parcel 5, Tax Map 31N, Group C; thence in a northeasterly direction, approximately 540 feet to a point, said point being the eastern corner of parcel 7; thence in an easterly direction, approximately 380 feet to a point, said point being the southern corner of parcel 27; thence in a northeasterly direction, approximately 280 feet to a point, said point being the eastern corner of parcel 27; thence in a northerly direction, approximately 980 feet to the point of BEGINNING, and being all of parcel 24, Tax Map 47; as seen on the March 2011 Sullivan County Tax Maps.

Tract 2:

Beginning at a point, said point being on the eastern border of parcel 34, Tax Map 47; thence in an easterly direction, crossing Cleek Road, approximately 32 feet to a point, said point being on the western border of parcel 6; thence in a southerly direction, following the eastern right-of-way of Cleek Road, approximately 740 feet to a point, said point being along the southern bank of Reedy Creek, on the western border of parcel 6; thence in a southerly direction, maintaining a 10 foot buffer between the boundary and existing eastern right-of way of Cleek Road and running parallel to the eastern right-of-way of Cleek Road, approximately 845 feet to a point, said point being 10 feet off the eastern right-of way of Cleek Road, near the western border of parcel 6; thence in an easterly direction, approximately 135 feet to a point, said point being along the existing municipal boundary on parcel 6; thence in a southwesterly direction, along the existing municipal boundary, approximately 95 feet to a point, said point being on the western border of parcel 6; thence in an easterly direction, along the northern right-of-way of Cleek Road, approximately 585 feet to a point, said point being along the existing municipal boundary on the northern border of parcel 54; thence in an easterly direction, following the existing municipal boundary, approximately 160 feet to a point, said point being on the western border of parcel 34, Tax Map 48A, Group A; thence in a southeasterly direction, approximately 120 feet to a point, said point being the eastern corner of parcel 54; thence in a southwesterly direction, following the northern right-of-way of Orebank Road, crossing Cleek Road, approximately 840 feet to a point, said point being the southeastern corner of parcel 1, Tax Map 47E, Group A; thence in a northwesterly direction, approximately 965 feet to a point, said point being the eastern corner of parcel 15; thence in a northerly direction, approximately 265 feet to a point, said point being the northeastern corner of parcel 15; thence in an easterly direction, approximately 25 feet to a point, said point being the southeastern corner of parcel 34, Tax Map 47; thence in a northwesterly direction, approximately 725 feet the point of BEGINNING, and being portions of parcels 6 and 54, Tax Map 47, as well as a portion of Cleek Road, approximately 2,285 feet, as seen on the March 2011 Sullivan County Tax Maps.

SECTION II. Any person violating any provisions of this ordinance shall be guilty of an offense and upon conviction shall pay a penalty of FIFTY DOLLARS ($50.00) for each offense. Each occurrence shall constitute a separate offense.

SECTION III. That this ordinance shall take effect from and after the date of its passage and publication, as the law directs, the public welfare of the City of Kingsport, Tennessee

requiring it.

_____
DENNIS R. PHILLIPS
Mayor

ATTEST:

_____
JAMES H. DEMMING
City Recorder

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY
City Attorney

PASSED ON 1ST READING_____
PASSED ON 2ND READING_____

RESOLUTION NO.

A RESOLUTION ADOPTING A PLAN OF SERVICES FOR THE CLEEK ROAD PART 2 ANNEXATION OF THE CITY OF KINGSPORT, TENNESSEE

WHEREAS, before any territories may be annexed under Tennessee Code Annotated §6-51-102, the governing body shall have previously adopted a plan of services setting forth the identification and timing of municipal services; and

WHEREAS, before any such plan of services shall have been adopted, it must have been submitted to the local planning commission for study and a written report; and

WHEREAS, a plan of services for the proposed Cleek Road Part 2 annexation was submitted to the Kingsport Regional Planning Commission on February 16, 2012, for its consideration and a written report; and

WHEREAS, prior to the adoption of a plan of services, the City shall hold a public hearing; and

WHEREAS, a public hearing was held March 20, 2012; and

WHEREAS, notice of the time and place of the public hearing shall be published in a newspaper of general circulation in the municipality a minimum of seven (7) days prior to the hearing; and

WHEREAS, notice of the time and place of the public hearing was published in the Kingsport Times-News on March 5, 2012; and

WHEREAS, the City of Kingsport, pursuant to the provisions of Tennessee Code Annotated, §6-51-102 has endeavored to annex a portion of the 10th Civil District of Sullivan County, Tennessee, commonly known as the Cleek Road Part 2 Annexation, said area being bounded and further described as follows:

Tract 1:

Beginning at a point, said point being on the eastern border of parcel 34, Tax Map 47; thence in an easterly direction, crossing Cleek Road, approximately 32 feet to a point, said point being on the western border of parcel 6; thence in a southerly direction, following the eastern right-of-way of Cleek Road, approximately 740 feet to a point, said point being along the southern bank of Reedy Creek, on the western border of parcel 6; thence in a southerly direction, maintaining a 10 foot buffer between the boundary and existing eastern right-of way of Cleek Road and running parallel to the eastern right-of-way of Cleek Road, approximately 845 feet to a point, said point being 10 feet off the eastern right-of way of Cleek Road, near the western border of parcel 6; thence in an easterly direction, approximately 135 feet to a point, said point being along the existing municipal boundary on

parcel 6; thence in a southwesterly direction, along the existing municipal boundary, approximately 95 feet to a point, said point being on the western border of parcel 6; thence in an easterly direction, along the northern right-of-way of Cleek Road, approximately 585 feet to a point, said point being along the existing municipal boundary on the northern border of parcel 54; thence in an easterly direction, following the existing municipal boundary, approximately 160 feet to a point, said point being on the western border of parcel 34, Tax Map 48A, Group A; thence in a southeasterly direction, approximately 120 feet to a point, said point being the eastern corner of parcel 54; thence in a southwesterly direction, following the northern right-of-way of Orebank Road, crossing Cleek Road, approximately 840 feet to a point, said point being the southeastern corner of parcel 1, Tax Map 47E, Group A; thence in a northwesterly direction, approximately 965 feet to a point, said point being the eastern corner of parcel 15; thence in a northerly direction, approximately 265 feet to a point, said point being the northeastern corner of parcel 15; thence in an easterly direction, approximately 25 feet to a point, said point being the southeastern corner of parcel 34, Tax Map 47; thence in a northwesterly direction, approximately 725 feet the point of BEGINNING, and being portions of parcels 6 and 54, Tax Map 47, as well as a portion of Cleek Road, approximately 2,285 feet, as seen on the March 2011 Sullivan County Tax Maps.

Tract 2:

Beginning at a point, said point being the northwestern corner of parcel 24, Tax Map 47; thence in a easterly direction, approximately 280 feet to a point, said point being northeastern corner of parcel 24; thence in a southeasterly direction, approximately 2,510 feet to a point, said point being the northern corner of parcel 23.10; thence in a southwesterly direction, approximately 700 feet to a point, said point being the northwestern corner of parcel 23.10; thence in a southeasterly direction, approximately 470 feet to a point, said point being the southeastern corner of parcel 24; thence in a southwesterly direction, approximately 655 feet to a point, said point being the southern corner of parcel 24; thence in a northwesterly direction, approximately 1,385 feet to a point, said point being on the western border of parcel 24; thence in a westerly direction, approximately 55 feet to a point, said point being on the western border of parcel 24; thence in a northerly direction, approximately 235 feet to a point, said point being the western corner of parcel 24; thence in a northeasterly direction, approximately 670 feet to a point, said point being the southeastern corner of parcel 44, Tax Map 31; thence in a northwesterly direction, approximately 348 feet to a point, said point being the southern corner of parcel 5, Tax Map 31N, Group C; thence in a northeasterly direction, approximately 540 feet to a point, said point being the eastern

corner of parcel 7; thence in an easterly direction, approximately 380 feet to a point, said point being the southern corner of parcel 27; thence in a northeasterly direction, approximately 280 feet to a point, said point being the eastern corner of parcel 27; thence in a northerly direction, approximately 980 feet to the point of BEGINNING, and being all of parcel 24, Tax Map 47, as seen on the March 2011 Sullivan County Tax Maps.

AND WHEREAS, the City of Kingsport deems it advisable to adopt a Plan of Services for the proposed annexation area. Now, therefore,

BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF KINGSPORT, TENNESSEE, AS FOLLOWS:

SECTION I. That a Plan of Services for the Cleek Road Part 2 Annexation as bounded and described above is hereby adopted, subject to an enactment of an annexation ordinance for the annexation area, the said Plan of Services to be as follows:

Cleek Road Part 2 Annexation
Plan of Services

1. **Police Protection**

A. On the date of annexation the Kingsport Police Department will respond to all calls for service for police protection, including criminal calls, traffic accidents and traffic related occurrences, and other prevention and interdiction calls for service.

B. Effective with annexation, all resources currently available within the Kingsport Police Department will become available to the citizens of the area. The Kingsport Police Department has an authorized accredited force of 116 police officers and approximately 60 civilian personnel to provide services 24-hours per day, 365 days a year.

C. The Kingsport Police Department is accredited with the Commission on Accreditation for Law Enforcement Agencies and has met 358 mandatory and 72 other-than mandatory standards in order to attain this status. Kingsport Police Department was only the third accredited department in the State of Tennessee and the first in northeast Tennessee.

D. Upon annexation, existing police department personnel will be utilized to provide services by expanding the contiguous patrol sections to include the newly incorporated area. Existing police personnel and equipment will be shifted to provide needed coverage of the area. Each section will be patrolled by units of the Kingsport Police Department and will be augmented by other departments and units such as investigators, specialized assigned details etc.

E. When needed, the Kingsport Police Department will hire additional police officers to provide more response to annexed areas. The officers will undergo 450 hours of basic recruit training before being certified as a police officer. Upon completion of the classroom training, the officers will undergo 480 hours of field officer training where they will work and be trained by designated training officers.

F. The Kingsport Police Department will provide upon request crime prevention programs, traffic safety education programs, drug education/awareness programs including D.A.R.E. to the citizens of the area. Additional programs include department personnel to address groups on law enforcement topics or concerns, home and business security checks and establishing and maintaining neighborhood watch programs.

G. The Kingsport Police Department currently maintains an approximate 5 minute average response time to emergency and urgent calls within the corporate limits.

2. Fire Protection

A. On the operative date of annexation, the City of Kingsport will answer all calls for service for fire, disaster, hazardous materials, special rescue and medical first responder. The Kingsport Fire Department goes beyond the basic fire services required of a City Government.

B. The City of Kingsport Fire Department is an Internationally Accredited Agency, one of only three in the State of Tennessee. We operate 7 fire stations, housing fire suppression, hazardous materials, rescue and other emergency equipment. Staffed by 94 full-time professional firefighters, 24 hours a day, 365 days a year to provide service. The City of Kingsport maintains a Class 3 insurance rating saving its residents the most possible on their insurance rates. Our response time average is approximately 4 minutes, 15 seconds after we receive the call from our dispatch center.

C. Free fire safety inspections will be available upon request on the effective date of annexation. Water lines will be upgraded within five (5) years after the effective date of annexation to provide needed fire flow to protect the properties.

D. All structures must be brought into compliance with the City-wide smoke detector ordinance within thirty (30) days of the effective date of annexation. This is strictly to provide residents with the best fire protection service available.

E. The City of Kingsport Fire Department has a Hazardous Materials Response Team, which has state-of-the-art equipment to handle all calls of an emergency nature dealing with incidents relating to hazardous chemicals. The department also has a Technical Rescue Team that has specialized rescue capabilities and equipment for all types of hazards.

F. The City of Kingsport Fire Department provides First Responder emergency medical services to all life-threatening medical emergencies resulting from serious illness or injury. We provide advanced life support (paramedics) for victims until ambulance service arrives for transport.

3. Water

A. Water will be billed at in City rates rather than out of City rates, which will result in a reduction in water rates for annexed citizens already receiving City water. Those

not currently receiving City water will be required to obtain a water-tap in order to obtain City water.

B. Water line upgrades and the installation of fire hydrants will commence for adequate fire protection and will be completed within five (5) years after the effective date of annexation.

C. The City of Kingsport Water Department operates and maintains a 28 MGD water filtration plant, 22 water storage tanks, 15 water booster station and over 750 miles of waterlines. The water treatment plant is staffed by state certified operators 24 hours a day, 365 days a year to provide safe drinking water to our customers.

D. The City of Kingsport Water Department meets or exceeds water quality standards set forth by the State of Tennessee and the United States Environmental Protection Agency. The plant was the recipient of the 2005 Julian Fleming Award for Outstanding Water Treatment Plants.

E. The Kingsport Water Treatment Plant has a capacity of 28 MGD and an average daily demand of 15 MGD leaving a surplus capacity of approximately 18 MGD for increased demand.

F. The Water Distribution Division is managed with a professional staff who are members of key professional organizations such as: American Water Works Association, Tennessee Association of Utility Districts, National Society of Professional Engineers, American Society of Civil Engineers. Several key members of the staff also hold certificates and licenses in the operations of a distribution system in the State of Tennessee.

4. <u>Electricity</u>

Electric service in this area is currently under the jurisdiction of AEP and is currently available. Street lighting will be provided generally within five years of the City of Kingsport's request for such service.

5. <u>Sanitary Sewer</u>

A. City of Kingsport sanitary sewer will be installed and extended to the property within five (5) years after the effective date of annexation. Citizens in the annexed territory will be responsible and required to obtain a sewer-tap from the City of Kingsport before connection to the sanitary sewer system.

B. Sanitary sewer fees are based on usage of water and are direct reflection of the amount of water used by the resident.

C. The City of Kingsport operates and maintains a 12.4 MGD wastewater treatment plant, 88 sewer lift stations and approximately 525 miles of sanitary sewer collection lines in to provide sewer service to our customers.

D. The City of Kingsport Wastewater Treatment Plant recently experienced over 21 million dollars of improvements to provide a reliable and dependable infrastructure.

E. The wastewater treatment plant is staffed with State Certified Operators 24 hours a day, 365 days a year. Treatment plant operators exceed State of Tennessee training requirements.

F. The Sewer Collection Division is managed with a professional staff who are members of key professional organizations such as: Water Environment Federation, Tennessee Association of Utility Districts, National Society of Professional Engineers, American Society of Civil Engineers. Several key members of the staff also hold certificates and licenses in the operations of a collection system in the State of Tennessee.

6. **Solid Waste Disposal**

Sanitation garbage (routine household refuse), trash (grass clippings, tree trimmings, bulky items), and recycling collection will be provided to the annexed area on the same basis as that received by properties located within the existing City Limits. Collection will begin within thirty (30) days following the effective date of annexation. Members of the collection crews receive ongoing training in their fields. The City of Kingsport also owns and operates a demolition landfill that residents can use for a fee. That landfill is supervised by a SWANA certified Manager of Landfill Operations. This supervisor also holds other certifications from SWANA and TDEC.

7. **Public Road/Street Construction & Repair**

A. Emergency and routine maintenance of streets and street signs, pavement markings and other traffic control devices will begin on the operative date of annexation. Emergency pothole repairs are generally made within 24 hours of notification. Crews are available on a 24 hour basis for major emergency call-outs.

B. Cleaning of streets of snow and ice clearing will begin on the operative date of annexation on the same basis as now provided within the present City limits. This includes major thoroughfares, State highways and emergency route to hospitals as first priority, with secondary/collector streets and finally residential streets in that order as priority II. Snow removal crews receive yearly training to help keep them up to date with changes in procedures and techniques. Snow removal crews also respond on a 24 hour emergency call in basis.

C. Streets affected by utility construction will be repaired as soon as possible after the utility construction is completed.

D. Routine Right of Way maintenance is also provided on the effective date of annexation. These crews include a certified Arborist, certified Pesticide Applicators, and other trained personnel to respond to emergencies and routine maintenance requests.

E. The Streets and Sanitation Division is managed and supervised by a professional staff who are members in good standing of several Professional Organizations such as the Tennessee Chapter of the American Public Works Association, the national chapter of the American Public Works Association, the Volunteer Chapter of the Solid Waste Association of North America, the national chapter of the Solid Waste Association of North America, the Tennessee Urban Forestry Council, the

Tennessee Nursery and Landscape Association, National Arbor Day Association, Tennessee Vegetation Management Association, and the Keep Kingsport Beautiful Council. The staff receives ongoing training through these Professional Organizations. Members of the staff are active in their respective organizations. Members of the staff also serve as trainers and instructors for various training venues.

8. **Recreational Facilities**

A. Residents of the annexed area may use existing City recreational facilities, programs, parks, etc. on the effective date of annexation at City rates rather than out of City rates.

B. Residents of the annexed area may use all existing library facilities and will be exempt from the non-residential fee on the effective date of annexation.

C. Residents of the annexed area (50 years or older) will be eligible to use the Senior Citizens Center with no non-residential fees and with transportation provided on the effective date of annexation.

D. The Department of Parks and Recreation has more than 4,800 acres of city-owned land to provide parks and recreation programs to all our citizens. The amenities and programs offered by many of the parks and recreation areas through the Leisure Services Department include playing fields for baseball and softball, basketball courts, play grounds, volley ball, tennis courts, a skate park and concession areas and restrooms to serve these facilities. Other amenities offered include General meeting areas, multi-function areas, Community Centers, senior programs, Theater and Cultural Arts programs. Many of the parks have walking and hiking trails and Bays Mountain, the City's largest park, includes animal habitats, a farm area, camping sites, and a Planetarium.

9. **Street Lighting**

Within five years of the operative date of annexation the City will take over responsibility (including payment) for dusk-to-dawn lights presently in place that meet City standards. The City will request that AEP install additional streetlights on collector-class and lower streets in accordance with the policy on roadway lighting within five (5) years of the effective date of annexation. Lighting on minor and major arterials will be installed per prevailing city policy.

10. **Zoning Services**

A. The area will be zoned A-1 (Agricultural District).

B. The Kingsport Regional Planning Commission is the comprehensive planning agency and administers zoning and land subdivision regulations for the City of Kingsport as provided in State law. The Kingsport Regional Planning Commission consists of nine (9) commissioners appointed by the Mayor of the City of Kingsport.

C. The Kingsport Regional Planning Commission will exercise planning and zoning activities for the area being annexed upon the operative date of annexation.

D. Appeals to the Zoning regulations are heard by the Board of Zoning Appeals and variances are granted if the request meets the criteria established for granting variances under Tennessee Code Annotated.

11. Schools

A. Upon annexation, children currently attending County schools will be allowed to attend City of Kingsport schools or remain in County schools per the prevailing County policy at the time.

B. Tuition paid by non-city residents now attending City schools will cease upon the effective date of annexation and those students may continue to attend City schools without charge until graduation.

C. Children at all grade levels may attend City schools tuition-free. Transportation will be provided for students, whose homes are more than 1.5 miles from their designated school, beginning with the school year following annexation.

The previous sections are titled and listed in the order prescribed by Tennessee Code Annotated 6-51-102(b) (2). The following sections are provided by the City of Kingsport in addition to the minimum requirements.

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12. Traffic Control

The City will verify all street name signs and traffic control devices in accordance with the Manual on Uniform Traffic Control Devices.

13. Inspection Services

All inspection services now provided by the City on a fee basis (building, electrical, plumbing, gas, housing, sanitation, etc.) will begin in the annexed area on the effective date of annexation. A free safety inspection of plumbing vents will be required at the time sewer connections are made to make sure that proper protection is available to prevent sewer gas from entering houses.

14. Animal Control

Animal control service equivalent to that presently provided within the City will be extended to the annexed area on the effective date of annexation.

15. Storm Sewers

The installation of any needed storm sewers will be accomplished in accordance with existing standards and engineering principles provided for by present City policies. Maintenance of existing storm sewer and drainage systems is also provided on an as needed basis. Response to emergency storm drainage calls is also provided on a 24 hour call in basis.

16. **Leaf Removal**

The City will collect loose leaves with the vacuum truck between October 15 and January 15, and it will be provided to the annexation area on the same basis as it is currently provided to other City residents beginning on the effective date of annexation. Bagged leaves are collected year round. Leaves are transported to the City's Demolition Landfill where they are composted and used as an amendment to existing dirt stockpiles. This enhanced dirt is then used on City Projects for backfill and topsoil applications.

17. **Litter Control**

The City's litter control program will be extended to the area on the effective date of annexation. It is provided on a regular schedule along major routes and on an "as needed" basis throughout the City.

18. **Graffiti Control**

The City's graffiti control program, which is aimed at eliminating graffiti on public rights-of-way such as bridge abutments, street signs, railroad underpasses, and the like, will be extended to the area on the effective date of annexation. It is provided on an "as needed/on call" basis. Response time for "offensive" graffiti removal is generally within 48 hours.

19. **Other Services**

All other services not classified under the foregoing headings such as Executive, Judicial, Legal, Personnel, Risk Management, Fleet Maintenance, Finance and Administration and other support services will be available upon the effective date of annexation.

SECTION II. This Resolution shall be effective from and after its adoption, the public welfare requiring it.

ADOPTED this the 20th day of March 2012.

ATTEST:

DENNIS R. PHILLIPS, Mayor

JAMES H. DEMMING
City Recorder

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY, City Attorney

ANNEXATION REPORT
CLEEK ROAD PART 2 ANNEXATION
FILE: 11-301-00024

TO: KINGSPORT REGIONAL PLANNING COMMISSION

FROM: Ken Weems, Planner

DATE: 30 January 2012

APPLICANT: City of Kingsport

REQUESTED ACTION: Annexation and zoning to an R-1B (residential district) and A-1 (Agricultural District) of approximately 75 acres/3 parcels.

LOCATION: The area proposed for annexation is located on and around Cleek Road, as well as a portion of the Cleek Farm, located off New Beason Well Road.

EXISTING LAND USE: Residential & Agricultural

PROPOSED USE: Same

SURROUNDING ZONING DISTRICTS & LAND USES:

General: The annexation area is surrounded by County A-1 (Agricultural) zoning, as well as City R-1B (Residential) and B-1 (Neighborhood Business) zoning.

The annexation area is currently zoned County A-1 (Agricultural District) and R-1 (Residential District) zoning.

LAND USE PLAN: The Kingsport 2030 Land Use Plan addresses this area's use as appropriate for single family residential use.

UTILITIES: The annexation area is currently served by City of Kingsport Water service. Both water and sanitary sewer upgrades are necessary to provide city standard service to the area.

TRANSPORTATION:

Public streets in this annexation area consist of (approximate ft.):

Cleek Road: 2,200

POPULATION:

The annexation area currently contains zero residents.

OPTIONS: The Planning Commission's options are the following:

1. Send a favorable recommendation for annexation to the Board of Mayor and Alderman for the annexation, zoning, and plan of services for the Cleek Road Part 2 annexation area.
2. Recommend disapproving the annexation areas, stating the reasons in writing.
3. Postpone action until additional information is presented.

STAFF RECOMMENDATION:

The Planning Division recommends option #1, the annexation of the parcels identified in this study to the Board of Mayor and Aldermen. The rationale for this recommendation is based on the following:

1. The City of Kingsport should utilize annexation as urban development occurs and is necessary for present and future growth in an orderly manner.

2. Annexation spurs economic growth by providing basic services at a reasonable cost and allows those costs to be spread fairly to all who enjoy those services.

3. The City of Kingsport can provide services through its Plan of Services that the County cannot provide to the residents of the area.

4. It is reasonably necessary for the welfare of the residents and property owners of the affected territory.

5. It is reasonably necessary for the welfare of the residents and property owners of the municipality as a whole.

Cleek Road Part 2 Annexation Area

COST ESTIMATE/ tax records as of 30 January 2012

Revenues	One Time	Reoccuring (annual)	
Property Taxes	X	$839.00	(greenbelt status property)
State Shared	X	$0.00	0 residents
Sewer Tap Fees	X	$0.00	future taps per development
Water & Sewer Rev (loss)	X	$0.00	
Stormwater revenue		$42.00	future revenue per development
Total	**$0.00**	**$881.00**	

Expenses	One Time	Reoccuring (annual)	
Operating Budget			
Police & Fire Service	0.00	0.00	
Street Lighting	7,500.00	1,607.00	
Traffic Controls	3,150.00	220.00	
Streets & Sanitation	0.00	3,540.00	
Subtotal	10,650.00	5,367.00	
Capital Budget			
Water	7,500.00	0.00	3 hydrants
Sewer	23,300.00	0.00	
Streets	5,459.00	0.00	
Subtotal	36,259.00	0.00	
Grand Total	**$46,909.00**	**$5,367.00**	

the annexation area contains approximatley 74 acres of land that will be developed in the future. Based on 4 units per acre (single family development) and an average total market appraisal of $200,000 (a conservative estimate compared to the abutting subdivison of Windridge), the City could realize an additional annual property tax revenue of $288K+ per year. This revenue would be in addition to sewer taps, state shared revenue, and stormwater utility fees attributed to new growth.

Rationale

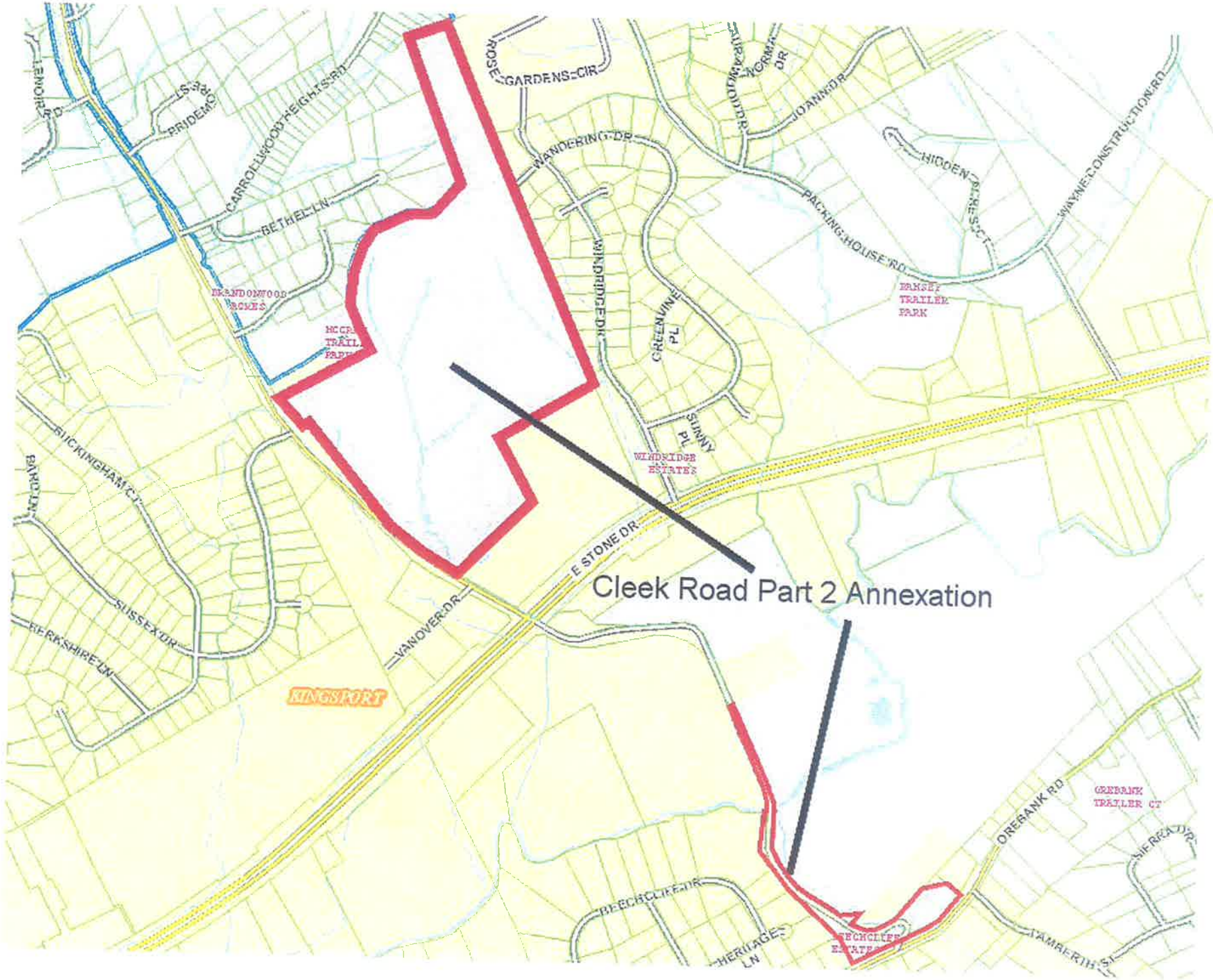
1. The City of Kingsport should utilize annexation as urban development occurs and is necessary for present and future growth in an orderly manner.

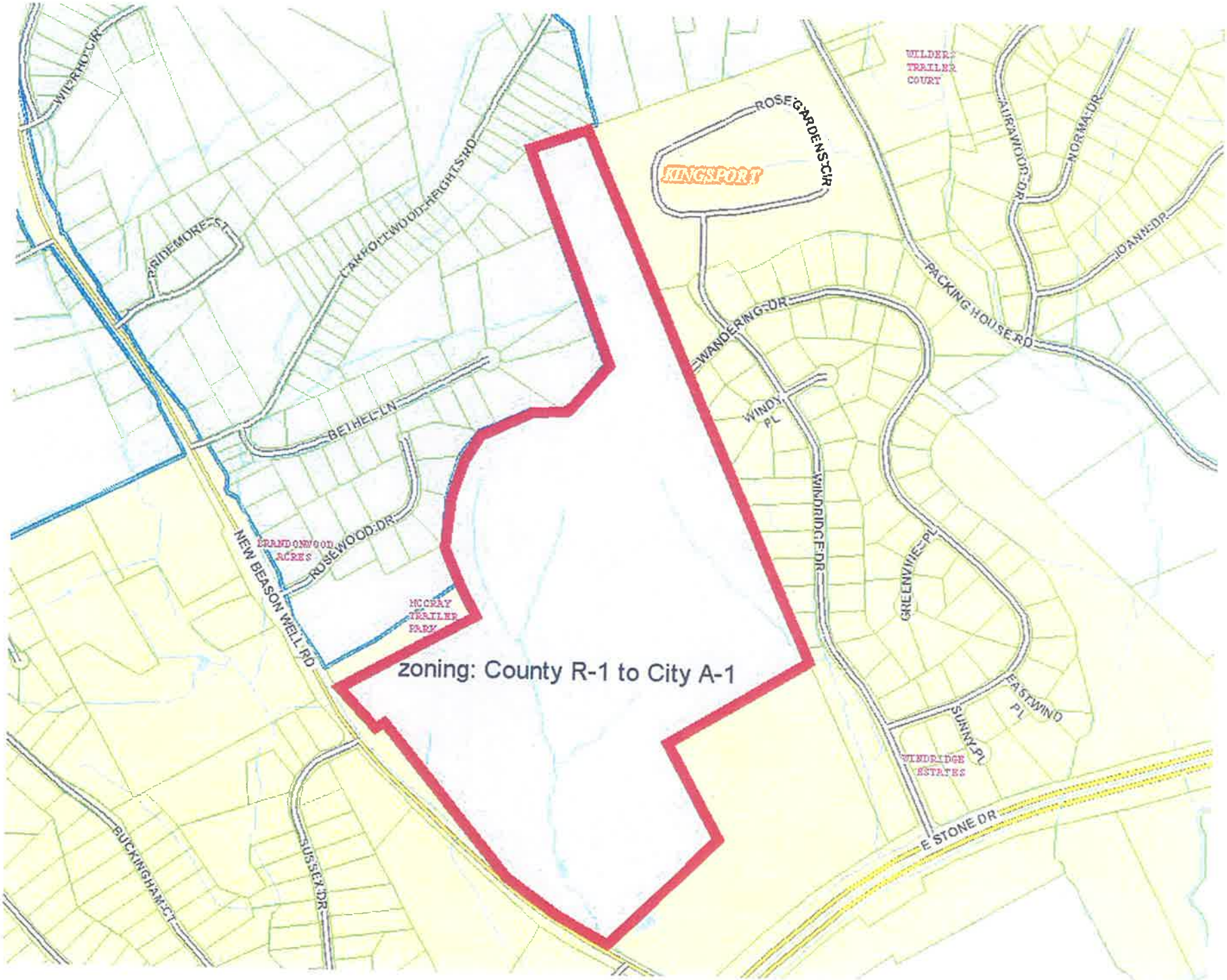
2. Annexation spurs economic growth by providing basic services at a reasonable cost and allows those costs to be spread fairly to all who enjoy those services.

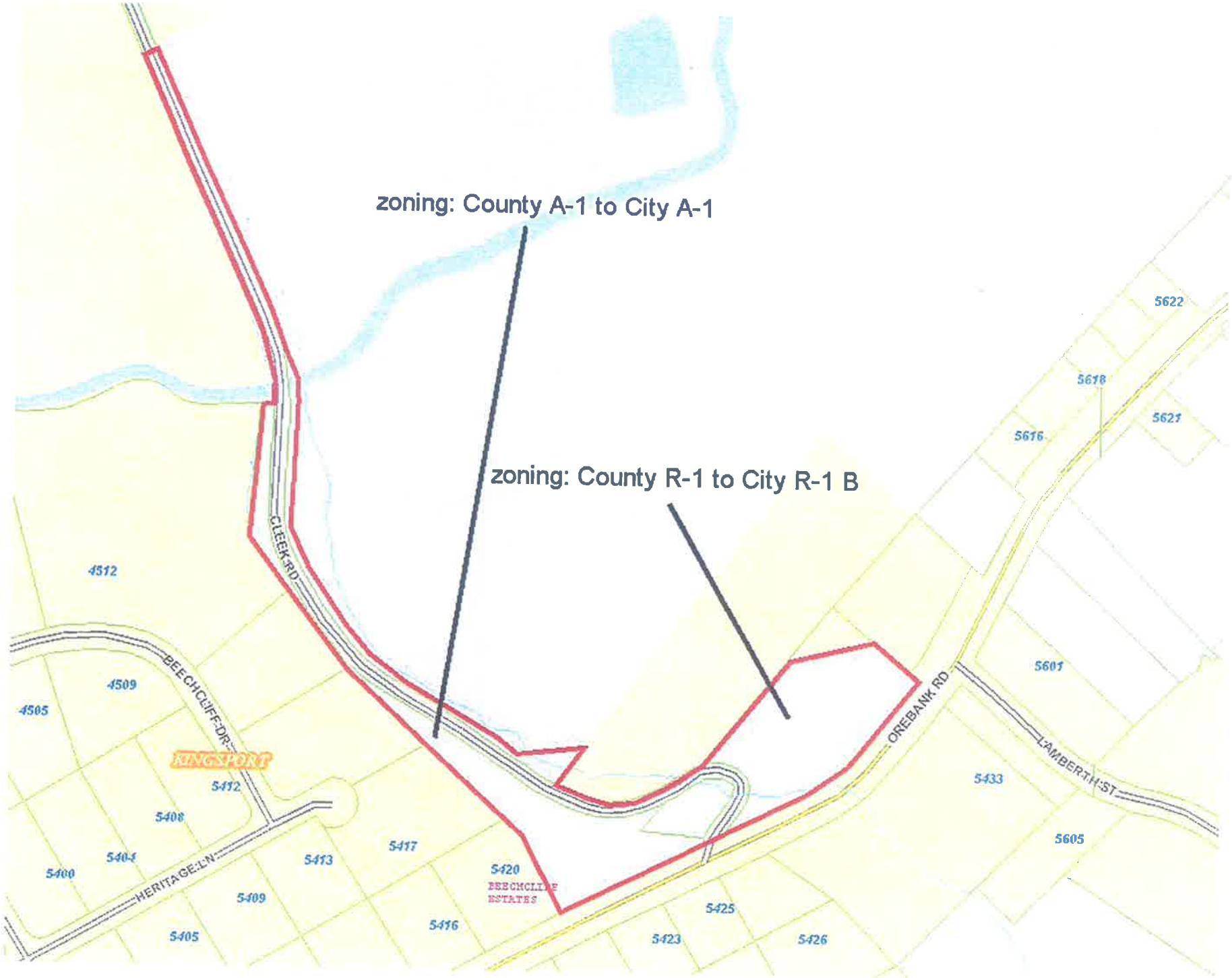
3. The City of Kingsport can provide services through its Plan of Services that the County cannot provide to the residents of the area.

4. It is reasonably necessary for the welfare of the residents and property owners of the affected territory.

5. It is reasonably necessary for the welfare of the residents and property owners of the municipality as a whole.


Cleek Road Part 2 Annexation
ROSE GARDENS CIR
WANDERING DR
JOANN DR
HIDDEN RIDGE CT
WAYNE CONSTRUCTION RD
PACKING HOUSE RD
RAMSEY TRAILER PARK
WINDRIDGE DR
GREENVINE PL
SUNNY PL
WINDRIDGE ESTATES
CARROLLWOOD HEIGHTS RD
PRIDEMORE ST
BETHEL LN
BRANDONWOOD ACRES
BUCKINGHAM CT
BARON LN
SUSSEX DR
BERKSHIRE LN
VANOVER DR
E STONE DR
KINGSPORT
OREBANK RD
OREBANK TRAILER CT
SIERRA DR
BEECHCLIFF DR
HERITAGE LN
BEECHCLIFF ESTATES
TAMERITH ST


zoning: County R-1 to City A-1
KINGSPORT
WILDER TRAILER COURT
ROSE GARDENS CIR
AURAWOOD DR
NORMA DR
JOANN DR
PACKINGHOUSE RD
WANDERING DR
WINDY PL
WINDRIDGE DR
GREENVINE PL
EASTWIND PL
SUNNY PL
WINDRIDGE ESTATES
E STONE DR
WIERHOLT CIR
RIDEMORE ST
OAKHOLTWOOD HEIGHTS RD
BETHEL LN
ROSEWOOD DR
BRANDONWOOD ACRES
NEW BEASON WELL RD
MCCRAY TRAILER PARK
BUCKINGHAM CT
SUSSEX DR


zoning: County A-1 to City A-1
zoning: County R-1 to City R-1 B
CLEEK RD
BEECHCLIFF DR
HERITAGE LN
OREBANK RD
LAMBERTH ST
KINGSPORT
BEECHCLIFF ESTATES
4512
4509
4505
5412
5408
5404
5400
5409
5405
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Kingsport
TENNESSEE

AGENDA ACTION FORM

Consideration of Ordinances to Annex/ Amend Zoning of the Eastern Star Road Part 2 Annexation

TO: Board of Mayor and Aldermen
FROM: John G. Campbell, City Manager

Action Form No.: AF: 60-2012
Work Session: March 19, 2012
First Reading: March 20, 2012

Final Adoption: April 3, 2012
Staff Work By: Ken Weems
Presentation By: Ken Weems

Recommendation:

- Approve ordinance for the Eastern Star Road Part 2 annexation
- Approve ordinance amending the zoning ordinance for the Eastern Star Road Part 2 annexation

Executive Summary:

This is the Eastern Star Road Part 2 annexation of approximately 12 acres/ 3 parcels on and around Eastern Star Road, with an approximate population of 7 residents (including 1 child currently attending county schools). The current county zoning of the area is M-1 (Light Industrial District). The proposed City zoning for the area is M-1R (Light Industrial District). Both City water and sanitary sewer are available to adequately serve the annexation area. During their March 2012 regular meeting, the Kingsport Regional Planning Commission voted to send a favorable recommendation for the annexation, zoning, and plan of services to the Board of Mayor and Aldermen for this annexation. This item has not received any opposition as of March 8, 2012. The annexation public meeting for this area was held on March 12, 2012. The Notice of Public Hearing was published on March 5, 2012.

Attachments:

1. ~~Notice of Public Hearing~~
2. Annexation Ordinance
3. Zoning Ordinance
4. ~~Resolution~~
5. Staff Report
6. Cost Estimate
7. Maps

Funding source appropriate and funds are available:_____

	Y	N	O
Clark	—	—	—
Joh	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Shupe	—	—	—
Phillips	—	—	—

Kingsport
TENNESSEE

AGENDA ACTION FORM

Public Hearing and Consideration of Ordinances to Annex/ Amend Zoning of the Eastern Star Road Part 2 Annexation and Consideration of a Resolution Adopting the Plan of Services

TO: Board of Mayor and Aldermen
FROM: John G. Campbell, City Manager

Action Form No.:	AF: 60-2012	Final Adoption:	April 3, 2012
Work Session:	March 19, 2012	Staff Work By:	Ken Weems
First Reading:	March 20, 2012	Presentation By:	Ken Weems

Recommendation:

- Hold public hearing
- Approve ordinance for the Eastern Star Road Part 2 annexation
- Approve ordinance amending the zoning ordinance for the Eastern Star Road Part 2 annexation
- Approve resolution adopting a plan of services for the annexation area

Executive Summary:

This is the Eastern Star Road Part 2 annexation of approximately 12 acres/ 3 parcels on and around Eastern Star Road, with an approximate population of 7 residents (including 1 child currently attending county schools). The current county zoning of the area is M-1 (Light Industrial District). The proposed City zoning for the area is M-1R (Light Industrial District). Both City water and sanitary sewer are available to adequately serve the annexation area. During their March 2012 regular meeting, the Kingsport Regional Planning Commission voted to send a favorable recommendation for the annexation, zoning, and plan of services to the Board of Mayor and Aldermen for this annexation. This item has not received any opposition as of March 8, 2012. The annexation public meeting for this area was held on March 12, 2012. The Notice of Public Hearing was published on March 5, 2012.

Attachments:

1. Notice of Public Hearing
2. Annexation Ordinance
3. Zoning Ordinance
4. Resolution
5. Staff Report
6. Cost Estimate
7. Maps

Funding source appropriate and funds are available:_____

	Y	N	O
Clark	—	—	—
Joh	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Shupe	—	—	—
Phillips	—	—	—

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN to all citizens of the City of Kingsport, Tennessee, to all persons interested, and the public at large that the City of Kingsport Board of Mayor and Aldermen will conduct a Public Hearing during its regular business meeting on Tuesday, March 20, 2012, to consider the annexation, zoning, and plan of services for the Eastern Star Road Part 2 annexation. The regular business meeting will begin at 7:00 p.m. in the large courtroom located on the second floor of City Hall, at 225 W. Center Street, Kingsport, Tennessee.

The property proposed for annexation is generally described as follows:

BEGINNING at a point, said point being the eastern corner of parcel 26, Tax Map 120H; thence in a southwesterly direction, approximately 550 feet to a point, said point being the southern corner of parcel 26 in common with the eastern right-of-way of Eastern Star Road; thence in a southeasterly direction, following the eastern right-of-way of Eastern Star Road, approximately 310 feet to a point, said point lying on the eastern right-of-way of Eastern Star Road, approximately 10 feet northwest of the southwestern corner of parcel 25.05; thence in a northwesterly direction, crossing the right-of-way of Eastern Star Road, approximately 55 feet to a point, said point lying on the parcel boundary of parcel 32.25 and the western right-of-way of Eastern Star Road, approximately 10 feet northwest of the northern right-of-way of Mitchell Road; thence in a northwesterly direction, following the western right-of-way of Eastern Star Road, approximately 3,443 feet to a point, said point being the northwestern corner of parcel 2.20 in common with the southern right-of-way of Fordtown Road; thence in a northeasterly direction, following the southern right-of-way of Fordtown Road, approximately 245 feet to a point, said point being the northern corner of parcel 2.20 in common with the southern right-of-way of Fordtown Road; thence in a southwesterly direction, following the western right-of-way of Eastern Star Road, approximately 610 feet to a point, said point lying on the boundary of parcel 2.20; thence in an easterly direction, crossing the right-of-way Eastern Star Road, approximately 70 feet to a point, said point lying on the eastern right-of-way of Eastern Star Road; thence in a southwesterly direction, following the eastern right-of-way of Eastern Star Road, approximately 1,900 feet to a point, said point lying on the boundary of parcel 29 in common with the eastern right-of-way of Eastern Star Road; thence in a southwesterly direction, following the eastern right-of-way of Eastern Star Road, approximately 80 feet to a point, said point being western corner of parcel 29; thence in a southeasterly direction, following the eastern right-of-way of Eastern Star Road, approximately 150 feet to a point, said point being the southern corner of parcel 29; thence in a northeasterly direction, approximately 330 feet to a point, said point being the northern corner of parcel 26.01; thence in a southeasterly direction, approximately 280 feet to the point of BEGINNING, and being all of parcels 2.20, 26, and 26.01 as well as the street of Eastern Star Road, approximately 2,980 feet in length, Tax Maps 120A, 120H, and 120I as seen on the March 2011 Sullivan County Tax Maps.

All interested persons are invited to attend this meeting and public hearing. A detailed map, description, and plan of services document is on file in the offices of the City Manager, Planning Manager, and Kingsport Library for inspection. Additional information concerning this proposal may be obtained by contacting the Kingsport Planning Division of the Development Services Department, telephone 423-229-9485.

CITY OF KINGSPORT
James H. Demming, City Recorder
P1T: 3/05/12

PRE-FILED
CITY RECORDER

ORDINANCE NO._____

AN ORDINANCE TO ANNEX THAT CERTAIN TERRITORY ADJOINING THE PRESENT CORPORATE BOUNDARIES OF THE CITY OF KINGSPORT, EMBRACING THAT CERTAIN PART OF THE 14TH CIVIL DISTRICT OF SULLIVAN COUNTY, TENNESSEE, AND KNOWN AS THE EASTERN STAR ROAD PART 2 ANNEXATION, AS HEREINAFTER DESCRIBED; TO INCORPORATE THE SAME WITHIN THE CORPORATE BOUNDARIES OF THE CITY OF KINGSPORT, TENNESSEE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

WHEREAS, a public hearing before the Board of Mayor and Aldermen of the City of Kingsport, Tennessee, was held on the 20th day of March, 2012, and notice thereof published in the Kingsport Times-News on the 5th day of March, 2012; and

WHEREAS, the Board of Mayor and Aldermen finds that the annexation will materially benefit the health, safety, and welfare of the citizens and property owners of the city and the territory annexed; and

WHEREAS, the annexation of such property is deemed necessary for the welfare of the residents and property owners thereof and the city as a whole; and

WHEREAS, a plan of services for this area was adopted by Resolution on the 20th day of March, 2012 as required by Tenn. Code Ann., 6-51-102, et seq.

BE IT ORDAINED BY THE CITY OF KINGSPORT, AS FOLLOWS:

SECTION I. Pursuant to the authority conferred by Tennessee Code Annotated §6-51-102 et seq. there is here by annexed to the City of Kingsport, Tennessee, and incorporated within the corporate boundaries thereof, the following described territory adjoining the present corporate boundaries: embracing that certain part of Civil District No. 14 of Sullivan County, Tennessee, and more fully described to-wit:

BEGINNING at a point, said point being the eastern corner of parcel 26, Tax Map 120H; thence in a southwesterly direction, approximately 550 feet to a point, said point being the southern corner of parcel 26 in common with the eastern right-of-way of Eastern Star Road; thence in a southeasterly direction, following the eastern right-of-way of Eastern Star Road, approximately 310 feet to a point, said point lying on the eastern right-of-way of Eastern Star Road, approximately 10 feet northwest of the southwestern corner of parcel 25.05; thence in a northwesterly direction, crossing the right-of-way of Eastern Star Road, approximately 55 feet to a point, said point lying on the parcel boundary of parcel 32.25 and the western right-of-way of Eastern Star Road, approximately 10 feet northwest of the northern right-of-way of Mitchell Road; thence in a northwesterly direction, following the western right-of-way of Eastern Star Road,

approximately 3,443 feet to a point, said point being the northwestern corner of parcel 2.20 in common with the southern right-of-way of Fordtown Road; thence in a northeasterly direction, following the southern right-of-way of Fordtown Road, approximately 245 feet to a point, said point being the northern corner of parcel 2.20 in common with the southern right-of-way of Fordtown Road; thence in a southwesterly direction, following the western right-of-way of Eastern Star Road, approximately 610 feet to a point, said point lying on the boundary of parcel 2.20; thence in an easterly direction, crossing the right-of-way Eastern Star Road, approximately 70 feet to a point, said point lying on the eastern right-of-way of Eastern Star Road; thence in a southwesterly direction, following the eastern right-of-way of Eastern Star Road, approximately 1,900 feet to a point, said point lying on the boundary of parcel 29 in common with the eastern right-of-way of Eastern Star Road; thence in a southwesterly direction, following the eastern right-of-way of Eastern Star Road, approximately 80 feet to a point, said point being western corner of parcel 29; thence in a southeasterly direction, following the eastern right-of-way of Eastern Star Road, approximately 150 feet to a point, said point being the southern corner of parcel 29; thence in a northeasterly direction, approximately 330 feet to a point, said point being the northern corner of parcel 26.01; thence in a southeasterly direction, approximately 280 feet to the point of BEGINNING, and being all of parcels 2.20, 26, and 26.01 as well as the street of Eastern Star Road, approximately 2,980 feet in length, Tax Maps 120A, 120H, and 120I as seen on the March 2011 Sullivan County Tax Maps.

SECTION II. That this ordinance shall take effect from and after the date of its passage, as the law directs, the public welfare of the citizens of Kingsport, Tennessee, requiring it.

_____
DENNIS R. PHILLIPS
Mayor

ATTEST:

APPROVED AS TO FORM:

_____
JAMES H. DEMMING

_____

City Recorder

J. MICHAEL BILLINGSLEY
City Attorney

PASSED ON 1ST READING_____
PASSED ON 2ND READING_____

ORDINANCE NO._____

PRE-FILED
CITY RECORDER

AN ORDINANCE TO FURTHER AMEND THE ZONING CODE, TEXT AND MAP, TO ZONE PROPERTY ALONG EASTERN STAR ROAD TO M-1R, LIGHT INDUSTRIAL DISTRICT, IN THE 14TH CIVIL DISTRICT OF SULLIVAN COUNTY; TO FIX A PENALTY FOR THE VIOLATION OF THIS ORDINANCE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

BE IT ORDAINED BY THE CITY OF KINGSPORT, AS FOLLOWS:

SECTION I. That the zoning code, text, and map, be and the same is hereby further amended to rezone property along Eastern Star Road to M-1R, Light Industrial District, in the 14th Civil District of Sullivan County; said property to be rezoned being further and more particularly described as follows:

BEGINNING at a point, said point being the eastern corner of parcel 26, Tax Map 120H; thence in a southwesterly direction, approximately 550 feet to a point, said point being the southern corner of parcel 26 in common with the eastern right-of-way of Eastern Star Road; thence in a southeasterly direction, following the eastern right-of-way of Eastern Star Road, approximately 310 feet to a point, said point lying on the eastern right-of-way of Eastern Star Road, approximately 10 feet northwest of the southwestern corner of parcel 25.05; thence in a northwesterly direction, crossing the right-of-way of Eastern Star Road, approximately 55 feet to a point, said point lying on the parcel boundary of parcel 32.25 and the western right-of-way of Eastern Star Road, approximately 10 feet northwest of the northern right-of-way of Mitchell Road; thence in a northwesterly direction, following the western right-of-way of Eastern Star Road, approximately 3,443 feet to a point, said point being the northwestern corner of parcel 2.20 in common with the southern right-of-way of Fordtown Road; thence in a northeasterly direction, following the southern right-of-way of Fordtown Road, approximately 245 feet to a point, said point being the northern corner of parcel 2.20 in common with the southern right-of-way of Fordtown Road; thence in a southwesterly direction, following the western right-of-way of Eastern Star Road, approximately 610 feet to a point, said point lying on the boundary of parcel 2.20; thence in an easterly direction, crossing the right-of-way Eastern Star Road, approximately 70 feet to a point, said point lying on the eastern right-of-way of Eastern Star Road; thence in a southwesterly direction, following the eastern right-of-way of Eastern Star Road, approximately 1,900 feet to a point, said point lying on the boundary of parcel 29 in common with the eastern right-of-way of Eastern Star Road; thence in a southwesterly direction, following the eastern right-of-way of Eastern Star Road, approximately 80 feet to

a point, said point being western corner of parcel 29; thence in a southeasterly direction, following the eastern right-of-way of Eastern Star Road, approximately 150 feet to a point; said point being the southern corner of parcel 29; thence in a northeasterly direction, approximately 330 feet to a point, said point being the northern corner of parcel 26.01; thence in a southeasterly direction, approximately 280 feet to the point of BEGINNING, and being all of parcels 2.20, 26, and 26.01 as well as the street of Eastern Star Road, approximately 2,980 feet in length, Tax Maps 120A, 120H, and 120I as seen on the March 2011 Sullivan County Tax Maps.

SECTION II. Any person violating any provisions of this ordinance shall be guilty of an offense and upon conviction shall pay a penalty of FIFTY DOLLARS ($50.00) for each offense. Each occurrence shall constitute a separate offense.

SECTION III. That this ordinance shall take effect from and after the date of its passage and publication, as the law directs, the public welfare of the City of Kingsport, Tennessee requiring it.

_____
DENNIS R. PHILLIPS
Mayor

ATTEST:

_____
JAMES H. DEMMING
City Recorder

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY
City Attorney

PASSED ON 1ST READING_____
PASSED ON 2ND READING_____

RESOLUTION NO.

A RESOLUTION ADOPTING A PLAN OF SERVICES FOR THE EASTERN STAR ROAD PART 2 ANNEXATION OF THE CITY OF KINGSPORT, TENNESSEE

WHEREAS, before any territories may be annexed under Tennessee Code Annotated §6-51-102, the governing body shall have previously adopted a plan of services setting forth the identification and timing of municipal services; and

WHEREAS, before any such plan of services shall have been adopted, it must have been submitted to the local planning commission for study and a written report; and

WHEREAS, a plan of services for the proposed Kingsport South annexation was submitted to the Kingsport Regional Planning Commission on March 15, 2012, for its consideration and a written report; and

WHEREAS, prior to the adoption of a plan of services, the City shall hold a public hearing; and

WHEREAS, a public hearing was held March 20, 2012; and

WHEREAS, notice of the time and place of the public hearing shall be published in a newspaper of general circulation in the municipality a minimum of seven (7) days prior to the hearing; and

WHEREAS, notice of the time and place of the public hearing was published in the Kingsport Times-News on March 5, 2012; and

WHEREAS, the City of Kingsport, pursuant to the provisions of Tennessee Code Annotated, §6-51-102 has endeavored to annex a portion of the 14th Civil District of Sullivan County, Tennessee, commonly known as the Eastern Star Road Part 2 Annexation, said area being bounded and further described as follows:

> BEGINNING at a point, said point being the eastern corner of parcel 26, Tax Map 120H; thence in a southwesterly direction, approximately 550 feet to a point, said point being the southern corner of parcel 26 in common with the eastern right-of-way of Eastern Star Road; thence in a southeasterly direction, following the eastern right-of-way of Eastern Star Road, approximately 310 feet to a point, said point lying on the eastern right-of-way of Eastern Star Road, approximately 10 feet northwest of the southwestern corner of parcel 25.05; thence in a northwesterly direction, crossing the right-of-way of Eastern Star Road, approximately 55 feet to a point, said point lying on the parcel boundary of parcel 32.25 and the western right-of-way of Eastern Star Road, approximately 10 feet northwest of the northern right-of-way of Mitchell Road; thence in a northwesterly direction, following the western right-of-way of Eastern Star Road, approximately 3,443 feet to a point, said point being the

northwestern corner of parcel 2.20 in common with the southern right-of-way of Fordtown Road; thence in a northeasterly direction, following the southern right-of-way of Fordtown Road, approximately 245 feet to a point, said point being the northern corner of parcel 2.20 in common with the southern right-of-way of Fordtown Road; thence in a southwesterly direction, following the western right-of-way of Eastern Star Road, approximately 610 feet to a point, said point lying on the boundary of parcel 2.20; thence in an easterly direction, crossing the right-of-way Eastern Star Road, approximately 70 feet to a point, said point lying on the eastern right-of-way of Eastern Star Road; thence in a southwesterly direction, following the eastern right-of-way of Eastern Star Road, approximately 1,900 feet to a point, said point lying on the boundary of parcel 29 in common with the eastern right-of-way of Eastern Star Road; thence in a southwesterly direction, following the eastern right-of-way of Eastern Star Road, approximately 80 feet to a point, said point being western corner of parcel 29; thence in a southeasterly direction, following the eastern right-of-way of Eastern Star Road, approximately 150 feet to a point, said point being the southern corner of parcel 29; thence in a northeasterly direction, approximately 330 feet to a point, said point being the northern corner of parcel 26.01; thence in a southeasterly direction, approximately 280 feet to the point of BEGINNING, and being all of parcels 2.20, 26, and 26.01 as well as the street of Eastern Star Road, approximately 2,980 feet in length, Tax Maps 120A, 120H, and 120I as seen on the March 2011 Sullivan County Tax Maps.

AND WHEREAS, the City of Kingsport deems it advisable to adopt a Plan of Services for the proposed annexation area. Now, therefore,

BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF KINGSPORT, TENNESSEE, AS FOLLOWS:

SECTION I. That a Plan of Services for the Eastern Star Road Part 2 Annexation as bounded and described above is hereby adopted, subject to an enactment of an annexation ordinance for the annexation area, the said Plan of Services to be as follows:

Eastern Star Road Part 2 Annexation
Plan of Services

1. **Police Protection**

   A. On the date of annexation the Kingsport Police Department will respond to all calls for service for police protection, including criminal calls, traffic accidents and traffic related occurrences, and other prevention and interdiction calls for service.

   B. Effective with annexation, all resources currently available within the Kingsport Police Department will become available to the citizens of the area. The Kingsport Police Department has an authorized accredited force of 116 police officers and

approximately 60 civilian personnel to provide services 24-hours per day, 365 days a year.

C. The Kingsport Police Department is accredited with the Commission on Accreditation for Law Enforcement Agencies and has met 358 mandatory and 72 other-than mandatory standards in order to attain this status. Kingsport Police Department was only the third accredited department in the State of Tennessee and the first in northeast Tennessee.

D. Upon annexation, existing police department personnel will be utilized to provide services by expanding the contiguous patrol sections to include the newly incorporated area. Existing police personnel and equipment will be shifted to provide needed coverage of the area. Each section will be patrolled by units of the Kingsport Police Department and will be augmented by other departments and units such as investigators, specialized assigned details etc.

E. When needed, the Kingsport Police Department will hire additional police officers to provide more response to annexed areas. The officers will undergo 450 hours of basic recruit training before being certified as a police officer. Upon completion of the classroom training, the officers will undergo 480 hours of field officer training where they will work and be trained by designated training officers.

F. The Kingsport Police Department will provide upon request crime prevention programs, traffic safety education programs, drug education/awareness programs including D.A.R.E. to the citizens of the area. Additional programs include department personnel to address groups on law enforcement topics or concerns, home and business security checks and establishing and maintaining neighborhood watch programs.

G. The Kingsport Police Department currently maintains an approximate 5 minute average response time to emergency and urgent calls within the corporate limits.

2. <u>Fire Protection</u>

A. On the operative date of annexation, the City of Kingsport will answer all calls for service for fire, disaster, hazardous materials, special rescue and medical first responder. The Kingsport Fire Department goes beyond the basic fire services required of a City Government.

B. The City of Kingsport Fire Department is an Internationally Accredited Agency, one of only three in the State of Tennessee. We operate 7 fire stations, housing fire suppression, hazardous materials, rescue and other emergency equipment. Staffed by 94 full-time professional firefighters, 24 hours a day, 365 days a year to provide service. The City of Kingsport maintains a Class 3 insurance rating saving its residents the most possible on their insurance rates. Our response time average is approximately 4 minutes, 15 seconds after we receive the call from our dispatch center.

C. Free fire safety inspections will be available upon request on the effective date of annexation. Water lines will be upgraded within five (5) years after the effective date of annexation to provide needed fire flow to protect the properties.

D. All structures must be brought into compliance with the City-wide smoke detector ordinance within thirty (30) days of the effective date of annexation. This is strictly to provide residents with the best fire protection service available.

E. The City of Kingsport Fire Department has a Hazardous Materials Response Team, which has state-of-the-art equipment to handle all calls of an emergency nature dealing with incidents relating to hazardous chemicals. The department also has a Technical Rescue Team that has specialized rescue capabilities and equipment for all types of hazards.

F. The City of Kingsport Fire Department provides First Responder emergency medical services to all life-threatening medical emergencies resulting from serious illness or injury. We provide advanced life support (paramedics) for victims until ambulance service arrives for transport.

3. **Water**

A. Water will be billed at in City rates rather than out of City rates, which will result in a reduction in water rates for annexed citizens already receiving City water. Those not currently receiving City water will be required to obtain a water-tap in order to obtain City water.

B. Water line upgrades and the installation of fire hydrants will commence for adequate fire protection and will be completed within five (5) years after the effective date of annexation.

C. The City of Kingsport Water Department operates and maintains a 28 MGD water filtration plant, 22 water storage tanks, 15 water booster station and over 750 miles of waterlines. The water treatment plant is staffed by state certified operators 24 hours a day, 365 days a year to provide safe drinking water to our customers.

D. The City of Kingsport Water Department meets or exceeds water quality standards set forth by the State of Tennessee and the United States Environmental Protection Agency. The plant was the recipient of the 2005 Julian Fleming Award for Outstanding Water Treatment Plants.

E. The Kingsport Water Treatment Plant has a capacity of 28 MGD and an average daily demand of 15 MGD leaving a surplus capacity of approximately 18 MGD for increased demand.

F. The Water Distribution Division is managed with a professional staff who are members of key professional organizations such as: American Water Works Association, Tennessee Association of Utility Districts, National Society of Professional Engineers, American Society of Civil Engineers. Several key members of the staff also hold certificates and licenses in the operations of a distribution system in the State of Tennessee.

4. **Electricity**

Electric service in this area is currently under the jurisdiction of Johnson City Power Board and is currently available. Street lighting will be provided generally within five years of the City of Kingsport's request for such service.

5. **Sanitary Sewer**

A. City of Kingsport sanitary sewer currently serves the annexation area. Citizens in the annexed territory will be responsible and required to obtain a sewer-tap from the City of Kingsport before connection to the sanitary sewer system.

B. Sanitary sewer fees are based on usage of water and are direct reflection of the amount of water used by the resident.

C. The City of Kingsport operates and maintains a 12.4 MGD wastewater treatment plant, 88 sewer lift stations and approximately 525 miles of sanitary sewer collection lines in to provide sewer service to our customers.

D. The City of Kingsport Wastewater Treatment Plant recently experienced over 21 million dollars of improvements to provide a reliable and dependable infrastructure.

E. The wastewater treatment plant is staffed with State Certified Operators 24 hours a day, 365 days a year. Treatment plant operators exceed State of Tennessee training requirements.

F. The Sewer Collection Division is managed with a professional staff who are members of key professional organizations such as: Water Environment Federation, Tennessee Association of Utility Districts, National Society of Professional Engineers, American Society of Civil Engineers. Several key members of the staff also hold certificates and licenses in the operations of a collection system in the State of Tennessee.

6. **Solid Waste Disposal**

Sanitation garbage (routine household refuse), trash (grass clippings, tree trimmings, bulky items), and recycling collection will be provided to the annexed area on the same basis as that received by properties located within the existing City Limits. Collection will begin within thirty (30) days following the effective date of annexation. Members of the collection crews receive ongoing training in their fields. The City of Kingsport also owns and operates a demolition landfill that residents can use for a fee. That landfill is supervised by a SWANA certified Manager of Landfill Operations. This supervisor also holds other certifications from SWANA and TDEC.

7. **Public Road/Street Construction & Repair**

A. Emergency and routine maintenance of streets and street signs, pavement markings and other traffic control devices will begin on the operative date of annexation. Emergency pothole repairs are generally made within 24 hours of notification. Crews are available on a 24 hour basis for major emergency call-outs.

B. Cleaning of streets of snow and ice clearing will begin on the operative date of annexation on the same basis as now provided within the present City limits. This includes major thoroughfares, State highways and emergency route to hospitals as first priority, with secondary/collector streets and finally residential streets in that order as priority II. Snow removal crews receive yearly training to help keep them up to date with changes in procedures and techniques. Snow removal crews also respond on a 24 hour emergency call in basis.

C. Streets affected by utility construction will be repaired as soon as possible after the utility construction is completed.

D. Routine Right of Way maintenance is also provided on the effective date of annexation. These crews include a certified Arborist, certified Pesticide Applicators, and other trained personnel to respond to emergencies and routine maintenance requests.

E. The Streets and Sanitation Division is managed and supervised by a professional staff who are members in good standing of several Professional Organizations such as the Tennessee Chapter of the American Public Works Association, the national chapter of the American Public Works Association, the Volunteer Chapter of the Solid Waste Association of North America, the national chapter of the Solid Waste Association of North America, the Tennessee Urban Forestry Council, the Tennessee Nursery and Landscape Association, National Arbor Day Association, Tennessee Vegetation Management Association, and the Keep Kingsport Beautiful Council. The staff receives ongoing training through these Professional Organizations. Members of the staff are active in their respective organizations. Members of the staff also serve as trainers and instructors for various training venues.

8. <u>Recreational Facilities</u>

A. Residents of the annexed area may use existing City recreational facilities, programs, parks, etc. on the effective date of annexation at City rates rather than out of City rates.

B. Residents of the annexed area may use all existing library facilities and will be exempt from the non-residential fee on the effective date of annexation.

C. Residents of the annexed area (50 years or older) will be eligible to use the Senior Citizens Center with no non-residential fees and with transportation provided on the effective date of annexation.

D. The Department of Parks and Recreation has more than 4,800 acres of city-owned land to provide parks and recreation programs to all our citizens. The amenities and programs offered by many of the parks and recreation areas through the Leisure Services Department include playing fields for baseball and softball, basketball courts, play grounds, volley ball, tennis courts, a skate park and concession areas and restrooms to serve these facilities. Other amenities offered include General meeting areas, multi-function areas, Community Centers, senior programs, Theater and Cultural Arts programs. Many of the parks have walking

and hiking trails and Bays Mountain, the City's largest park, includes animal habitats, a farm area, camping sites, and a Planetarium.

9. **Street Lighting**

The City will request that Johnson City Power Board install additional streetlights on collector-class and lower streets in accordance with the policy on roadway lighting within five (5) years of the effective date of annexation. Lighting on minor and major arterials will be installed per prevailing city policy.

10. **Zoning Services**

A. The area will be zoned M-1R (Light Industrial District).

B. The Kingsport Regional Planning Commission is the comprehensive planning agency and administers zoning and land subdivision regulations for the City of Kingsport as provided in State law. The Kingsport Regional Planning Commission consists of nine (9) commissioners appointed by the Mayor of the City of Kingsport.

C. The Kingsport Regional Planning Commission will exercise planning and zoning activities for the area being annexed upon the operative date of annexation.

D. Appeals to the Zoning regulations are heard by the Board of Zoning Appeals and variances are granted if the request meets the criteria established for granting variances under Tennessee Code Annotated.

11. **Schools**

A. Upon annexation, children currently attending County schools will be allowed to attend City of Kingsport schools or remain in County schools per the prevailing County policy at the time.

B. Tuition paid by non-city residents now attending City schools will cease upon the effective date of annexation and those students may continue to attend City schools without charge until graduation.

C. Children at all grade levels may attend City schools tuition-free. Transportation will be provided for students, whose homes are more than 1.5 miles from their designated school, beginning with the school year following annexation.

The previous sections are titled and listed in the order prescribed by Tennessee Code Annotated 6-51-102(b) (2). The following sections are provided by the City of Kingsport in addition to the minimum requirements.

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12. **Traffic Control**

The City will verify all street name signs and traffic control devices in accordance with the Manual on Uniform Traffic Control Devices.

13. **Inspection Services**

All inspection services now provided by the City on a fee basis (building, electrical, plumbing, gas, housing, sanitation, etc.) will begin in the annexed area on the effective date of annexation. A free safety inspection of plumbing vents will be required at the time sewer connections are made to make sure that proper protection is available to prevent sewer gas from entering houses.

14. **Animal Control**

Animal control service equivalent to that presently provided within the City will be extended to the annexed area on the effective date of annexation.

15. **Storm Sewers**

The installation of any needed storm sewers will be accomplished in accordance with existing standards and engineering principles provided for by present City policies. Maintenance of existing storm sewer and drainage systems is also provided on an as needed basis. Response to emergency storm drainage calls is also provided on a 24 hour call in basis.

16. **Leaf Removal**

The City will collect loose leaves with the vacuum truck between October 15 and January 15, and it will be provided to the annexation area on the same basis as it is currently provided to other City residents beginning on the effective date of annexation. Bagged leaves are collected year round. Leaves are transported to the City's Demolition Landfill where they are composted and used as an amendment to existing dirt stockpiles. This enhanced dirt is then used on City Projects for backfill and topsoil applications.

17. **Litter Control**

The City's litter control program will be extended to the area on the effective date of annexation. It is provided on a regular schedule along major routes and on an "as needed" basis throughout the City.

18. **Graffiti Control**

The City's graffiti control program, which is aimed at eliminating graffiti on public rights-of-way such as bridge abutments, street signs, railroad underpasses, and the like, will be extended to the area on the effective date of annexation. It is provided on an "as needed/on call" basis. Response time for "offensive" graffiti removal is generally within 48 hours.

19. **Other Services**

All other services not classified under the foregoing headings such as Executive, Judicial, Legal, Personnel, Risk Management, Fleet Maintenance, Finance and

Administration and other support services will be available upon the effective date of annexation.

SECTION II. This Resolution shall be effective from and after its adoption, the public welfare requiring it.

ADOPTED this the 20th day of March 2012.

ATTEST:

DENNIS R. PHILLIPS, Mayor

JAMES H. DEMMING
City Recorder

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY, City Attorney

ANNEXATION REPORT
EASTERN STAR ROAD PART 2 ANNEXATION
FILE: 12-301-00002

TO: KINGSPORT REGIONAL PLANNING COMMISSION

FROM: Ken Weems, Planner

DATE: 1 March 2012

APPLICANT: City of Kingsport

REQUESTED ACTION: Annexation and zoning to an M-1R (Light Industrial District) of approximately 12 acres/3 parcels.

LOCATION: The area proposed for annexation is located on and around Eastern Star Road

EXISTING LAND USE: Residential

PROPOSED USE: Same

SURROUNDING ZONING DISTRICTS & LAND USES:

General: The annexation area is surrounded by City B-3 (General Commercial) and M-1R (Light Industrial) zones, as well as the eastern right-of-way of Interstate 26.

The annexation area is currently zoned County M-1 (Light Industrial).

LAND USE PLAN: The Kingsport 2030 Land Use Plan addresses this area's use as appropriate for industrial use.

UTILITIES: The annexation area is currently served by City of Kingsport Water service.

TRANSPORTATION:

Public streets in this annexation area consist of (approximate ft.):

Eastern Star Road (2,960)

POPULATION:

The annexation area currently contains approximately 7 residents.

OPTIONS: The Planning Commission's options are the following:

1. Send a favorable recommendation for annexation to the Board of Mayor and Alderman for the annexation, zoning, and plan of services for the Eastern Star Road Part 2 annexation area.
2. Recommend disapproving the annexation areas, stating the reasons in writing.
3. Postpone action until additional information is presented.

STAFF RECOMMENDATION:

The Planning Division recommends option #1, the annexation of the parcels identified in this study to the Board of Mayor and Aldermen. The rationale for this recommendation is based on the following:

1. The City of Kingsport should utilize annexation as urban development occurs and is necessary for present and future growth in an orderly manner.

2. Annexation spurs economic growth by providing basic services at a reasonable cost and allows those costs to be spread fairly to all who enjoy those services.

3. The City of Kingsport can provide services through its Plan of Services that the County cannot provide to the residents of the area.

4. It is reasonably necessary for the welfare of the residents and property owners of the affected territory.

5. It is reasonably necessary for the welfare of the residents and property owners of the municipality as a whole.

Eastern Star Road Part 2 Annexation Area

COST ESTIMATE/ tax records as of 1 March 2012

Revenues	One Time	Reoccuring (annual)	
Property Taxes	X	$2,541.00	
State Shared	X	$728.00	7 residents
Sewer Tap Fees	X	$0.00	
Water & Sewer Rev (loss)	X	-$795.00	
Stormwater revenue		$126.00	
Total	$0.00	$2,600.00	

Expenses	One Time	Reoccuring (annual)
Operating Budget		
Police & Fire Service	0.00	0.00
Street Lighting	50,000.00	2,731.00
Traffic Controls	600.00	592.00
Streets & Sanitation	0.00	4,269.00
Subtotal	50,600.00	7,592.00
Capital Budget		
Water	0.00	0.00
Sewer	0.00	0.00
Streets	7,970.00	0.00
Subtotal	7,970.00	0.00
Grand Total	$58,570.00	$7,592.00

Eastern Star Road Part 2 Annexation School
Maximum Possible Impact

Elementary	Middle	High
1	0	0

Average Property Owner Impact

average city tax based on 2009 tax assessments:	$847

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average annual savings on water:	$265
average annual garbage savings based on $18 per month:	$216
total annual savings based on the above criteria :	$481
•Additional savings can often be found with property owner insurance discounts and itemized tax deductions (for City Property tax)	varies

Rationale

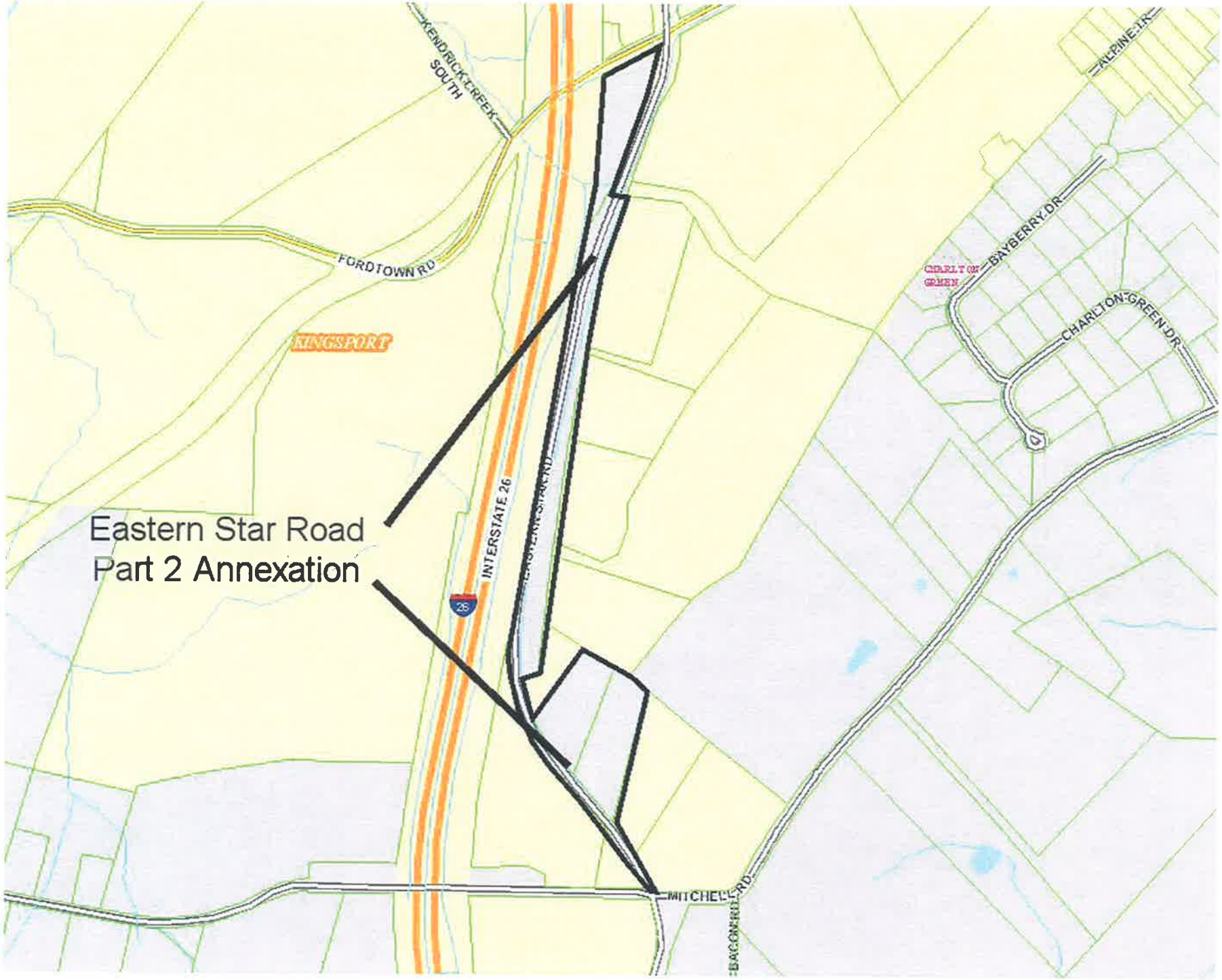
1. The City of Kingsport should utilize annexation as urban development occurs and is necessary for present and future growth in an orderly manner.

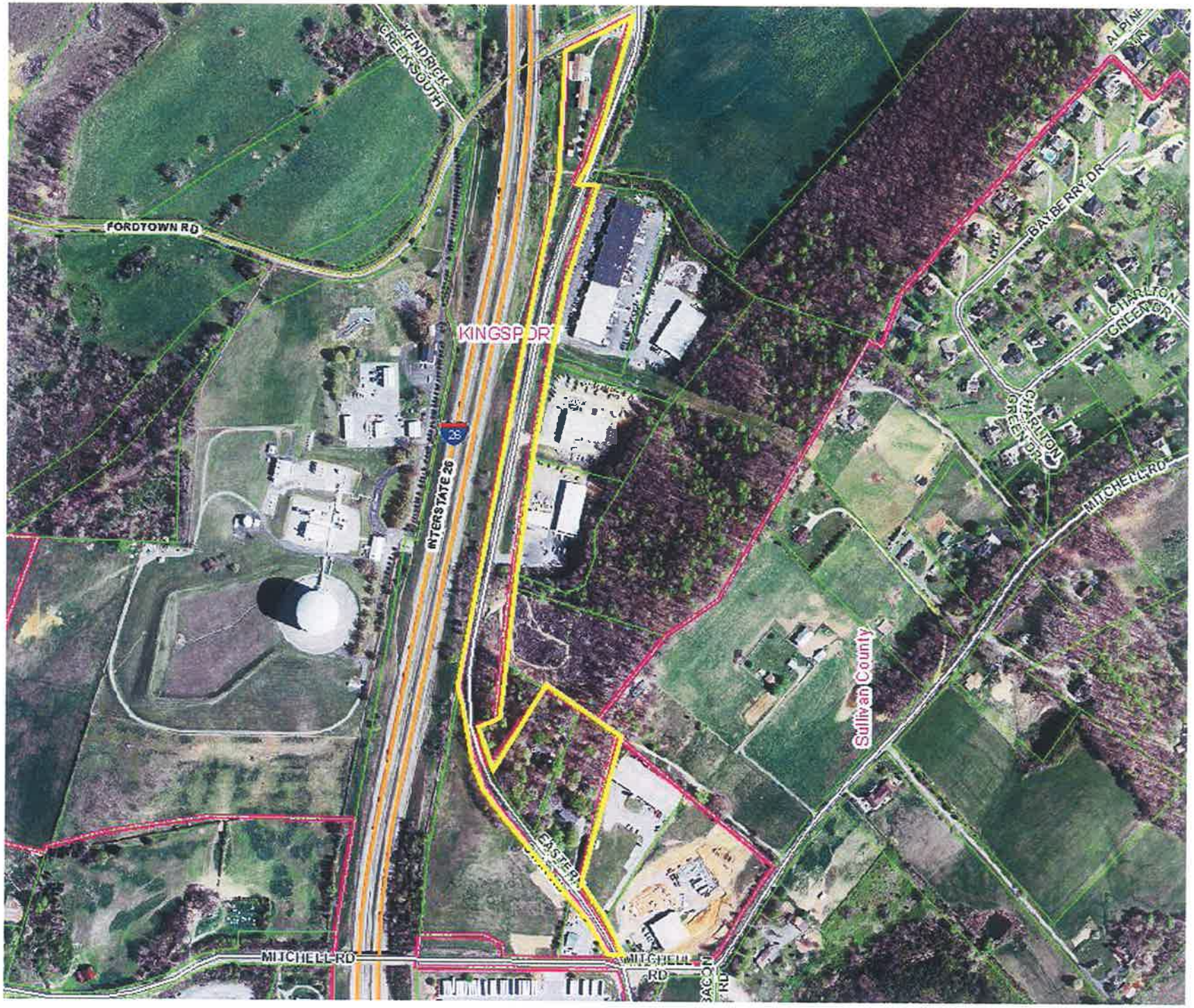
2. Annexation spurs economic growth by providing basic services at a reasonable cost and allows those costs to be spread fairly to all who enjoy those services.

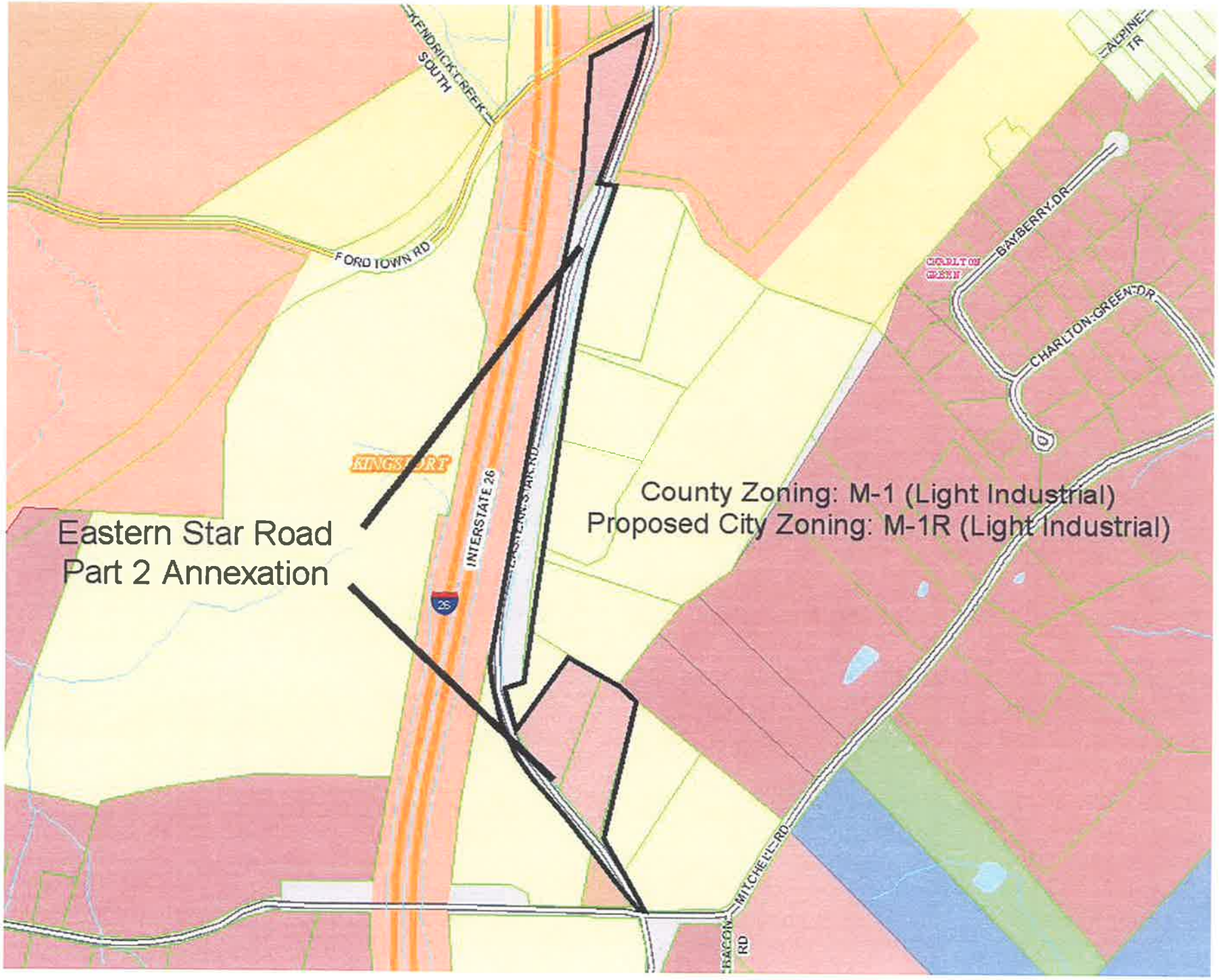
3. The City of Kingsport can provide services through its Plan of Services that the County cannot provide to the residents of the area.

4. It is reasonably necessary for the welfare of the residents and property owners of the affected territory.

5. It is reasonably necessary for the welfare of the residents and property owners of the municipality as a whole.


Eastern Star Road
Part 2 Annexation
KENDRICK CREEK SOUTH
FORDTOWN RD
KINGSPORT
INTERSTATE 26
26
ALPINE DR
BAYBERRY DR
CHARLTON GREEN DR
MITCHELL RD


FORDTOWN RD
KENDRICK CREEK SOUTH
KINGSPORT
INTERSTATE 26
26
EASTER
MITCHELL RD
MITCHELL RD
BACON RD
Sullivan County
BAYBERRY DR
CHARLTON GREEN DR
CHARLTON GREEN DR
MITCHELL RD
ALPINE MIN


Eastern Star Road
Part 2 Annexation
County Zoning: M-1 (Light Industrial)
Proposed City Zoning: M-1R (Light Industrial)
KENDRICK CREEK SOUTH
FORD TOWN RD
KINGSPORT
INTERSTATE 26
EASTERN STAR RD
BAYBERRY DR
CHARLTON GREEN DR
ALPINE TR
MITCHELL RD
BACON RD

Kingsport
TENNESSEE

AGENDA ACTION FORM

Consideration of Ordinances to Annex/ Amend Zoning of the Kingsport South Annexation

TO: Board of Mayor and Aldermen
FROM: John G. Campbell, City Manager

Action Form No.: AF: 61-2012
Work Session: March 19, 2012
First Reading: March 20, 2012

Final Adoption: April 3, 2012
Staff Work By: Ken Weems
Presentation By: Ken Weems

Recommendation:

- Approve ordinance for the Kingsport South annexation
- Approve ordinance amending the zoning ordinance for the Kingsport South annexation

Executive Summary:

This is the Kingsport South annexation of approximately 164 acres/ 12 parcels on and around Mitchell Road and Lebanon Road, with an approximate population of 21residents (including 5 children currently attending county schools). The current county zoning of the area is A-1 (Agricultural District) and R-1 (Residential District). The proposed City zoning for the area is A-1 (Agricultural District). Both City water and sanitary sewer require an upgrade to adequately serve the annexation area. During their March 2012 regular meeting, the Kingsport Regional Planning Commission voted to send a favorable recommendation for the annexation, zoning, and plan of services to the Board of Mayor and Aldermen for this annexation. This item has not received opposition as of March 8, 2012. The annexation public meeting for this area was held on March 12, 2012. The Notice of Public Hearing was published on March 5, 2012.

Attachments:

1. ~~Notice of Public Hearing~~
2. Annexation Ordinance
3. Zoning Ordinance
4. ~~Resolution~~
5. Staff Report
6. Cost Estimate
7. Maps

Funding source appropriate and funds are available:_____

	Y	N	O
Clark	—	—	—
Joh	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Shupe	—	—	—
Phillips	—	—	—

Kingsport
TENNESSEE

AGENDA ACTION FORM

Public Hearing and Consideration of Ordinances to Annex/ Amend Zoning of the Kingsport South Annexation and Consideration of a Resolution Adopting the Plan of Services

TO: Board of Mayor and Aldermen
FROM: John G. Campbell, City Manager

Action Form No.: AF: 61-2012
Work Session: March 19, 2012
First Reading: March 20, 2012

Final Adoption: April 3, 2012
Staff Work By: Ken Weems
Presentation By: Ken Weems

Recommendation:

- Hold public hearing
- Approve ordinance for the Kingsport South annexation
- Approve ordinance amending the zoning ordinance for the Kingsport South annexation
- Approve resolution adopting a plan of services for the annexation area

Executive Summary:

This is the Kingsport South annexation of approximately 164 acres/ 12 parcels on and around Mitchell Road and Lebanon Road, with an approximate population of 21residents (including 5 children currently attending county schools). The current county zoning of the area is A-1 (Agricultural District) and R-1 (Residential District). The proposed City zoning for the area is A-1 (Agricultural District). Both City water and sanitary sewer require an upgrade to adequately serve the annexation area. During their March 2012 regular meeting, the Kingsport Regional Planning Commission voted to send a favorable recommendation for the annexation, zoning, and plan of services to the Board of Mayor and Aldermen for this annexation. This item has not received opposition as of March 8, 2012. The annexation public meeting for this area was held on March 12, 2012. The Notice of Public Hearing was published on March 5, 2012.

Attachments:

1. Notice of Public Hearing
2. Annexation Ordinance
3. Zoning Ordinance
4. Resolution
5. Staff Report
6. Cost Estimate
7. Maps

Funding source appropriate and funds are available:_____

	Y	N	O
Clark	—	—	—
Joh	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Shupe	—	—	—
Phillips	—	—	—

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN to all citizens of the City of Kingsport, Tennessee, to all persons interested, and the public at large that the City of Kingsport Board of Mayor and Aldermen will conduct a Public Hearing during its regular business meeting on Tuesday, March 20, 2012, to consider the annexation, zoning, and plan of services for the Kingsport South annexation. The regular business meeting will begin at 7:00 p.m. in the large courtroom located on the second floor of City Hall, at 225 W. Center Street, Kingsport, Tennessee.

The property proposed for annexation is generally described as follows:

Tract 1:

BEGINNING at a point, said point being the southern corner of parcel 47.50, Tax Map 119M; thence in a northwesterly direction, crossing the right-of-way of Pickens Road, approximately 1,330 feet to a point, said point lying on the western right-of-way of Pickens Road; thence in a northeasterly direction, following the western right-of-way of Pickens Road, approximately 1,935 feet to a point, said point being the eastern corner of parcel 39.15; thence in a southeasterly direction, crossing the right-of-way of Pickens Road and following the southern right-of-way of Mitchell Road, approximately 1,380 feet to a point, said point being the northeast corner of parcel 51.30; thence in a southwesterly direction, approximately 2,080 feet to the point of BEGINNING, and being all of parcels 47.50, 48, 48.30, 49, 50, 50.10, 50.20, 50.30, 51, 51.20, and 51.30, as well as the street of Pickens Road, approximately 1,935 feet in length, Tax Maps 119L and 119M, as shown on the March 2011 Sullivan County Tax Maps.

Tract 2:

BEGINNING at a point, said point being the southern corner of parcel 16, Tax Map 106O; thence in a northwesterly direction, approximately 1,050 feet to a point, said point being a northern corner of parcel 3; thence in a westerly direction, approximately 1,140 feet to a point, said point being the southwestern corner of parcel 16; thence in a northerly direction, approximately 700 feet to a point, said point being the northern corner of parcel 26.53 in common with the southern right-of-way of Interstate 81; thence in a northeasterly direction, following the southern right-of-way of Interstate 81, approximately 1,880 feet to a point, said point being the western corner of parcel 22; thence in a southeasterly direction, approximately 340 feet to a point, said point being the southern corner of parcel 23; thence in a northeasterly direction, approximately 470 feet to a point, said point being the southern corner of parcel 28; thence in a southeasterly direction, approximately 740 feet to a point, said point being the western corner of parcel 11; thence in a southwesterly direction, approximately 290 feet to a point, said point being the western corner of parcel 10; thence in a southeasterly direction, approximately 300 feet to a point, said point being the southern corner of parcel 10 in common with the western right-of-way of Lebanon Road; thence in a southerly direction, following the western right-of-way of Lebanon Road, approximately 320 feet to a point, said point being the eastern corner of parcel 15 in common with the western right-of-way of Lebanon Road; thence in a northwesterly direction, approximately 760 feet to a point, said point being the northern corner of parcel 15; thence in a southwesterly direction, approximately 290 feet to a point, said point being the western corner of parcel 15; thence in a southeasterly direction, approximately 780 feet to a point, said point being the southern corner of parcel 15 in common with the western right-of-way of Lebanon Road; thence in a southwesterly direction, following the western right-of-way of Lebanon Road, approximately 780 feet to a point; thence in a southwesterly direction, approximately 570 feet to the point of BEGINNING, and being all of parcel 16, Tax Maps 106G, 106I, 106J, and 106O as shown on the March 2011 Sullivan County Tax Maps.

All interested persons are invited to attend this meeting and public hearing. A detailed map, description, and plan of services document is on file in the offices of the City Manager, Planning Manager, and Kingsport Library for inspection. Additional information concerning this proposal may be obtained by contacting the Kingsport Planning Division of the Development Services Department, telephone 423-229-9485.

CITY OF KINGSPORT
James H. Demming, City Recorder
P1T: 3/05/12

PRE-FILED
CITY RECORDER

ORDINANCE NO._____

AN ORDINANCE TO ANNEX THAT CERTAIN TERRITORY ADJOINING THE PRESENT CORPORATE BOUNDARIES OF THE CITY OF KINGSPORT, EMBRACING THAT CERTAIN PART OF THE 14TH CIVIL DISTRICT OF SULLIVAN COUNTY, TENNESSEE, AND KNOWN AS THE KINGSPORT SOUTH ANNEXATION, AS HEREINAFTER DESCRIBED; TO INCORPORATE THE SAME WITHIN THE CORPORATE BOUNDARIES OF THE CITY OF KINGSPORT, TENNESSEE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

WHEREAS, a public hearing before the Board of Mayor and Aldermen of the City of Kingsport, Tennessee, was held on the 20th day of March, 2012, and notice thereof published in the Kingsport Times-News on the 5th day of March, 2012; and

WHEREAS, the Board of Mayor and Aldermen finds that the annexation will materially benefit the health, safety, and welfare of the citizens and property owners of the city and the territory annexed; and

WHEREAS, the annexation of such property is deemed necessary for the welfare of the residents and property owners thereof and the city as a whole; and

WHEREAS, a plan of services for this area was adopted by Resolution on the 20th day of March, 2012 as required by Tenn. Code Ann., 6-51-102, et seq.

BE IT ORDAINED BY THE CITY OF KINGSPORT, AS FOLLOWS:

SECTION I. Pursuant to the authority conferred by Tennessee Code Annotated §6-51-102 et seq. there is here by annexed to the City of Kingsport, Tennessee, and incorporated within the corporate boundaries thereof, the following described territory adjoining the present corporate boundaries: embracing that certain part of Civil District No. 14 of Sullivan County, Tennessee, and more fully described to-wit:

Tract 1:

BEGINNING at a point, said point being the southern corner of parcel 47.50, Tax Map 119M; thence in a northwesterly direction, crossing the right-of-way of Pickens Road, approximately 1,330 feet to a point, said point lying on the western right-of-way of Pickens Road; thence in a northeasterly direction, following the western right-of-way of Pickens Road, approximately 1,935 feet to a point, said point being the eastern corner of parcel 39.15; thence in a southeasterly direction, crossing the right-of-way of Pickens Road and following the southern right-of-way of Mitchell Road, approximately 1,380 feet to a point, said point being the northeast corner of parcel 51.30; thence in a southwesterly direction, approximately 2,080 feet to the point of BEGINNING, and being all of parcels 47.50, 48, 48.30, 49, 50, 50.10, 50.20, 50.30, 51, 51.20, and 51.30, as well as the street of Pickens

Road, approximately 1,935 feet in length, Tax Maps 119L and 119M, as shown on the March 2011 Sullivan County Tax Maps.

Tract 2:

BEGINNING at a point, said point being the southern corner of parcel 16, Tax Map 106O; thence in a northwesterly direction, approximately 1,050 feet to a point, said point being a northern corner of parcel 3; thence in a westerly direction, approximately 1,140 feet to a point, said point being the southwestern corner of parcel 16; thence in a northerly direction, approximately 700 feet to a point, said point being the northern corner of parcel 26.53 in common with the southern right-of-way of Interstate 81; thence in a northeasterly direction, following the southern right-of-way of Interstate 81, approximately 1,880 feet to a point, said point being the western corner of parcel 22; thence in a southeasterly direction, approximately 340 feet to a point, said point being the southern corner of parcel 23; thence in a northeasterly direction, approximately 470 feet to a point, said point being the southern corner of parcel 28; thence in a southeasterly direction, approximately 740 feet to a point, said point being the western corner of parcel 11; thence in a southwesterly direction, approximately 290 feet to a point, said point being the western corner of parcel 10; thence in a southeasterly direction, approximately 300 feet to a point, said point being the southern corner of parcel 10 in common with the western right-of-way of Lebanon Road; thence in a southerly direction, following the western right-of-way of Lebanon Road, approximately 320 feet to a point, said point being the eastern corner of parcel 15 in common with the western right-of-way of Lebanon Road; thence in a northwesterly direction, approximately 760 feet to a point, said point being the northern corner of parcel 15; thence in a southwesterly direction, approximately 290 feet to a point, said point being the western corner of parcel 15; thence in a southeasterly direction, approximately 780 feet to a point, said point being the southern corner of parcel 15 in common with the western right-of-way of Lebanon Road; thence in a southwesterly direction, following the western right-of-way of Lebanon Road, approximately 780 feet to a point; thence in a southwesterly direction, approximately 570 feet to the point of BEGINNING, and being all of parcel 16, Tax Maps 106G, 106I, 106J, and 106O as shown on the March 2011 Sullivan County Tax Maps.

SECTION II. That this ordinance shall take effect from and after the date of its passage, as the law directs, the public welfare of the citizens of Kingsport, Tennessee, requiring it.

_____
DENNIS R. PHILLIPS
Mayor

ATTEST:

APPROVED AS TO FORM:

_____
JAMES H. DEMMING
City Recorder

_____
J. MICHAEL BILLINGSLEY
City Attorney

PASSED ON 1ST READING_____
PASSED ON 2ND READING_____

ORDINANCE NO._____

PRE-FILED
CITY RECORDER

AN ORDINANCE TO FURTHER AMEND THE ZONING CODE, TEXT AND MAP, TO ZONE PROPERTY ALONG MITCHELL ROAD, PICKENS ROAD, AND LEBANON ROAD TO A-1, AGRICULTURAL DISTRICT, IN THE 14TH CIVIL DISTRICT OF SULLIVAN COUNTY; TO FIX A PENALTY FOR THE VIOLATION OF THIS ORDINANCE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

BE IT ORDAINED BY THE CITY OF KINGSPORT, AS FOLLOWS:

SECTION I. That the zoning code, text, and map, be and the same is hereby further amended to rezone property along Mitchell Road, Pickens Road, and Lebanon Road to A-1, Agricultural District, in the 14th Civil District of Sullivan County; said property to be rezoned being further and more particularly described as follows:

Tract 1:

BEGINNING at a point, said point being the southern corner of parcel 47.50, Tax Map 119M; thence in a northwesterly direction, crossing the right-of-way of Pickens Road, approximately 1,330 feet to a point, said point lying on the western right-of-way of Pickens Road; thence in a northeasterly direction, following the western right-of-way of Pickens Road, approximately 1,935 feet to a point, said point being the eastern corner of parcel 39.15; thence in a southeasterly direction, crossing the right-of-way of Pickens Road and following the southern right-of-way of Mitchell Road, approximately 1,380 feet to a point, said point being the northeast corner of parcel 51.30; thence in a southwesterly direction, approximately 2,080 feet to the point of BEGINNING, and being all of parcels 47.50, 48, 48.30, 49, 50, 50.10, 50.20, 50.30, 51, 51.20, and 51.30, as well as the street of Pickens Road, approximately 1,935 feet in length, Tax Maps 119L and 119M, as shown on the March 2011 Sullivan County Tax Maps.

Tract 2:

BEGINNING at a point, said point being the southern corner of parcel 16, Tax Map 106O; thence in a northwesterly direction, approximately 1,050 feet to a point, said point being a northern corner of parcel 3; thence in a westerly direction, approximately 1,140 feet to a point, said point being the southwestern corner of parcel 16; thence in a northerly direction, approximately 700 feet to a point, said point being the northern corner of parcel 26.53 in common with the southern right-of-way of Interstate 81; thence in a northeasterly direction, following the southern right-of-way of Interstate 81, approximately 1,880 feet to a point, said point being the western corner of parcel 22; thence in a southeasterly direction, approximately 340 feet to a point, said point being the southern corner of parcel 23; thence in a northeasterly

direction, approximately 470 feet to a point, said point being the southern corner of parcel 28; thence in a southeasterly direction, approximately 740 feet to a point, said point being the western corner of parcel 11; thence in a southwesterly direction, approximately 290 feet to a point, said point being the western corner of parcel 10; thence in a southeasterly direction, approximately 300 feet to a point, said point being the southern corner of parcel 10 in common with the western right-of-way of Lebanon Road; thence in a southerly direction, following the western right-of-way of Lebanon Road, approximately 320 feet to a point, said point being the eastern corner of parcel 15 in common with the western right-of-way of Lebanon Road; thence in a northwesterly direction, approximately 760 feet to a point, said point being the northern corner of parcel 15; thence in a southwesterly direction, approximately 290 feet to a point, said point being the western corner of parcel 15; thence in a southeasterly direction, approximately 780 feet to a point, said point being the southern corner of parcel 15 in common with the western right-of-way of Lebanon Road; thence in a southwesterly direction, following the western right-of-way of Lebanon Road, approximately 780 feet to a point; thence in a southwesterly direction, approximately 570 feet to the point of BEGINNING, and being all of parcel 16, Tax Maps 106G, 106I, 106J, and 106O as shown on the March 2011 Sullivan County Tax Maps.

SECTION II. Any person violating any provisions of this ordinance shall be guilty of an offense and upon conviction shall pay a penalty of FIFTY DOLLARS ($50.00) for each offense. Each occurrence shall constitute a separate offense.

SECTION III. That this ordinance shall take effect from and after the date of its passage and publication, as the law directs, the public welfare of the City of Kingsport, Tennessee requiring it.

_____
DENNIS R. PHILLIPS
Mayor

ATTEST:

_____
JAMES H. DEMMING
City Recorder

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY
City Attorney

PASSED ON 1ST READING_____
PASSED ON 2ND READING_____

RESOLUTION NO.

A RESOLUTION ADOPTING A PLAN OF SERVICES FOR THE KINGSPORT SOUTH ANNEXATION OF THE CITY OF KINGSPORT, TENNESSEE

WHEREAS, before any territories may be annexed under Tennessee Code Annotated §6-51-102, the governing body shall have previously adopted a plan of services setting forth the identification and timing of municipal services; and

WHEREAS, before any such plan of services shall have been adopted, it must have been submitted to the local planning commission for study and a written report; and

WHEREAS, a plan of services for the proposed Kingsport South annexation was submitted to the Kingsport Regional Planning Commission on March 15, 2012, for its consideration and a written report; and

WHEREAS, prior to the adoption of a plan of services, the City shall hold a public hearing; and

WHEREAS, a public hearing was held March 20, 2012; and

WHEREAS, notice of the time and place of the public hearing shall be published in a newspaper of general circulation in the municipality a minimum of seven (7) days prior to the hearing; and

WHEREAS, notice of the time and place of the public hearing was published in the Kingsport Times-News on March 5, 2012; and

WHEREAS, the City of Kingsport, pursuant to the provisions of Tennessee Code Annotated, §6-51-102 has endeavored to annex a portion of the 14th Civil District of Sullivan County, Tennessee, commonly known as the Kingsport South Annexation, said area being bounded and further described as follows:

Tract 1:

BEGINNING at a point, said point being the southern corner of parcel 47.50, Tax Map 119M; thence in a northwesterly direction, crossing the right-of-way of Pickens Road, approximately 1,330 feet to a point, said point lying on the western right-of-way of Pickens Road; thence in a northeasterly direction, following the western right-of-way of Pickens Road, approximately 1,935 feet to a point, said point being the eastern corner of parcel 39.15; thence in a southeasterly direction, crossing the right-of-way of Pickens Road and following the southern right-of-way of Mitchell Road, approximately 1,380 feet to a point, said point being the northeast corner of parcel 51.30; thence in a southwesterly direction, approximately 2,080 feet to the point of BEGINNING, and being all of parcels 47.50, 48, 48.30, 49, 50, 50.10, 50.20, 50.30, 51, 51.20, and 51.30, as well as the street of Pickens Road, approximately

1,935 feet in length, Tax Maps 119L and 119M, as shown on the March 2011 Sullivan County Tax Maps.

Tract 2:

BEGINNING at a point, said point being the southern corner of parcel 16, Tax Map 106O; thence in a northwesterly direction, approximately 1,050 feet to a point, said point being a northern corner of parcel 3; thence in a westerly direction, approximately 1,140 feet to a point, said point being the southwestern corner of parcel 16; thence in a northerly direction, approximately 700 feet to a point, said point being the northern corner of parcel 26.53 in common with the southern right-of-way of Interstate 81; thence in a northeasterly direction, following the southern right-of-way of Interstate 81, approximately 1,880 feet to a point, said point being the western corner of parcel 22; thence in a southeasterly direction, approximately 340 feet to a point, said point being the southern corner of parcel 23; thence in a northeasterly direction, approximately 470 feet to a point, said point being the southern corner of parcel 28; thence in a southeasterly direction, approximately 740 feet to a point, said point being the western corner of parcel 11; thence in a southwesterly direction, approximately 290 feet to a point, said point being the western corner of parcel 10; thence in a southeasterly direction, approximately 300 feet to a point, said point being the southern corner of parcel 10 in common with the western right-of-way of Lebanon Road; thence in a southerly direction, following the western right-of-way of Lebanon Road, approximately 320 feet to a point, said point being the eastern corner of parcel 15 in common with the western right-of-way of Lebanon Road; thence in a northwesterly direction, approximately 760 feet to a point, said point being the northern corner of parcel 15; thence in a southwesterly direction, approximately 290 feet to a point, said point being the western corner of parcel 15; thence in a southeasterly direction, approximately 780 feet to a point, said point being the southern corner of parcel 15 in common with the western right-of-way of Lebanon Road; thence in a southwesterly direction, following the western right-of-way of Lebanon Road, approximately 780 feet to a point; thence in a southwesterly direction, approximately 570 feet to the point of BEGINNING, and being all of parcel 16, Tax Maps 106G, 106I, 106J, and 106O as shown on the March 2011 Sullivan County Tax Maps.

AND WHEREAS, the City of Kingsport deems it advisable to adopt a Plan of Services for the proposed annexation area. Now, therefore,

BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF KINGSPORT, TENNESSEE, AS FOLLOWS:

SECTION I. That a Plan of Services for the Kingsport South Annexation as bounded and described above is hereby adopted, subject to an enactment of an annexation ordinance for the annexation area, the said Plan of Services to be as follows:

Kingsport South Annexation
Plan of Services

1. **Police Protection**

   A. On the date of annexation the Kingsport Police Department will respond to all calls for service for police protection, including criminal calls, traffic accidents and traffic related occurrences, and other prevention and interdiction calls for service.

   B. Effective with annexation, all resources currently available within the Kingsport Police Department will become available to the citizens of the area. The Kingsport Police Department has an authorized accredited force of 116 police officers and approximately 60 civilian personnel to provide services 24-hours per day, 365 days a year.

   C. The Kingsport Police Department is accredited with the Commission on Accreditation for Law Enforcement Agencies and has met 358 mandatory and 72 other-than mandatory standards in order to attain this status. Kingsport Police Department was only the third accredited department in the State of Tennessee and the first in northeast Tennessee.

   D. Upon annexation, existing police department personnel will be utilized to provide services by expanding the contiguous patrol sections to include the newly incorporated area. Existing police personnel and equipment will be shifted to provide needed coverage of the area. Each section will be patrolled by units of the Kingsport Police Department and will be augmented by other departments and units such as investigators, specialized assigned details etc.

   E. When needed, the Kingsport Police Department will hire additional police officers to provide more response to annexed areas. The officers will undergo 450 hours of basic recruit training before being certified as a police officer. Upon completion of the classroom training, the officers will undergo 480 hours of field officer training where they will work and be trained by designated training officers.

   F. The Kingsport Police Department will provide upon request crime prevention programs, traffic safety education programs, drug education/awareness programs including D.A.R.E. to the citizens of the area. Additional programs include department personnel to address groups on law enforcement topics or concerns, home and business security checks and establishing and maintaining neighborhood watch programs.

   G. The Kingsport Police Department currently maintains an approximate 5 minute average response time to emergency and urgent calls within the corporate limits.

2. **Fire Protection**

A. On the operative date of annexation, the City of Kingsport will answer all calls for service for fire, disaster, hazardous materials, special rescue and medical first responder. The Kingsport Fire Department goes beyond the basic fire services required of a City Government.

B. The City of Kingsport Fire Department is an Internationally Accredited Agency, one of only three in the State of Tennessee. We operate 7 fire stations, housing fire suppression, hazardous materials, rescue and other emergency equipment. Staffed by 94 full-time professional firefighters, 24 hours a day, 365 days a year to provide service. The City of Kingsport maintains a Class 3 insurance rating saving its residents the most possible on their insurance rates. Our response time average is approximately 4 minutes, 15 seconds after we receive the call from our dispatch center.

C. Free fire safety inspections will be available upon request on the effective date of annexation. Water lines will be upgraded within five (5) years after the effective date of annexation to provide needed fire flow to protect the properties.

D. All structures must be brought into compliance with the City-wide smoke detector ordinance within thirty (30) days of the effective date of annexation. This is strictly to provide residents with the best fire protection service available.

E. The City of Kingsport Fire Department has a Hazardous Materials Response Team, which has state-of-the-art equipment to handle all calls of an emergency nature dealing with incidents relating to hazardous chemicals. The department also has a Technical Rescue Team that has specialized rescue capabilities and equipment for all types of hazards.

F. The City of Kingsport Fire Department provides First Responder emergency medical services to all life-threatening medical emergencies resulting from serious illness or injury. We provide advanced life support (paramedics) for victims until ambulance service arrives for transport.

3. <u>Water</u>

A. Water will be billed at in City rates rather than out of City rates, which will result in a reduction in water rates for annexed citizens already receiving City water. Those not currently receiving City water will be required to obtain a water-tap in order to obtain City water.

B. Water line upgrades and the installation of fire hydrants will commence for adequate fire protection and will be completed within five (5) years after the effective date of annexation.

C. The City of Kingsport Water Department operates and maintains a 28 MGD water filtration plant, 22 water storage tanks, 15 water booster station and over 750 miles of waterlines. The water treatment plant is staffed by state certified operators 24 hours a day, 365 days a year to provide safe drinking water to our customers.

D. The City of Kingsport Water Department meets or exceeds water quality standards set forth by the State of Tennessee and the United States Environmental Protection

Agency. The plant was the recipient of the 2005 Julian Fleming Award for Outstanding Water Treatment Plants.

E. The Kingsport Water Treatment Plant has a capacity of 28 MGD and an average daily demand of 15 MGD leaving a surplus capacity of approximately 18 MGD for increased demand.

F. The Water Distribution Division is managed with a professional staff who are members of key professional organizations such as: American Water Works Association, Tennessee Association of Utility Districts, National Society of Professional Engineers, American Society of Civil Engineers. Several key members of the staff also hold certificates and licenses in the operations of a distribution system in the State of Tennessee.

4. <u>Electricity</u>

Electric service in this area is currently under the jurisdiction of Johnson City Power Board and is currently available. Street lighting will be provided generally within five years of the City of Kingsport's request for such service.

5. <u>Sanitary Sewer</u>

A. City of Kingsport sanitary sewer will be installed and extended to the property within eight (8) years after the effective date of annexation. Citizens in the annexed territory will be responsible and required to obtain a sewer-tap from the City of Kingsport before connection to the sanitary sewer system.

B. Sanitary sewer fees are based on usage of water and are direct reflection of the amount of water used by the resident.

C. The City of Kingsport operates and maintains a 12.4 MGD wastewater treatment plant, 88 sewer lift stations and approximately 525 miles of sanitary sewer collection lines in to provide sewer service to our customers.

D. The City of Kingsport Wastewater Treatment Plant recently experienced over 21 million dollars of improvements to provide a reliable and dependable infrastructure.

E. The wastewater treatment plant is staffed with State Certified Operators 24 hours a day, 365 days a year. Treatment plant operators exceed State of Tennessee training requirements.

F. The Sewer Collection Division is managed with a professional staff who are members of key professional organizations such as: Water Environment Federation, Tennessee Association of Utility Districts, National Society of Professional Engineers, American Society of Civil Engineers. Several key members of the staff also hold certificates and licenses in the operations of a collection system in the State of Tennessee.

6. <u>Solid Waste Disposal</u>

Sanitation garbage (routine household refuse), trash (grass clippings, tree trimmings, bulky items), and recycling collection will be provided to the annexed area on the same basis as that received by properties located within the existing City Limits. Collection will begin within thirty (30) days following the effective date of annexation. Members of the collection crews receive ongoing training in their fields. The City of Kingsport also owns and operates a demolition landfill that residents can use for a fee. That landfill is supervised by a SWANA certified Manager of Landfill Operations. This supervisor also holds other certifications from SWANA and TDEC.

7. **Public Road/Street Construction & Repair**

A. Emergency and routine maintenance of streets and street signs, pavement markings and other traffic control devices will begin on the operative date of annexation. Emergency pothole repairs are generally made within 24 hours of notification. Crews are available on a 24 hour basis for major emergency call-outs.

B. Cleaning of streets of snow and ice clearing will begin on the operative date of annexation on the same basis as now provided within the present City limits. This includes major thoroughfares, State highways and emergency route to hospitals as first priority, with secondary/collector streets and finally residential streets in that order as priority II. Snow removal crews receive yearly training to help keep them up to date with changes in procedures and techniques. Snow removal crews also respond on a 24 hour emergency call in basis.

C. Streets affected by utility construction will be repaired as soon as possible after the utility construction is completed.

D. Routine Right of Way maintenance is also provided on the effective date of annexation. These crews include a certified Arborist, certified Pesticide Applicators, and other trained personnel to respond to emergencies and routine maintenance requests.

E. The Streets and Sanitation Division is managed and supervised by a professional staff who are members in good standing of several Professional Organizations such as the Tennessee Chapter of the American Public Works Association, the national chapter of the American Public Works Association, the Volunteer Chapter of the Solid Waste Association of North America, the national chapter of the Solid Waste Association of North America, the Tennessee Urban Forestry Council, the Tennessee Nursery and Landscape Association, National Arbor Day Association, Tennessee Vegetation Management Association, and the Keep Kingsport Beautiful Council. The staff receives ongoing training through these Professional Organizations. Members of the staff are active in their respective organizations. Members of the staff also serve as trainers and instructors for various training venues.

8. **Recreational Facilities**

A. Residents of the annexed area may use existing City recreational facilities, programs, parks, etc. on the effective date of annexation at City rates rather than out of City rates.

B. Residents of the annexed area may use all existing library facilities and will be exempt from the non-residential fee on the effective date of annexation.

C. Residents of the annexed area (50 years or older) will be eligible to use the Senior Citizens Center with no non-residential fees and with transportation provided on the effective date of annexation.

D. The Department of Parks and Recreation has more than 4,800 acres of city-owned land to provide parks and recreation programs to all our citizens. The amenities and programs offered by many of the parks and recreation areas through the Leisure Services Department include playing fields for baseball and softball, basketball courts, play grounds, volley ball, tennis courts, a skate park and concession areas and restrooms to serve these facilities. Other amenities offered include General meeting areas, multi-function areas, Community Centers, senior programs, Theater and Cultural Arts programs. Many of the parks have walking and hiking trails and Bays Mountain, the City's largest park, includes animal habitats, a farm area, camping sites, and a Planetarium.

9. Street Lighting

The City will request that Johnson City Power Board install additional streetlights on collector-class and lower streets in accordance with the policy on roadway lighting within five (5) years of the effective date of annexation. Lighting on minor and major arterials will be installed per prevailing city policy.

10. Zoning Services

A. The area will be zoned A-1 (Agricultural District).

B. The Kingsport Regional Planning Commission is the comprehensive planning agency and administers zoning and land subdivision regulations for the City of Kingsport as provided in State law. The Kingsport Regional Planning Commission consists of nine (9) commissioners appointed by the Mayor of the City of Kingsport.

C. The Kingsport Regional Planning Commission will exercise planning and zoning activities for the area being annexed upon the operative date of annexation.

D. Appeals to the Zoning regulations are heard by the Board of Zoning Appeals and variances are granted if the request meets the criteria established for granting variances under Tennessee Code Annotated.

11. Schools

A. Upon annexation, children currently attending County schools will be allowed to attend City of Kingsport schools or remain in County schools per the prevailing County policy at the time.

B. Tuition paid by non-city residents now attending City schools will cease upon the effective date of annexation and those students may continue to attend City schools without charge until graduation.

C. Children at all grade levels may attend City schools tuition-free. Transportation will be provided for students, whose homes are more than 1.5 miles from their designated school, beginning with the school year following annexation.

The previous sections are titled and listed in the order prescribed by Tennessee Code Annotated 6-51-102(b) (2). The following sections are provided by the City of Kingsport in addition to the minimum requirements.

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12. Traffic Control

The City will verify all street name signs and traffic control devices in accordance with the Manual on Uniform Traffic Control Devices.

13. Inspection Services

All inspection services now provided by the City on a fee basis (building, electrical, plumbing, gas, housing, sanitation, etc.) will begin in the annexed area on the effective date of annexation. A free safety inspection of plumbing vents will be required at the time sewer connections are made to make sure that proper protection is available to prevent sewer gas from entering houses.

14. Animal Control

Animal control service equivalent to that presently provided within the City will be extended to the annexed area on the effective date of annexation.

15. Storm Sewers

The installation of any needed storm sewers will be accomplished in accordance with existing standards and engineering principles provided for by present City policies. Maintenance of existing storm sewer and drainage systems is also provided on an as needed basis. Response to emergency storm drainage calls is also provided on a 24 hour call in basis.

16. Leaf Removal

The City will collect loose leaves with the vacuum truck between October 15 and January 15, and it will be provided to the annexation area on the same basis as it is currently provided to other City residents beginning on the effective date of annexation. Bagged leaves are collected year round. Leaves are transported to the City's Demolition Landfill where they are composted and used as an amendment to existing dirt stockpiles. This enhanced dirt is then used on City Projects for backfill and topsoil applications.

17. Litter Control

The City's litter control program will be extended to the area on the effective date of annexation. It is provided on a regular schedule along major routes and on an "as needed" basis throughout the City.

18. Graffiti Control

The City's graffiti control program, which is aimed at eliminating graffiti on public rights-of-way such as bridge abutments, street signs, railroad underpasses, and the like, will be extended to the area on the effective date of annexation. It is provided on an "as needed/on call" basis. Response time for "offensive" graffiti removal is generally within 48 hours.

19. Other Services

All other services not classified under the foregoing headings such as Executive, Judicial, Legal, Personnel, Risk Management, Fleet Maintenance, Finance and Administration and other support services will be available upon the effective date of annexation.

SECTION II. This Resolution shall be effective from and after its adoption, the public welfare requiring it.

ADOPTED this the 20th day of March 2012.

ATTEST:

DENNIS R. PHILLIPS, Mayor

JAMES H. DEMMING
City Recorder

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY, City Attorney

ANNEXATION REPORT
KINGSPORT SOUTH ANNEXATION
FILE: 12-301-00001

TO:	KINGSPORT REGIONAL PLANNING COMMISSION
FROM:	Ken Weems, Planner
DATE:	1 March 2012
APPLICANT:	City of Kingsport
REQUESTED ACTION:	Annexation and zoning to an A-1 (Agricultural District) of approximately 164 acres/12 parcels.
LOCATION:	The area proposed for annexation is located on the south side of Mitchell Road and at the terminus of Eastern Star Road.
EXISTING LAND USE:	Residential & Agricultural
PROPOSED USE:	Same

SURROUNDING ZONING DISTRICTS & LAND USES:

General: The annexation area is surrounded by County A-1 (Agricultural), County R-1 (Residential), City MX (Mixed Use), City M-1R (Industrial), and City A-1 (Agricultural) zones.

The annexation area is currently zoned County A-1 and R-1.

LAND USE PLAN: The Kingsport 2030 Land Use Plan addresses this area's use as appropriate for single family use.

UTILITIES: The annexation area is currently served by City of Kingsport Water service. Both water and sanitary sewer services require upgrades.

TRANSPORTATION:

Public streets in this annexation area consist of (approximate ft.):

Pickens Road (1,940)

POPULATION:

The annexation area currently contains approximately 21 residents.

OPTIONS: The Planning Commission's options are the following:

1. Send a favorable recommendation for annexation to the Board of Mayor and Alderman for the annexation, zoning, and plan of services for the Kingsport South annexation area.
2. Recommend disapproving the annexation areas, stating the reasons in writing.
3. Postpone action until additional information is presented.

STAFF RECOMMENDATION:

The Planning Division recommends option #1, the annexation of the parcels identified in this study to the Board of Mayor and Aldermen. The rationale for this recommendation is based on the following:

1. The City of Kingsport should utilize annexation as urban development occurs and is necessary for present and future growth in an orderly manner.

2. Annexation spurs economic growth by providing basic services at a reasonable cost and allows those costs to be spread fairly to all who enjoy those services.

3. The City of Kingsport can provide services through its Plan of Services that the County cannot provide to the residents of the area.

4. It is reasonably necessary for the welfare of the residents and property owners of the affected territory.

5. It is reasonably necessary for the welfare of the residents and property owners of the municipality as a whole.

Kingsport South Annexation Area

COST ESTIMATE/ tax records as of 1 March 2012

Revenues	One Time	Reoccuring (annual)	
Property Taxes	X	$5,832.00	
State Shared	X	$2,184.00	21 residents
Sewer Tap Fees	$17,550.00	$0.00	9 taps
Water & Sewer Rev (loss)	X	$2,250.00	
Stormwater revenue		$378.00	
Total	$17,550.00	$10,644.00	

Expenses	One Time	Reoccuring (annual)
Operating Budget		
Police & Fire Service	0.00	0.00
Street Lighting	15,000.00	1,662.00
Traffic Controls	750.00	388.00
Streets & Sanitation	0.00	4,054.00
Subtotal	15,750.00	6,104.00
Capital Budget		
Water	89,650.00	0.00
Sewer	360,800.00	0.00
Streets	6,841.00	0.00
Subtotal	457,291.00	0.00
Grand Total	$473,041.00	$6,104.00

A portion of the annexation area may realize residential development in the future. Specifically, the eastern portion of the annexation area, containing approximately 100 acres.

Kingsport South Annexation School
Maximum Possible Impact

Elementary	Middle	High
1	2	2

Average Property Owner Impact

average city tax based on 2009 tax assessments:	$648

---

average annual savings on water:	$250
average annual garbage savings based on $18 per month:	$216
total annual savings based on the above criteria :	$466
•Additional savings can often be found with property owner insurance discounts and itemized tax deductions (for City Property tax)	varies

Rationale

1. The City of Kingsport should utilize annexation as urban development occurs and is necessary for present and future growth in an orderly manner.

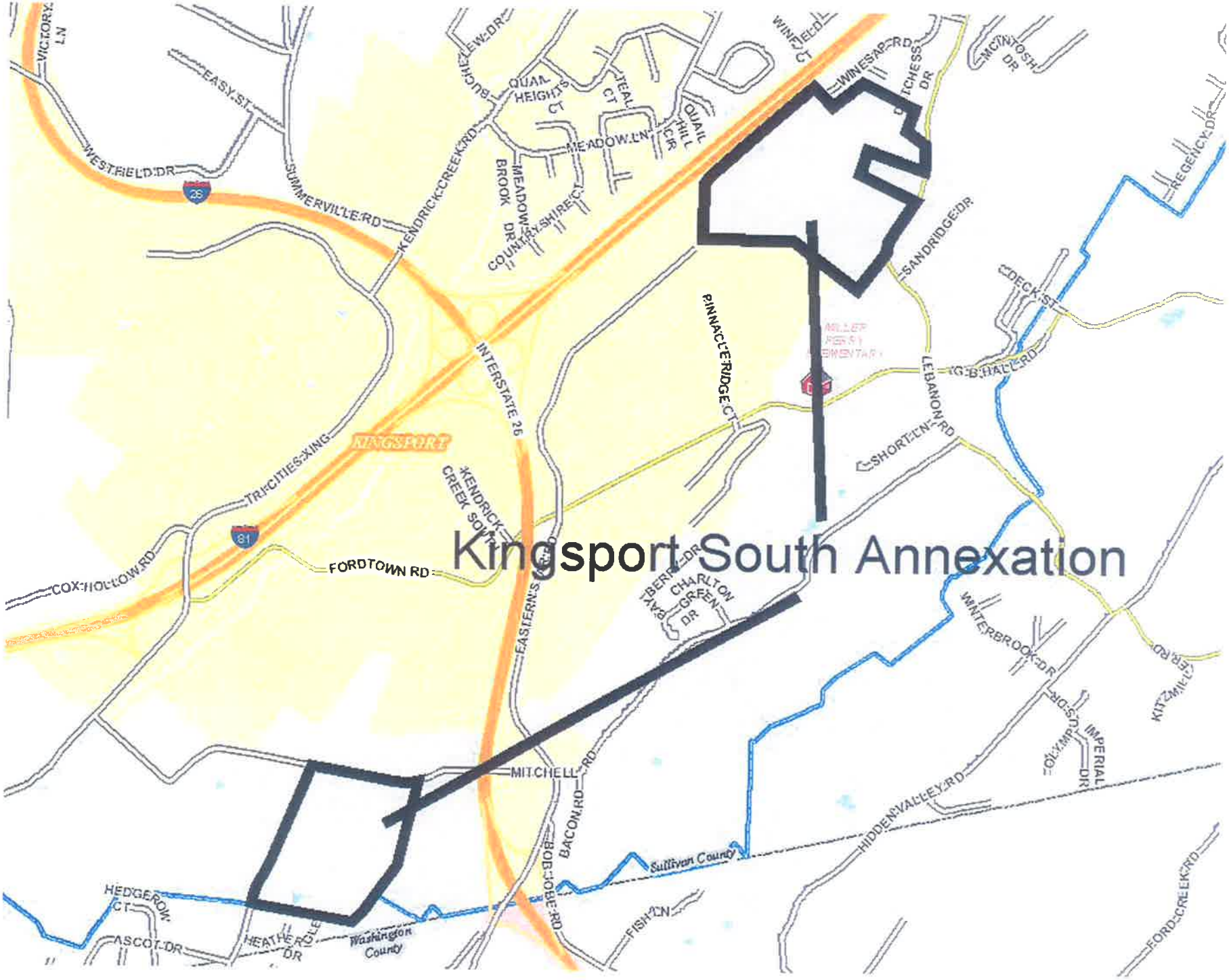
2. Annexation spurs economic growth by providing basic services at a reasonable cost and allows those costs to be spread fairly to all who enjoy those services.

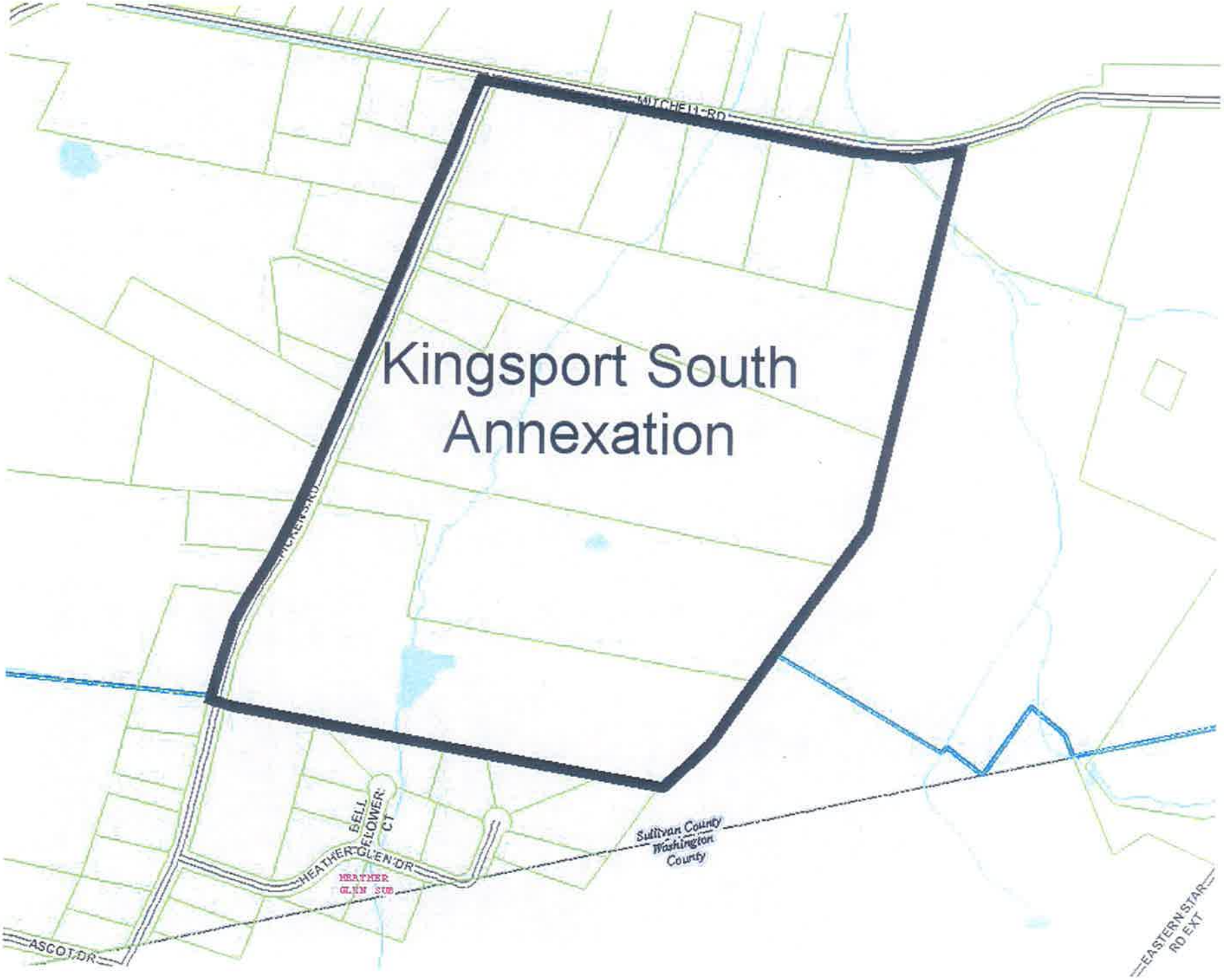
3. The City of Kingsport can provide services through its Plan of Services that the County cannot provide to the residents of the area.

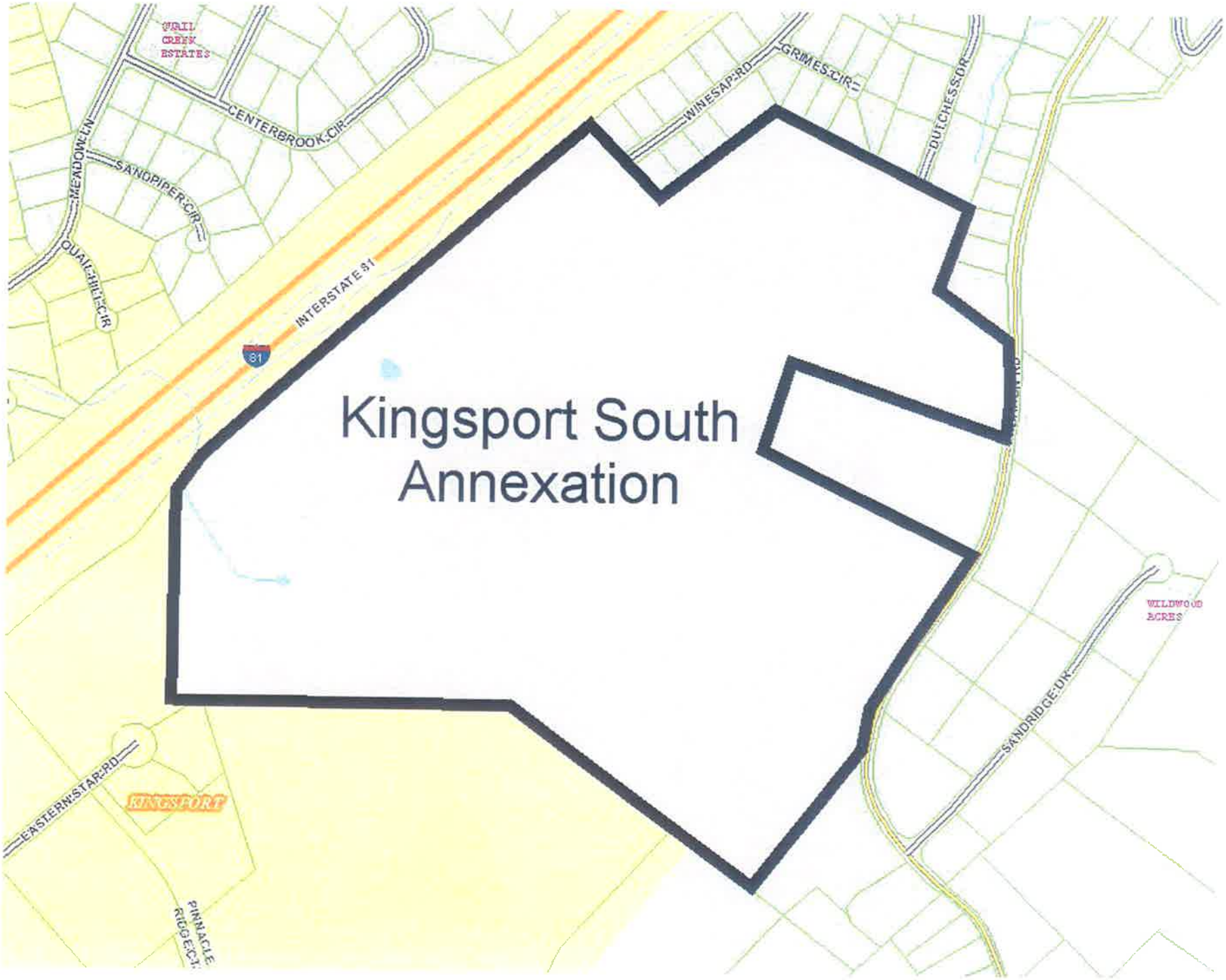
4. It is reasonably necessary for the welfare of the residents and property owners of the affected territory.

5. It is reasonably necessary for the welfare of the residents and property owners of the municipality as a whole.

Kingsport South Annexation

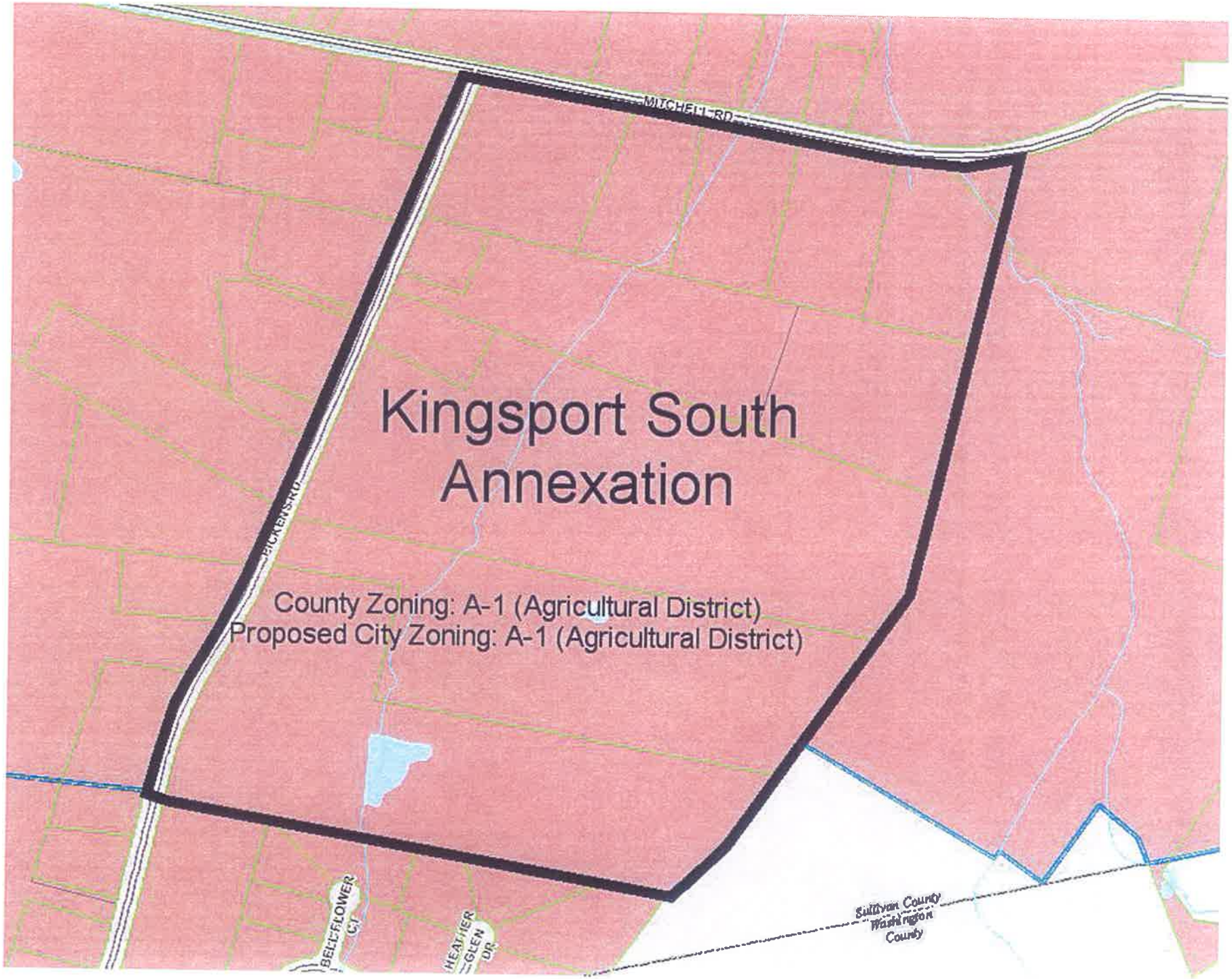


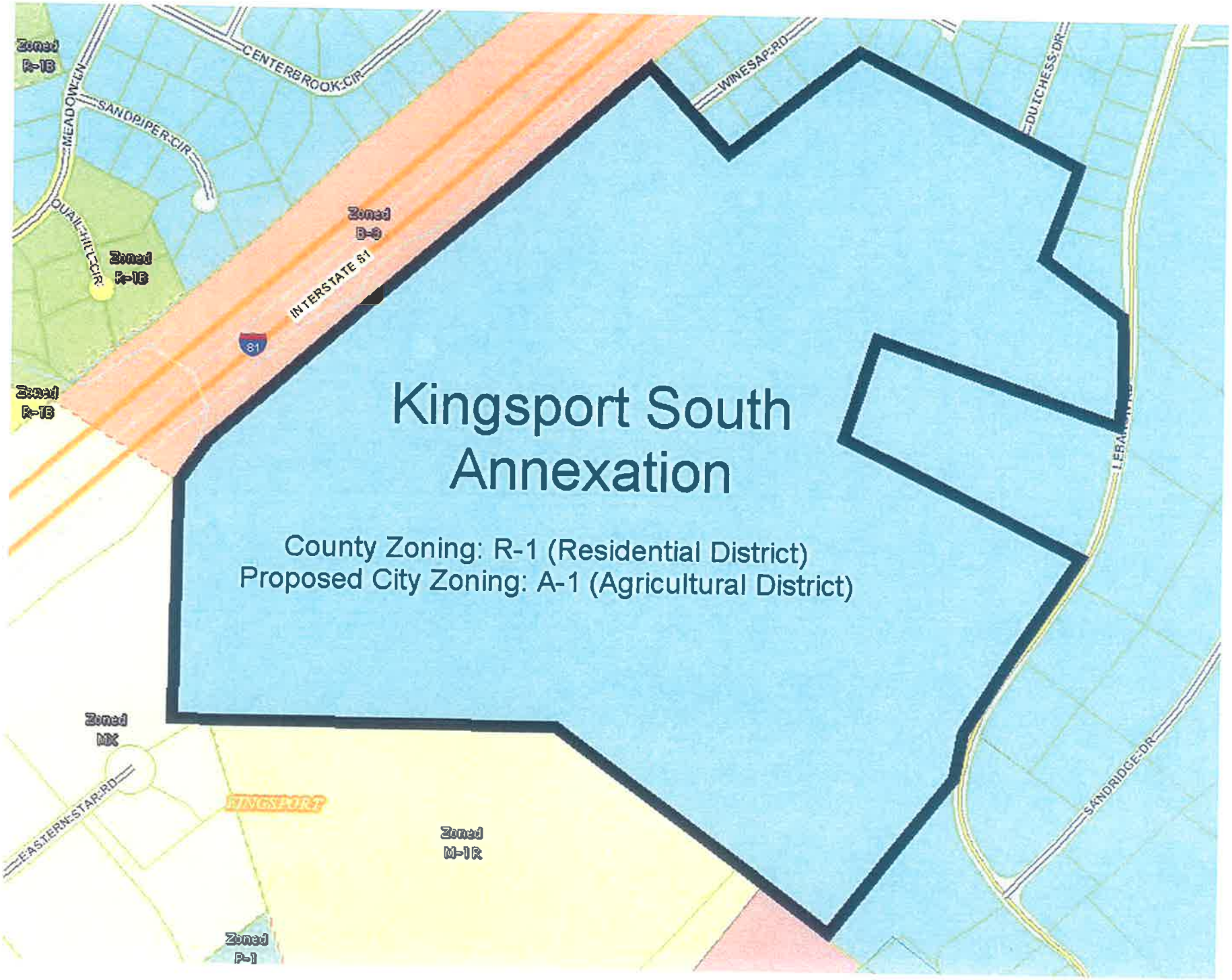

Kingsport South
Annexation
MITCHELL RD
MICKEY RD
BELL FLOWER CT
HEATHER GLEN DR
HEATHER GLEN SUB
ASCOT DR
Sullivan County
Washington County
EASTERN STAR RD EXT


Kingsport South
Annexation
TRAIL CREEK ESTATES
CENTERBROOK CIR
MEADOWLEN
SANDPIPER CIR
QUAIL HILL CIR
INTERSTATE 81
81
WINESAP RD
GRIMES CIR
DUTCHESS DR
WILDWOOD ACRES
SANDRIDGE DR
EASTERN STAR RD
KINGSPORT
PINNACLE RIDGE CT

MITCHELL RD
MITCHELL RD
Sullivan County
HICKEN RD
HEATHER GLEN DR
HEATHER GLEN DR
BELL FLOWER CT
HEATHER GLEN DR
Sullivan County
Washington County
Washington County

MEADOWLAN
CENTERBROOK CIR
CENTERBROOK CIR
SANDPIPER CIR
QUAIL HILL CIR
INTERSTATE 81
81
WINESAP RD
GRIMES CIR
DUTCHESS DR
Sullivan County
KINGSPORT
EASTERN STAR RD
SANDRIDGE DR
LEBANON RD


Kingsport South
Annexation
County Zoning: A-1 (Agricultural District)
Proposed City Zoning: A-1 (Agricultural District)
MITCHELL RD
BICKERS RD
BELLFLOWER CT
HEATHER GLEN DR
Sullivan County
Washington County


Kingsport South
Annexation
County Zoning: R-1 (Residential District)
Proposed City Zoning: A-1 (Agricultural District)
Zoned
R-1B
MEADOW LN
SANDPIPER CIR
CENTERBROOK CIR
WINESAP RD
DUTCHESS DR
QUAIL HILL CIR
Zoned
B-3
INTERSTATE 81
81
Zoned
R-1B
Zoned
R-1B
Zoned
MX
EASTERN STAR RD
KINGSPORT
Zoned
M-1R
Zoned
R-1
SANDRIDGE DR

Kingsport
TENNESSEE

AGENDA ACTION FORM

Consideration of a Resolution Exercising the Option to Award the Bid for the Purchase of one (1) 23 Passenger Urban Mass Transit Mini-Bus to National Bus Sales & Leasing, Inc.

To: Board of Mayor and Aldermen
From: John G. Campbell, City Manager

Action Form No.: AF-87-2012
Work Session: April 2, 2012
First Reading: N/A

Final Adoption: April 3, 2012
Staff Work By: Committee
Presentation By: C. McCartt

Recommendation: Approve the Resolution

Executive Summary: Bids were opened on June 15, 2011 for the purchase of three 23 Passenger Urban Mass Transit Mini-Buses for use by the Kingsport Area Transit Service. The bid was awarded to purchase those three buses on August 2, 2011 to National Bus Sales & Leasing, Inc.

The bid included an option to allow the City to purchase up to four additional vehicles within three years of the award of bid. Language was also included to allow for price adjustments for future purchases as long as the quoted price does not exceed the CPI (Consumer Price Index). It is the recommendation of the committee to exercise this option and purchase one Arboc Spirit of Mobility from National Bus Sales & Leasing, Inc. as follows:

	$142,854.00	Original Bid Unit Cost
Plus	$459.00	2012 GM Chassis Increase
Less	$1,725.00	Option for Thermo King Air Conditioning
	$141,588.00	Total Purchase Cost

Additional information from the committee, vendor and chassis manufacturer is included for your review. Lower dollar amount bids were received at the initial bid opening but were not recommended for award as outlined in the recommendation memo dated July 14, 2011 also included for your review.

Funding is identified in Project FTA008 account # 12359026029006 using ARRA Funds.

Attachments:
1. Resolution
2. Bid Opening Minutes
3. Recommendation Memos
4. Photo & Additional Information

Funding source appropriate and funds are available:_____

	Y	N	O
Clark			
Joh			
McIntire			
Segelhorst			
Parham			
Shupe			
Phillips			

RESOLUTION NO. _____

A RESOLUTION EXERCISING THE OPTION TO PURCHASE ONE 23 PASSENGER URBAN MASS TRANSIT MINI-BUS FROM NATIONAL BUS SALES & LEASING, INC. AND AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE ORDER FOR THE SAME

WHEREAS, bids were opened June 15, 2011 for the purchase of three (3) 23-passenger urban mass transit mini-buses for use by Kingsport Area Transit Service; and

WHEREAS, on August 2, 2011, the bid was awarded to National Bus Sales & Leasing, Inc. and included the option to purchase up to four additional vehicles within three years of the award of bid; and

WHEREAS, it is recommended to exercise this option and purchase one Arboc Spirit of Mobility 23-passenger urban mass transit mini-buses from National Bus Sales & Leasing, Inc, at a total purchase cost of $141,588.00; and

WHEREAS, funding is identified in Project FTA008 account # 12359026029006 using ARRA Funds.

Now therefore,

BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN AS FOLLOWS:

SECTION I. That the exercise of the option to purchase one additional 23-passenger urban mass transit mini-bus from National Bus Sales & Leasing, Inc., as permitted in the August 2, 2011 award of bid is approved.

SECTION II. That the purchase of one Arboc Spirit of Mobility, 23-passenger urban mass transit mini-bus for use by Kingsport Area Transit Service, in accordance with the option, from National Bus Sales & Leasing, Inc. at a total purchase cost of $141,588.00 and the city manager is authorized to execute a purchase order for same.

SECTION III. That this resolution shall take effect from and after its adoption, the public welfare requiring it.

ADOPTED this the 3rd day of April, 2012.

_____
DENNIS R. PHILLIPS, MAYOR

ATTEST:

_____
JAMES H. DEMMING, CITY RECORDER

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, CITY ATTORNEY

MINUTES
BID OPENING
June 15, 2011
4:00 P.M.

Present: Sandy Crawford, Procurement Manager; and Brent Morelock, Assistant Procurement Manager

The Bid Opening was held in the Council Room, City Hall.

The Procurement Manager opened with the following bids:

23 PASSENGER URBAN MASS TRANSIT MINI-BUSES						
Vendor:	Qty.:	Unit Cost:	Trade-In Allowance #1618:	Trade-In Allowance #1619:	Delivery Time:	Make/Model
Mid-South Bus	3	$120,950.00	$2,500.00	$2,500.00	150 Days	Ford Star Trans Senator
National Bus Sales	3	$142,854.00	$4,800.00	$4,800.00	125 Days	Arboc Spirit of Mobility Thermo King A/C Deduct $1,725.00 Michelin Tires Add $1,500.00
Bus Group Commercial Bus Sales	3	$115,935.00	$3,500.00	$3,500.00	210 Days	Glaval Titan II Low Floor

The submitted bids will be evaluated and a recommendation made at a later date.

Kingsport
TENNESSEE

FLEET MAINTENANCE DIVISION
City of Kingsport, Tennessee

Memo

To: Brent Morelock, Assistant Procurement Manager

From: Steve Hightower, Fleet Manager

Date: March 16, 2012

Re: Transit Bus Purchase Recommendation

The last Transit Department procurement for "23 passenger Urban Mass Transit Mini-buses" included an option to purchase additional units over a three year period while providing for fixed pricing adjustments over the same time period. The buses purchased on this award have performed as expected and have proven to be a satisfactory product. Since we have another bus requiring replacement, KATS would like to exercise their option and purchase a 23 passenger replacement bus. I am in agreement with this course of action and am further recommending that the replaced unit #1745 be disposed of through Kingsport's present approved channels.

Item	Quantity	Description	Award to Vendor	Fuel Economy
1	1	Low Floor Mini Bus	National Bus Sales	10 City/ 16 Hwy

Compliant Bidder

Trade In Unit(s)

Fuel Economy

Urban Mass Transit	Description	Mileage	MPG	Improvement
1745	2006 Ford/Goshen Minibus	131,095	8.48	17.9%

Should you have any questions on this recommendation, please do not hesitate to contact me.

Thank you.

MEMORANDUM

To: Sandy Crawford, Procurement Manager
Brent Morelock, Assistant Procurement Manager

From: Transit Bus Development/Review Committee:
Gary Taylor - Transit Manager
Jack Qualls - Transit Coordinator
Steve Hightower - Fleet Manager

Date: July 14, 2011

Subject: Recommendation for the Purchase of Cutaway Transit Bus

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The Transit Bus Development/Review Committee have reviewed the submitted Transit Bus bid documents and are recommending that National Bus Sales be awarded the bid for the purchase of three cutaway transit busses and accept the trade in offering.

Item	Quantity	Description	Award to Vendor	Fuel Economy
1	3	Low Floor Mini Bus	National Bus Sales	10 City/ 16 Hwy

Fuel Economy Improvement 0%

No fuel economy improvements noted because this is a similar replacement.

Origin of Manufacture and Purchase

1. New Unit Domestic Content and Origin of Manufacture:
   a. Bus Chassis - Wentzville, Missouri
   b. 65 % Domestic/ 35 % Foreign Materials
   c. Bus Body - Middlebury, Indiana
   d. 98 % Domestic/ 2 % Foreign Materials

2. New Unit Purchase Dealer:
   a. Bus Chassis/ Body - National Bus Sales - Marietta, Georgia

Recommendation Summary

The Committee developed an open set of transit bus specifications to promote bidder participation as well as meet the minimum needs and requirements of Transit Department's transportation obligations. Considerable attention was given to fleet standardization, function, component failure issues, and reduction of repair and maintenance costs of the new units during vehicle specification development. Justification for not recommending the lower bid offerings are as follows:

Bus Group Commercial Bus Sales took an exception to the minimum passenger capacity specifications that the Committee feels is critical in nature. The minimum capacity requirement of the requested bus specification is twenty three (23) passenger. The offering was a twenty one (21) passenger unit. As a result of this major exception, the Committee eliminated this lower bid as non compliant.

Mid South Bus has an attractive offering and took only one minor exception to the specification minimums. However, the Star-Trans Senator unit has two major design flaws. These flaws in engineering are considered to be of major importance to the long term durability and cost of ownership. Bus specifications require that the bus will lower and raise itself automatically during passenger pickup or drop off. This raise/lowering function allows for easier and safer entry and exit of passengers. This feature also requires major modifications to existing chassis suspension components of the automotive manufacturer's available product offerings. Chassis springs are replaced with air bags and sensors have to be permanently affixed to constantly monitor vehicle height.

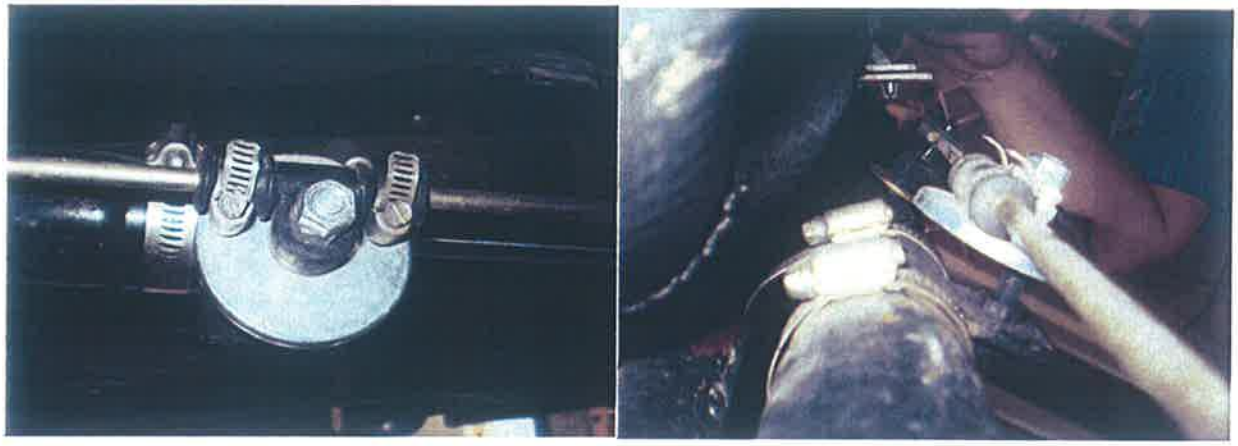
Star Trans Corporation has yet to resolve sensor attachment methods and uses ordinary hose clamps to mount their sensor system to the chassis components. The Committee is confident that this sensor mounting practice will have continual and frequent failures due to the light duty mounting method being used in a heavy duty application. Should these clamps break during use the vehicle will fail to raise to its needed travel height position and a wrecker would be required for transportation back to the repair shop.

Additionally, the Star Trans offering is on a Ford E series cutaway chassis. Since Ford Motor Company utilizes the twin I beam front suspension the front tires and axles will tilt heavily inward at the top causing severe camber angles when the bus is in the lowered position. Due to the extra length of time it takes the Star Trans Senator to raise to travel height over the National Bus Sale ARBOC, it is deemed that front inner tire wear would be unacceptable during route operation. These design weaknesses have been discussed with the Mid South Bus sales representative Andy Rubin. Mr. Rubin is aware of these issues and has forwarded our concerns to Star Trans engineers. In order to provide clarity to our statements, we have included comparative photographs of the sensor mounting system used by ARBOC Mobility and Star Trans. Also illustrated are the front tire angles when the ARBOC Mobility bus and the Star Trans Senator are in passenger loading/unloading mode.

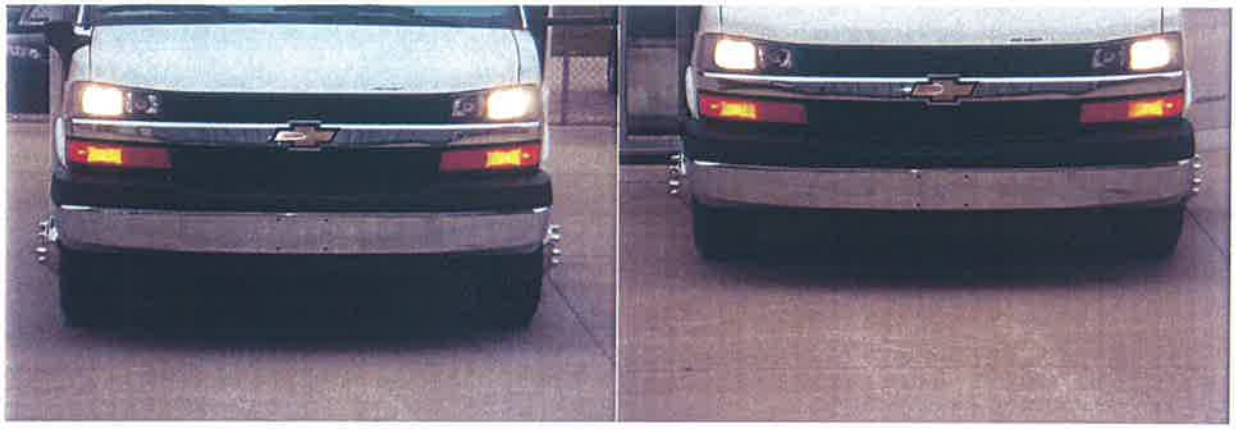
This photograph illustrates the Star Trans Senator E- Lo in the lowered position. The top of the front tires are clearly angled in towards the chassis frame. This will cause premature inner tire wear during use.

This is a photograph of the rear sensor unit mounting system on the demo Star Trans Unit.

The arrow is pointing towards the location where a mounting hose clamp was broken a missing. This was noted during the unit inspection during the Committee evaluation of the Star Trans lowering system.



These photographs (above) show the sensor hose clamp mounting system utilized on the front of the Star Trans E-Lo bus.



These photographs (above) illustrate the alignment of the National Bus Sales offering in the ARBOC Mobility unit.. The left photograph is the bus in the raised position and the right photograph is the bus in the lowered position. Notice in both pictures that the front tires remain in proper alignment in the raised or lowered positions. This operational design will prolong the life of the tires throughout the life of the bus.

Illustrations (above) of the rear axle sensor and suspension mounting system utilized by ARBOC Mobility bus. Sensors and chassis swing arms are affixed utilizing secure mounting bolts. The sensors also have adjustable sensor brackets to improve field serviceability.

If you have questions regarding this recommendation, please contact us at any time.

Thank you

National Bus Sales & Leasing, Inc

March 19, 2012

Purchasing Dept.
City of Kingsport
225 W. Center Street
Kingsport, TN 37660

Attn: Mr. Brent Morelock, Purchasing Manager

Ref: Current Price on 2011 ARBOC bus contract.

Dear Mr. Morelock,

With regard to your request on current pricing on the 23 passenger ARBOC bus as purchased in August of 2011 the pricing is as follows based on that 2011 contract:

Original contract pricing----------	$142,854.00 each
Less option for Thermoking Air Conditioning----------	(1,725.00) (ordered)
Less trade in on bus no. 1725----------	(6,800.00)
Plus 2012 Chevy chassis increase---------- per letter of March 12	459.00
Option of Michelin tire----------	1,500.00 (not ordered)

Please note that this was not totaled depending on the requirement of Air Conditioning, Michelin tire prices and trade in vehicle.

Should you need any additional information or further details please advis.

Sincerely,

Jim Sullivan
National Bus Sales

P.O. Box 6549, Marietta, GA 30065-0549, 800 Pickens Drive Ext., Marietta, GA 30062
(770) 422-8920, FAX (770) 422-9007 , Toll (800) 282-7981

National Bus Sales & Leasing, Inc

March 12, 2012

Purchasing Dept.
City of Kingsport
225 W. Center Street
Kingsport, TN 37660

Attn: Mr. Brent Morelock

Ref: Chassis increase for 2012

Dear Mr. Morelock,

In regards to the price being held for an additional ARBOC low floor bus per the contract of 2011, the converter will hold to the same price and all accessories and options. The chassis manufacture does not hold pricing from year to year and attached to this letter is documentation showing a net increase in a 2012 year chassis vs the existing 2011 , item for item, of $459.00. Neither chassis has the option FHS(which is E-85 fuel which is $170 net if desired for 2011.

I have enclosed the actual invoice for one of your last 3 ARBOCS recently delivered and an invoice from a "Pool" chassis to the correct specifications but not yet released through a dealer. The FA4 FLT-Competitive assistance program of $5150 would also apply to the 2012 but since it has not been finally invoiced the amount was deducted on the 2011 figure so that we have a direct comparison.

Final figures on like item chassis would be :
2012 chassis $28, 081.50
2011 chassis $27,622.50
with neither having the E-85 fuel option for a net increase for 2012 of $459.00.

I have also included a letter from the releasing dealer Hudiburg Auto Group that confirms this increase.

All other contract items are the same. The trade in value would differ for a different vehicle.

Thank you for your continued interest in our procuct.

Sincerely yours,

Jim Sullivan
National Bus Sales

P.O. Box 6549, Marietta, GA 30065-0549, 800 Pickens Drive Ext., Marietta, GA 30062
(770) 422-8920, FAX (770) 422-9007 , Toll (800) 282-7981

HUDIBURG AUTO GROUP

6000 Tinker Diagonal
Midwest City, OK 73110
405-737-6641, 800-999-4831
Fax 405-739-6701 or fleet@hudiburgfleet.com

03-12-2012

National Bus Sales
James Sullivan

Subject: Pricing of Arboc Chassis

Jim the price increase of the 2012 Arboc Chassis is $459.00 more than the 2011 chassis.

I have attached a 2011 and 2012 GM invoice.

On the 2011 add back the $5150 concession and on the 2012 dedcut the option FHS of $170. Doing this will make both invoices have the same equipment.

2011 $27,622.50
2012 $28,081.50
Increase of $459.00

Let me know if you have any other questions,

Dee Roberson
Hudiburg Auto Group
Commercial/Fleet Manager
800-999-4834 Ext. 278
405-740-9546 Mobile

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2011 EXPRESS 4500 159 IN WB CUTAWAY          GENERAL MOTORS LLC
50U  SUMMIT WHITE                    /V8G
93G  MEDIUM PEWTER                           RENAISSANCE CENTER
ORDER NO. PKHBR4/TSM      STOCK NO.          DETROIT      MI  48243-1114
VIN 1GB 6G5B G0 B1152181                     VEHICLE INVOICE 1AD61874672
*************************************************************13*051448
MODEL & FACTORY OPTIONS                MSRP    INV AMT  FLEET
CG33803 EXPRESS 4500 159 IN WB CU 28970.00   26073.00  INVOICE 07/14/11
AJ3 AIR BAG, DRIVER SIDE ONLY       155.00-    131.75- SHIPPED 03/31/11
ANC SHUTTLE BUS PACKAGE INCL:       845.00     718.25  EXP I/T 04/05/11
    *CHROME APPEARANCE PACKAGE                          INT COM 07/29/11
    *TILT/CRUISE CONVENIENCE PKG                        PRC EFF 01/01/10
    *SOFT MOUNT DONUTS                                  KEYS S134C S134C
    *AUX REAR HEAT PROVISIONS                           WFP-S QTR  OPT-1
    *STOP/TURN SIGNAL CIRCUITS                          FAN:   000913558
AS5 SEATS, CUSTOM CLOTH              25.00      21.25  BANK: ALLY - 005
CAP FLT-COMPETITIVE ASSISTANCE PRGM   0.00       0.00  CHG-TO    05-144
C7I 14,200 LB GVWR                    0.00       0.00  SHIP-TO   59-044
D31 INSIDE REARVIEW MIRROR           10.00       8.50  ALL AMERICAN SPEC
FA4 FLT-COMPETITIVE ASSISTANCE PGM    0.00    5150.00- MIDDLEBURY     IN
L96 ENGINE 6.0L VORTEC V8              N/C        N/C
MYD 6-SPEED AUTOMATIC TRANSMISSION    0.00       0.00  SHIP WT:  4886
NE7 FUEL TANK, 57 GALLON(APPROX)    165.00     140.25  HP:       51.2
QT4 16" WHEELS                         N/C        N/C  GVWR:    14200
R05 DUAL REAR WHEELS                   N/C        N/C  GAWR.FT:  4600
UA1 HEAVY DUTY BATTERY               60.00      51.00  GAWR.RR:  9600
U05 HORN, DUAL NOTE TONE             15.00      12.75  MRM:     30620.00
VQ2 FLEET ORDERING AND ASSISTANCE     0.00       0.00  NTR: 1
YF5 50-STATE EMISSIONS                 N/C        N/C  DAN:      JAN15
ZX1 SEAT, FRONT HIGH BACK BUCKET,   185.00-    157.25-
    DRIVER ONLY
2WT BASE EQUIPMENT GROUP - 2WT         N/C        N/C
40P 16" PAINTED WHITE WHEELS         30.00      25.50
9T7 RIGHT HAND DOOR DELETE          140.00-    119.00-
ALL AMERICAN SPECIALTY VEHICLES, LLC
GM HAS DESIGNED, MANUFACTURED, SOLD AND CERTIFIED TO
APPLICABLE FEDERAL MOTOR VEHICLE SAFETY STANDARDS THIS
VEHICLE AS A BUS, MULTIPURPOSE PASSENGER VEHICLE, OR
TRUCK, BUT NOT AS A SCHOOL BUS.
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— DEDUCT FOR COMPARISON

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TOTAL MODEL & OPTIONS              29640.00  21492.50  ACT 237 22472.50
DESTINATION CHARGE                   980.00    980.00
```

(5150 ÷ 1)
27622.50

```
TOTAL                              30620.00  22472.50  PAY 310 22472.50
*********************************************************************
INVOICE DOES NOT REFLECT DEALER'S ULTIMATE COST BECAUSE OF MANUFACTURER
REBATES, ALLOWANCES, INCENTIVES, HOLDBACK, FINANCE CREDIT AND RETURN TO
DEALER OF ADVERTISING MONIES, ALL OF WHICH MAY APPLY TO VEHICLE.
*********************************************************************
THIS MOTOR VEHICLE IS SUBJECT TO A SECURITY INTEREST HELD BY ALLY.

                                   REMIT TO ALLY NO. 005
HUDIBURG CHEVROLET INC             VIN 1GB6G5BG0B1152181
                                   $  22472.50 INV  1AD61874672
                                   DUE 07/29/11  DEALER  05-144
```

YEAR 2012

2012 EXPRESS 4500 159 IN WB CUTAWAY GENERAL MOTORS LLC
50U SUMMIT WHITE /V8G
93G MEDIUM PEWTER RENAISSANCE CENTER
ORDER NO. PVMROP/FNR STOCK NO. DETROIT MI 48243-1114
VIN 1GB 6G5B G4 C1108542 VEHICLE INVOICE 1AD65003575
**********13*05144S

MODEL & FACTORY OPTIONS	MSRP	INV AMT	FLEET
CG33803 EXPRESS 4500 159 IN WB CU	29480.00	26532.00	INVOICE 09/30/11
AJ3 AIR BAG, DRIVER SIDE ONLY	155.00-	131.75-	SHIPPED 09/30/11
ANC SHUTTLE BUS PACKAGE INCL:	845.00	718.25	EXP I/T 10/04/11
*CHROME APPEARANCE PACKAGE			INT COM 10/04/11
*TILT/CRUISE CONVENIENCE PKG			PRC EFF 08/17/11
*SOFT MOUNT DONUTS			KEYS S036H S036H
*AUX REAR HEAT PROVISIONS			WFP-S QTR OPT-1
*STOP/TURN SIGNAL CIRCUITS			FAN: 000806187
AS5 SEATS, CUSTOM CLOTH	25.00	21.25	BANK: ALLY - 005
C7I 14,200 LB GVWR	0.00	0.00	CHG-TO 05-144
D31 INSIDE REARVIEW MIRROR	10.00	8.50	SHIP-TO 59-044
FHS VEHICLE FUEL GASOLINE E85	200.00	170.00	~~ALL AMERICAN SPEC~~ DEDUCT FROM TOTAL
L96 ENGINE 6.0L VORTEC V8	N/C	N/C	MIDDLEBURY IN
MYD 6-SPEED AUTOMATIC TRANSMISSION	0.00	0.00	
NE7 FUEL TANK, 57 GALLON(APPROX)	165.00	140.25	SHIP WT: 4885
QT4 16" WHEELS	N/C	N/C	HP: 51.2
R05 DUAL REAR WHEELS	N/C	N/C	GVWR: 14200
UA1 HEAVY DUTY BATTERY	60.00	51.00	GAWR.FT: 4600
U05 HORN, DUAL NOTE TONE	15.00	12.75	GAWR.RR: 9600
VQ2 FLEET ORDERING AND ASSISTANCE	0.00	0.00	MRM: 31330.00
YF5 50-STATE EMISSIONS	N/C	N/C	NTR: 1
ZX1 SEAT, FRONT HIGH BACK BUCKET, DRIVER ONLY	185.00-	157.25-	DAN: COLGS
2WT BASE EQUIPMENT GROUP - 2WT	N/C	N/C	
40P 16" PAINTED WHITE WHEELS	30.00	25.50	
9T7 RIGHT HAND DOOR DELETE	140.00-	119.00-	

GM HAS DESIGNED, MANUFACTURED, SOLD AND CERTIFIED TO APPLICABLE FEDERAL MOTOR VEHICLE SAFETY STANDARDS THIS VEHICLE AS A BUS, MULTIPURPOSE PASSENGER VEHICLE, OR TRUCK, BUT NOT AS A SCHOOL BUS.

TOTAL MODEL & OPTIONS	30350.00	27271.50	ACT 237 28251.50
DESTINATION CHARGE	980.00	980.00	(170.00)
			28,257.50
TOTAL	31330.00	28251.50	PAY 310 28251.50

****
INVOICE DOES NOT REFLECT DEALER'S ULTIMATE COST BECAUSE OF MANUFACTURER REBATES, ALLOWANCES, INCENTIVES, HOLDBACK, FINANCE CREDIT AND RETURN TO DEALER OF ADVERTISING MONIES, ALL OF WHICH MAY APPLY TO VEHICLE.
****
THIS MOTOR VEHICLE IS SUBJECT TO A SECURITY INTEREST HELD BY ALLY.

HUDIBURG CHEVROLET INC

REMIT TO ALLY NO. 005
VIN 1GB6G5BG4C1108542
$ 28251.50 INV 1AD65003575
DUE 10/04/11 DEALER 05-144

U.S. Bureau of Labor Statistics

Databases, Tables & Calculators by Subject

CPI Inflation Calculator

CPI Inflation Calculator

$ 141,129.00

in 2011

Has the same buying power as:

$142,838.07

in 2012

Calculate

About this calculator

Mobile Browser? View full screen.

About the CPI Inflation Calculator

The CPI inflation calculator uses the average Consumer Price Index for a given calendar year. This data represents changes in prices of all goods and services purchased for consumption by urban households. This index value has been calculated every year since 1913. For the current year, the latest monthly index value is used.

U.S. Bureau of Labor Statistics | Postal Square Building, 2 Massachusetts Avenue, NE Washington, DC 20212-0001

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Kingsport
TENNESSEE

AGENDA ACTION FORM

Consideration of a Resolution Awarding the Bid for the Purchase of Chlorine to JCI Jones Chemical, Inc., Hydrofluorisilic Acid to Key Chemical, Inc., Coagulant to Gulbrandsen, Inc. & Zinc Orthophosphate to Carus Corporation

To: Board of Mayor and Aldermen
From: John G. Campbell, City Manager

Action Form No.: AF-85-2012
Work Session: April 2, 2012
First Reading: N/A

Final Adoption: April 3, 2012
Staff Work By: Committee
Presentation By: R. McReynolds

Recommendation: Approve the Resolution

Executive Summary: Bids were opened on April 21, 2010 for the purchase of various chemicals for use by the Filter Plant and Wastewater Treatment Plant. The City's Invitation to Bid included a renewal option clause which allows the city to renew the award for an additional 12 month period if costs are acceptable to both parties with BMA approval. It is the recommendation of the Water/WW Facilities Manager to extend the following chemical purchases for an additional 12 month period as follows:

Chlorine to JCI Jones Chemical, Inc. @ a cost of $.23 per pound or $460.00 per Ton. The estimated annual cost for chlorine is $50,000.00.

Hydrofluorisilic Acid to Key Chemical, Inc. @ a cost of $.2975 per pound. The estimated annual cost for Hydrofluorisilic Acid is $50,000.00.

Coagulant to Gulbrandsen Mfg. Inc., @ a cost of $.345 per pound for 45,000 pounds delivered or $.381 per pound for 20,000 pounds delivered. The estimated annual cost for coagulant is $90,000.00.

Zinc Orthophosphate to Carus Corp. @ a cost of $.46 per pound. The estimated annual cost for Zinc Orthophosphate is $36,000.00.

The time frame for these renewals is May 1, 2012 through April 30, 2013.

Funding is identified in water and sewer fund operating expense accounts.

Attachments:
1. Resolution
2. Bid Opening Minutes
3. Recommendation Memo & Renewal Letters

Funding source appropriate and funds are available:_____

	Y	N	O
Clark			
Joh			
McIntire			
Segelhorst			
Parham			
Shupe			
Phillips			

RESOLUTION NO. _____

A RESOLUTION RENEWING THE AWARD OF BID FOR PURCHASE OF CHLORINE TO JCI JONES CHEMICAL, INC., FOR HYDROFLOURISILIC ACID TO KEY CHEMICAL, INC., COAGULANT TO GULBRANDSEN MANUFACTURING, INC. AND ZINC ORTHOPHOSPHATE TO CARUS CORPORATION AND AUTHORIZING THE CITY MANAGER TO EXECUTE PURCHASE ORDERS FOR THE SAME

WHEREAS, on April 12, 2010, bids were opened for the purchase of various chemicals for use by the Filter Plant and Wastewater Treatment Plant and on May 18, 2010, the board approved the award of bid; and

WHEREAS, the invitation to bid included a renewal option clause which allows the city to renew the award for an additional twelve month period with approval from the board; and

WHEREAS, it is recommended to renew the purchase order for chlorine to JCI Jones Chemical, Inc. at a cost of $.23 per pound or $460.00 per ton, with an estimated annual cost for of $50,000.00; and

WHEREAS, it is recommended to renew the purchase order for hydrofluorisilic acid to Key Chemical, Inc. at a cost of $.2975 per pound, with an estimated annual cost of $50,000.00; and

WHEREAS, it is recommended to renew the purchase order for coagulant to Gulbrandsen Manufacturing Inc., at a cost of $.345 per pound for 45,000 pounds delivered or $.381 per pound for 20,000 pounds delivered, with an estimated annual cost of $90,000.00; and

WHEREAS, it is recommended to renew the purchase order for zinc orthophosphate to Carus Corporation at a cost of $.46 per pound, with an estimated annual cost of $36,000.00; and

WHEREAS, funding is identified in water and sewer fund operating expense accounts;

Now therefore,

BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN AS FOLLOWS:

SECTION I. That the bids awarded by the board on May 18, 2010, for purchase of chemicals for use at the Filter Plant and Wastewater Treatment Plant are renewed for the period of May 1, 2012 through April 30, 2013 and that the bid for chlorine is awarded to JCI Jones Chemical, Inc. at a cost of $.23 per pound or $461.00 per ton, with an estimated annual cost for of $50,000.00; that the bid for hydrofluorisilic acid is awarded to Key Chemical, Inc. at a cost of $.2975 per pound, with an estimated annual cost of $50,000.00; that the bid for coagulant is awarded to Gulbrandsen Manufacturing Inc., at a cost of $.345 per pound for 45,000 pounds delivered or $.381 per pound for 20,000 pounds delivered, with an estimated annual cost of $90,000.00; and that the bid for zinc orthophosphate is awarded to Carus Corporation at a cost of $.46 per pound, with an estimated annual cost of $36,000.00; and the city manager is authorized to execute purchase orders for same.

SECTION II. That this resolution shall take effect from and after its adoption, the public welfare requiring it.

ADOPTED this the 3rd day of April, 2012.

_____
DENNIS R. PHILLIPS, MAYOR

ATTEST:

_____
JAMES H. DEMMING, CITY RECORDER

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, CITY ATTORNEY

MI. ıES
BID OPENING
April 21, 2010
4:00 P.M.

Present: Sandy Crawford, Procurement Manager; and Brent Morelock, Assistant Procurement Manager.

The Bid Opening was held in the Council Room, City Hall.

The Procurement Manager opened with the following bids:

WATER AND WASTEWATER CHEMICALS											
Vendor:	Liquid Chlorine:	Zinc Orthophosphate:	Hydrofluorsilicic Acid:	Sulfur Dioxide:	Brenfloc:		Gulbrandsen 6801:		Kemira Pax:		Comments:
Polydyne, Inc.	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Did not use revised Bid Sheet – Polymer was removed per Addendum #1.
DPC Enterprises	.222	N/A	.3605	.4567	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Key Chemical	N/A	N/A	.2975	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
F2 Industries	N/A	.464	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Brenntag Midsouth	$498.00/ Ton Delivered	.51	.368	.53	.358	.338	N/A	N/A	N/A	N/A	N/A
Clear Water Consultants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Did not use revised Bid Sheet – Polymer was removed per Addendum #1.
Sal Chemical	N/A	.591	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Atlantic Coast Polymers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Did not use revised Bid Sheet – Polymer was removed per Addendum #1.
Southwest Engineers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Did not use revised Bid Sheet – Polymer was removed per Addendum #1.
Sterling Water Tech.	N/A	.443	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Shannon Chemical	N/A	.417	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Old Bridge Chemicals	N/A	.4875	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
LCI, LTD	N/	N/A	.334	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gulbrandsen Technologies	N/A	N/A	N/A	N/A	N/A	N/A	.363	.329	N/A	N/A	N/A
Dycho Co., Inc.	.385	N/A	N/A	.80	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Carus Corp.	N/A	.3850	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Kemira Water Solutions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	.415	.348	Markovers present and initialed.
Armstrong Water Tech.	N/A	.5795	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
JCI Jones Chemicals	.2155	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

The submitted bids will be evaluated and a recommendation made at a later date.

Memo

To: Brent Morelock, Assistant Procurement Manager

From: Niki Ensor, W/WW Facilities Manager

Date: March 12, 2012

Re: 2012 Chemical Pricing

It is the recommendation of the water treatment plant staff to renew the City's contract with JCI for chlorine; Carus for zinc orthophosphate; Gulbrandsen Inc for the 6801 coagulant; and Key Chemical for hydrofluosilic acid.

Chlorine

Chlorine is used for disinfection at the water treatment plant. Staff recommends extending chlorine bid to JCI Jones Chemical at $0.23 per pound. This is 6% increase over previous year's cost ($0.215 / lb). This will be an annual increase of approximately $2500 over last year. Documentation received from JCI sites an increase in raw materials as reason for the price adjustment.

Zinc Orthophosphate

Zinc Orthophosphate is a corrosion inhibitor essential to maintaining water quality in the distribution system. The Tennessee Department of Environment and Conservation requires community water systems to maintain approved corrosion control program. Staff recommends extending bid to Carus Corporation at $0.46 per pound. This is a 16% increase over previous year's cost ($0.385 / lb). This will be an annual increase of approximately $6400 over last year. Increase is due to rise in raw material costs.

Coagulant

Gulbrandsen 6801 – Water treatment plant staff recommends extending coagulant bid to Gulbrandsen at $0.345/lb for 45,000 pounds delivered or $0.381/lb for 20,000 pounds delivered. Gulbransen has been our coagulant provider for at least the last 12 years and we have been very pleased with their product and service.

LCI

Hydrofluorosilic Acid (Fluoride) – The Kingsport water treatment plant has an approved fluoridation program per the Tennessee Department of Environment and Conservation. Staff recommends extending chemical bid to Key Chemical at $0.2975 per pound. There is no increase over previous year's cost.

February 27, 2012

City of Kingsport
225 W Center Street
Kingsport, TN 37660

Attn: Brent Morelock

Re: Contract for Hydrofluosilicic Acid (HFS)

Dear Mr. Morelock,

Key Chemical, Inc. would like to extend the offer of $0.2975/Lb (based on 23%) for the HFS Acid we currently provide the City of Kingsport, Tn.

Key Chemical, Inc will honor the price contract for the period of May 1st, 2012 through April 30, 2013.

We appreciate your business and look forward to being your provider for the next fiscal year.

Barbara Luffman
General Manager

Barbara Luffman

Key Chemical, Inc

9503 Dovewood Place
Waxhaw, NC 28173

Quality • Service • Commitment

Phone (704) 843-9873
Fax (704) 973-9281

Gulbrandsen

Gulbrandsen Technologies Inc.
2 Main Street ▪ P.O. Box 5523
Clinton, NJ 08809
☎ 908.735.5458
FAX 908.735.6971
WEB www.gulbrandsen.com

February 27, 2012

Mr. Brent Morelock
Assistant Procurement Manager
City of Kingsport
Kingsport, TN

Sent via E-mail: brentmorelock@kingsporttn.gov

Subject: Re: Contract Extension for the purchase of GPAC 6801

Dear Mr. Morelock;

Thank you for your time on phone call. As discussed we would like accept your offer of extending the Gulbrandsen PAC 6801 contract for another year at the existing price.

The pricing will remain unchanged i.e.:

- Product: **Gulbrandsen 6801**
  Packaging: Bulk (45,000 lbs/ delivery)
  Annual Qty: 250,000 pounds **$0.345 per pound**
  Delivery Location: Kingsport, TN
  Contract Period: May 01 2012 to April 30, 2013.

- Product: **Gulbrandsen 6801**
  Packaging: Bulk (20,000 lbs/ delivery)
  Annual Qty: 250,000 pounds **$0.381 per pound**
  Delivery Location: Kingsport, TN
  Contract Period: May 01 2012 to April 30, 2013.

We will look forward to an acceptance acknowledgement for our records.

Please feel free to contact me if you have any questions. We appreciate your business & look forward to continuing to serve the needs of City of Kingsport, TN.

Regards,

Dipen Bhatia
Account Representative
Gulbrandsen Technologies Inc.
Phone: 803-531-2413 ext 4004
Efax: 302-340-1377
Email: dbhatia@gulbrandsen.com

Pursue Innovation
Produce Excellence

February 23, 2012

Mr. Brent Morelock
City of Kingsport, TN
225 West Center Street
Kingsport, TN 37660

Dear Mr. Morelock;

Thank you for your continued business and support. We are pleased to have the opportunity of offering pricing for renewing your contract for another year.

Due to the increase in the cost of raw materials, we find it necessary to make an adjustment in our pricing for the next year. Our new pricing will be as follows:

Ton containers of Chlorine	$460.00 each
150# Cylinders of Chlorine	$79.00 each.

These are delivered prices with no additional fuel surcharge. All other conditions will remain the same.

The new prices will be effective from May 1, 2012 through April 30, 2013. Hopefully you will find this modest increase acceptable and choose to renew our contract.

If you have any further questions or concerns, please give us a call. We look forward to your favorable response.

Sincerely,

Steve Lewis
JCI Jones Chemicals, Inc.
Charlotte, NC
704-392-9767
slewis@jcichem.com

CARUS®

February 28, 2012

City of Kingsport
2436 Sherwood Road
Kingsport, TN 37660

RE: CARUS 3280 – Bulk deliveries

Dear Brent;

At Carus Corporation, we appreciate the opportunity to provide high quality products along with excellent technical support and at a competitive price to the drinking water industry.

Due to the change in market prices of raw materials and the freight rates over the past year, we seek to adjust our prices of CARUS 3280 zinc orthophosphate from $ .385/lb. to $ .46/lb. I've attached a report from the Bureau of Labor Statistics showing the increase in the Producer Price Index for Basic Inorganic Chemicals. In addition, attached are copies of our main raw material supplier's price increase announcements since we last bid this product. If you are in agreement to this, the new price will go into effect March 15, 2012.

We appreciate our relationship and your commitment to Carus Corporation. We look forward to working with you for years to come. Please do not hesitate to contact me with any questions or concerns regarding Carus products or services.

Sincerely,

CARUS CORPORATION

Sharon Friedl

Sharon Friedl
Director of Sales, Americas
Carus Water Technologies

Carus Corporation
315 Fifth Street
PO Box 599
Peru, IL 61354-0599
Tel (815) 223-1500
Fax (815) 224-6697

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Data extracted on: February 28, 2012 (1:42:30 PM)

Producer Price Index-Commodities

```
Series Id:   WPU0613
Not Seasonally Adjusted
Group:       Chemicals and allied products
Item:        Basic inorganic chemicals
Base Date:   198200
```

Download: .xls

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2002	115.9	115.4	115.2	114.8	113.8	115.1	115.2	116.2	116.6	116.6	117.8	118.1	115.9
2003	118.5	119.4	119.5	120.1	120.8	121.5	122.5	122.2	122.5	123.2	122.0	121.5	121.1
2004	121.8	123.0	123.1	123.5	123.3	123.8	124.2	126.8	127.7	128.1	130.0	130.4	125.5
2005	133.7	134.5	135.2	136.4	137.5	139.7	140.9	141.4	145.2	149.1	150.1	153.5	141.4
2006	165.0	169.4	169.9	169.6	171.2	176.5	176.0	175.1	178.2	179.0	177.1	178.6	173.8
2007	179.4	176.6	178.3	179.6	181.6	186.4	188.3	188.2	189.5	193.3	193.6	197.1	186.0
2008	203.8	208.0	228.1	235.5	255.6	261.2	268.7	287.7	299.2	304.6	290.4	293.9	261.4
2009	294.9	299.7	297.0	285.8	280.5	276.1	275.6	251.6	251.9	249.8	249.8	249.6	271.9
2010	245.5	244.7	246.8	250.3	250.0	249.2	246.0	251.0	254.7	254.9	269.3	275.7	253.2
2011	280.2	292.8	290.2	296.7	302.8	304.5	307.2	311.0	308.1	304.4(P)	305.6(P)	304.8(P)	300.7(P)
2012	338.5(P)												

P : Preliminary. All indexes are subject to revision four months after original publication.

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ICL Performance
Products LP

April 7, 2011

Important Notice of Price Adjustment

For orders placed or shipped as of May 15th, 2011, or as contract terms permit, ICL PPLP is increasing off-list prices for all grades of Food and Technical Grade Phosphate Salts and 75% Phosphoric Acid by $5/cwt. For all grades of phosphoric acid in excess of 75% the incremental price increase will be $.05/cwt for each 1% increase in concentration (i.e. 80% phosphoric acid increase will be $5.25/cwt).

This price adjustment is necessary to offset increased raw material costs primarily driven by global fertilizer dynamics.

ICL, the leading global producer of high quality phosphoric acid and specialty phosphates, remains committed to providing our customers with industry-leading, innovative solutions to phosphate and phosphoric acid applications. We greatly value and thank you for your business. Please contact your ICL PPLP Account Manager if you have any questions.

Sincerely,

Angela Schewe
Business Director – Industrial Phosphates
ICL Performance Products LP

Cindy Brewer
Business Director – Food Phosphates
ICL Performance Products LP

April 15, 2011

Dear Valued Prayon Customer:

For all orders shipped on or after May 15, 2011, or as contract terms permit, Prayon, Inc. will increase prices on all phosphoric acid products by $5.00/cwt. Pricing on sodium and potassium products will be increased by $5.00/cwt and calcium products will be increased by $6.00/cwt . Solution product pricing will be adjusted in line with the solids content of the product. Previously confirmed orders are exempt from the increase.

This increase is necessary to offset increases in raw material costs and other supply and demand issues. In addition, it will be necessary to limit price protection on all new contracts and agreements.

Prayon reserves the right to limit customer orders shipped prior to the effective date to no more than historical and/or contract volume rates. All other terms and conditions of sale remain unchanged.

Thank you for your continued commitment to Prayon's products and services. Please contact your local Prayon Inc. Sales Manager if you have any questions.

Sincerely,

PRAYON INC.

Allen Sexton
Vice-President, Sales and Marketing

Prayon Inc.
1610 Marvin Griffin Rd.
Augusta, GA 30906
T: 706 798 4346

Innophos

Innophos, Inc.
259 Prospect Plains Road
P.O. Box 8000 • Cranbury, NJ 08512-8000
Telephone: (609) 495-2495

April 28, 2011

Dear Valued Customer,

Effective June 1, 2011, or as contract terms permit, Innophos, Inc. will increase all off-list prices of its Phosphoric Acid and Phosphate Salts Products by $0.05/lb except for Polyphosphoric Acid, INNOVALT™ and Dicalcium and Tricalcium Phosphates which will increase by $0.07/lb. This increase will apply to all orders shipped on or after June 1, 2011 regardless of the actual date the order was placed.

The phosphate industry continues to experience significant cost escalation due in large part to key inputs such as phosphate rock and sulfur. These costs are driven primarily by fertilizer demand and grain prices which have strengthened in recent months. In addition to cost, the value-in-use and specific functionality associated with the different Specialty Phosphates have always played a key role in the price determination.

Innophos values the business you place with us and remains focused on delivering value to you, the customer, across our entire phosphate portfolio. Innophos is committed to remain your supplier of choice for all your phosphate requirements and continue to operate in accordance with our core values of *Integrity, Safety, Respect* and *Ethics*. If you have any questions, please do not hesitate to contact your regional Innophos Sales Executive or our Customer Service at 1-800-243-5052.

Thank you for your business and allowing us to provide your phosphate requirements.

Regards,

Joseph W. Golowski
Vice President
Specialty Phosphates Business
Innophos, Inc.

Innophos

Innophos, Inc.
259 Prospect Plains Road
P.O. Box 8000 ◆ Cranbury, NJ 08512-8000
Telephone: (609) 495-2495

July 22, 2011

Dear Valued Customer,

Effective August 15, 2011, or as contract terms permit, Innophos, Inc. will increase all List and Off-List prices of its Phosphoric Acid and Phosphate Salts Products by $0.06/lb - $0.08/lb depending on the specific product line. Please reference the List Price attachment for the specific increase for each of the products. This increase will apply to all orders shipped on or after August 15, 2011 regardless of the actual date the order was placed.

Significant increases to raw materials such as phosphate rock, MGA and sulfur continue to impact the global specialty phosphate industry. These increases are a result of the related increases in the worldwide fertilizer and commodity markets which drive the overall costs of all phosphates. Some specialty phosphates are also seeing a significant increase in demand driven by the value they deliver in the application furthering the impact on price.

Innophos values the business you place with us and remains focused on delivering value to you, the customer, across our entire phosphate portfolio. Innophos is committed to remain your supplier of choice for all your phosphate requirements and continue to operate in accordance with our core values of *Integrity, Safety, Respect* and *Ethics*. If you have any questions, please do not hesitate to contact your regional Innophos Sales Executive or our Customer Service at 1-800-243-5052.

Thank you for your business and allowing us to provide your phosphate requirements.

Regards,

Joseph W. Golowski
Vice President
Specialty Phosphates Business
Innophos, Inc.

ICL Performance
Products LP

August 5, 2011

Important Notice of Price Adjustment

Dear Valued Customer:

For orders placed or shipped as of September 1, 2011, or as contract terms permit, ICL PPLP is increasing list and off-list prices for all grades of Food and Technical Grade Phosphate Salts by $6/cwt - $8/cwt. Additionally list and off-list prices for all concentrations of Polyphosphoric acid will increase by $8/cwt. All grades of orthophosphoric acid will increase by $6/cwt; and at this point ICL Performance Products LP is suspending list pricing for orthophosphoric acids.

This price adjustment is necessary to offset increased raw material costs primarily driven by global fertilizer dynamics.

ICL, the leading global producer of high quality phosphoric acid and specialty phosphates, remains committed to providing our customers with industry-leading, innovative solutions to phosphate and phosphoric acid applications. We greatly value and thank you for your business. Please contact your ICL PPLP Account Manager if you have any questions.

Sincerely,

Angela Schewe
Business Director – Industrial Phosphates
ICL Performance Products LP

Cindy Brewer
Business Director – Food Phosphates
ICL Performance Products LP

Kingsport
TENNESSEE

AGENDA ACTION FORM

Consideration of a Resolution Awarding the Bid for the Purchase of one (1) Diesel Powered Single Axle Trash Type Dump Truck to Goodpasture Motor Company, Inc.

To: Board of Mayor and Aldermen
From: John G. Campbell, City Manager

Action Form No.: AF-92-2012
Work Session: April 2, 2012
First Reading: N/A

Final Adoption: April 3, 2012
Staff Work By: Committee
Presentation By: R. McReynolds, S. Hightower

Recommendation: Approve the Resolution

Executive Summary: Bids were opened on March 6, 2012 for the purchase of one (1) Diesel Powered Single Axle Trash Type Dump Truck for use by Public Works Grounds Maintenance. It is the recommendation of the committee to accept the low bid from Goodpasture Motor Company, Inc. for one (1) 2013 International 4300 M7SBA w/ Reynolds Body as follows:

	$75,000.00	Unit Cost
	$6,500.00	Option A (Snow Plow)
	$659.00	Option B (Air conditioning)
Less	$7,000.00	Trade-In Allowance Vehicle # 1244
	$75,159.00	Total Purchase Cost

The bid received from Goodpasture Motor Company, Inc. is the lowest, responsible, compliant bid meeting specifications for the particular grade or class of material, work or service desired in the best interest and advantage to the City.

Funding is identified in account # 51150085019010.

Attachments:
1. Resolution
2. Bid Opening Minutes
3. Recommendation Memos
4. Photo

Funding source appropriate and funds are available:_____

	Y	N	O
Joh	—	—	—
Clark	—	—	—
McIntire	—	—	—
Segelhorst	—	—	—
Parham	—	—	—
Shupe	—	—	—
Phillips	—	—	—

RESOLUTION NO. _____

A RESOLUTION AWARDING THE BID FOR THE PURCHASE OF ONE DIESEL POWERED SINGLE AXLE TRASH TYPE TRUCK TO GOODPASTURE MOTOR COMPANY, INC. AND AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE ORDER FOR THE SAME

WHEREAS, bids were opened March 6, 2012 for the purchase of one diesel powered single axle trash type dump truck for use by Public Works Ground Maintenance; and

WHEREAS, upon review of the bids, the board finds Goodpasture Motor Company, Inc. is the lowest responsible compliant bidder meeting specifications for the particular grade or class of material, work or service desired and is in the best interest and advantage to the city, and the City of Kingsport desires to purchase one 2013 International 4300 M7SBA diesel powered single axle trash type dump truck with Reynolds body from Goodpasture Motor Company, Inc., at a total purchase cost of $75,159.00; and

WHEREAS, funding is identified in account number 51150085019010.
Now therefore,

BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN AS FOLLOWS:

SECTION I. That the bid for purchase one 2013 International 4300 M7SBA diesel powered single axle trash type dump truck with Reynolds body, at a total purchase cost of $75,159.00 is awarded to Goodpasture Motor Company, Inc., and the city manager is authorized to execute a purchase order for same.

SECTION II. That this resolution shall take effect from and after its adoption, the public welfare requiring it.

ADOPTED this the 3rd day of April, 2012.

_____
DENNIS R. PHILLIPS, MAYOR

ATTEST:

_____
JAMES H. DEMMING, CITY RECORDER

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, CITY ATTORNEY

MINUTES
BID OPENING
March 6, 2012
4:00 P.M.

Present: Sandy Crawford, Procurement Manager; and Eddie Page, Assistant Procurement Manager, Schools

The Bid Opening was held in the Council Room, City Hall.

The Procurement Manager opened with the following bids:

TRASH TYPE SINGLE AXLE DUMP TRUCK							
Vendor:	Qty.:	Unit Cost:	Option A:	Option B:	Trade-In #1244:	Delivery Time:	Brand/Model:
Worldwide Equipment	1	$81,708.00	Reynolds-$6,850.00 Midstate-$6,300.00	$150.00	$5,000.00	70 Days	2013 Kenworth T370 Reynolds Leaf Body
Goodpasture Motor Co.	1	$75,000.00	$6,500.00	$659.00	$7,000.00	120-150 Days	2013 Int'l 4300 M75BA Reynolds Body
Smoky Mtn. Truck Center	1	$76,110.00	Myer-$7,000.00 Western-$6,600.00	$550.00	$2,500.00	90-120 Days	2013 Freightliner M2 106 w/ Reynolds Dump Body
MHC Kenworth-Kingsport	1	$80,577.00	$6,850.00	No Charge	$4,000.00	90-120 Days	2013 Hino 268A w/Reynolds Body

The submitted bids will be evaluated and a recommendation made at a later date.

Memo

To: Brent Morelock, Assistant Procurement Manager

From: Steve Hightower, Fleet Manager

Date: March 26, 2012

Re: Leaf Body Truck Purchase Recommendation

This will confirm my review and recommendation to purchase the low compliant bid of the following vendor and accept the trade in offering of $7,000. It is also requested to accept Options A and B. This recommendation has been discussed with the Department Head, Ronnie Hammond, and he is agreement with this course of action.

Item	Quantity	Description	Award to Vendor	Fuel Economy
1	1	2013 International 4300	Goodpasture Motors	6/8 MPG

Low Compliant Bidder

1. Trade in(s):
   a. #1244 1996 International Dump – 151,275 miles – 7.5 MPG
      i. Fuel Economy Improvement: Estimated % 0

2. New Unit Origin of Manufacture:
   a. Cab/ Chassis – Springfield, Ohio
      i. 79% Domestic/ 21% Foreign Materials
      ii. Engine - USA
      iii. Transmission - USA
   b. Body: Reynolds Truck Equipment -Allen, KY
      i. 90% Domestic/ 10% Foreign Materials

3. New Unit Purchase Dealer:
   a. Cab/ Chassis/ Body – Goodpasture Motors – Bristol, VA

Should you have any questions on this recommendation, please do not hesitate to contact me.
Thank you.

MEMORANDUM

March 21, 2012

TO: Steve Hightower, Fleet Manager

FROM: Ronnie Hammonds, Streets and Sanitation Manger

SUBJECT: Recommendation of Bid Awards for 4WD Pick-up and Single Axle Trash Truck

I have reviewed the bids for the 4WD pick up truck with snow plow and the Single Axle Trash Truck with snow plow and recommend we go with the low bid in both cases.

The 4WD Pick-Up Truck Low Bid is Fairway Ford.

The Single Axle Trash Truck Low Bid is GoodPasture Motors.

If you have any questions please contact me at your convenience.

1886

Kingsport
TENNESSEE

AGENDA ACTION FORM

Consideration of a Resolution Awarding the Bid for the Purchase of one (1) Propane Powered Stake-Bed Truck to Empire Ford, Inc.

To: Board of Mayor and Aldermen
From: John G. Campbell, City Manager

Action Form No.: AF-93-2012
Work Session: April 2, 2012
First Reading: N/A

Final Adoption: April 3, 2012
Staff Work By: Committee
Presentation By: R. McReynolds, S. Hightower

Recommendation: Approve the Resolution

Executive Summary: Bids were opened on March 14, 2012 for the purchase of one (1) Propane Powered Stake Bed Truck for use by the Transportation Department. It is the recommendation of the committee to accept the bid from Empire Ford, Inc. for one (1) 2012 F-350 as follows:

$47,153.00	Unit Cost
$5,561.00	Option A (Post Puller)
$650.00	Option B (Air conditioning)
$53,364.00	Total Purchase Cost

The bid received from Empire Ford, Inc. is the lowest, responsible, compliant bid meeting specifications for the particular grade or class of material, work or service desired in the best interest and advantage to the City.

Inquiries were made of Courtesy Chevrolet and Fairway Ford regarding why they chose not to participate in this bid. The response from Courtesy was that GM doesn't offer propane powered vehicles but instead they offer compressed natural gas. Fairway's response was that they were not familiar with selling propane powered vehicles but they will become familiar with this option so that they can bid on propane powered vehicles for the City in the future.

Funding is identified in account # 51150085019010.

Attachments:
1. Resolution
2. Bid Opening Minutes
3. Recommendation Memo
4. Photo

Funding source appropriate and funds are available:_____

	Y	N	O
Joh	—	—	—
Clark	—	—	—
McIntire	—	—	—
Segelhorst	—	—	—
Parham	—	—	—
Shupe	—	—	—
Phillips	—	—	—

RESOLUTION NO. _____

A RESOLUTION AWARDING THE BID FOR THE PURCHASE OF ONE PROPANE POWERED STAKE-BED TRUCK TO EMPIRE FORD, INC. AND AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE ORDER FOR THE SAME

WHEREAS, bids were opened March 14, 2012 for the purchase of one propane powered stake bed truck for use by the Transportation Department; and

WHEREAS, upon review of the bids, the board finds Empire Ford, Inc. is the lowest responsible compliant bidder meeting specifications for the particular grade or class of material, work or service desired and is in the best interest and advantage to the city, and the City of Kingsport desires to purchase one 2012 F-350 propane powered stake bed truck from Empire Ford, Inc., at a total purchase cost of $53,364.00; and

WHEREAS, funding is identified in account number 51150085019010.

Now therefore,

BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN AS FOLLOWS:

SECTION I. That the bid for purchase one 2012 F-350 propane powered stake bed truck, at a total purchase cost of $53,364.00 is awarded to Empire Ford, Inc., and the city manager is authorized to execute a purchase order for same.

SECTION II. That this resolution shall take effect from and after its adoption, the public welfare requiring it.

ADOPTED this the 3rd day of April, 2012.

_____
DENNIS R. PHILLIPS, MAYOR

ATTEST:

_____
JAMES H. DEMMING, CITY RECORDER

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, CITY ATTORNEY

MINUTES
BID OPENING
March 14, 2012
4:00 P.M.

Present: Sandy Crawford, Procurement Manager; and Brent Morelock, Assistant Procurement Manager

The Bid Opening was held in the Council Room, City Hall.

The Procurement Manager opened with the following bids:

1 TON STAKE BED TRUCK							
Vendor:	Qty.:	Unit Cost:	Option A:	Option B:	Trade –In #1501	Delivery Time:	Make/Model:
Empire Ford	1	$47,153.00	$5,561.00	$650.00	$1,800.00	90 Days	2012 Ford F-350

The submitted bids will be evaluated and a recommendation made at a later date.

Memo

To: Brent Morelock, Assistant Procurement Manager

From: Steve Hightower, Fleet Manager

Date: March 26, 2012

Re: Stake Body Truck Purchase Recommendation

This will confirm my review and recommendation to purchase the low compliant bid of the following vendor and reject the trade in offering. We will dispose of the trade unit through our normal channels and expect it to bring more than the trade offering of $1,800. It is also requested to accept Options A and B. This recommendation has been discussed with the Department Head, Tim Elsea, and he is agreement with this course of action.

Item	Quantity	Description	Award to Vendor	Fuel Economy
1	1	2012 Ford F350 w Post Puller	Empire Ford	8/10 MPG

Low Compliant Bidder

1. Trade in(s):
   a. #1501 2001 GMC 3500 Stake Body – 132,106 miles – 8.85 MPG
      i. Fuel Savings: Estimated at 100,000 miles $3,000 - $6,000
      ii. The new unit would be propane powered, in lieu of gasoline, and is expected to provide considerable fuel savings as well as environmentally friendly over its expected life in the City fleet.
2. New Unit Origin of Manufacture:
   a. Cab/ Chassis – Louisville, Kentucky
      i. 65% Domestic/ 35% Foreign Materials
      ii. Engine - USA
      iii. Transmission - USA
   b. Body: General Truck Body – Roanoke, VA
      i. 90% Domestic/ 10% Foreign Materials
3. New Unit Purchase Dealer:
   a. Cab/ Chassis/ Body – Empire Ford – Abingdon, VA

Should you have any questions on this recommendation, please do not hesitate to contact me.

Thank you.

POLICE

Kingsport
TENNESSEE

AGENDA ACTION FORM

Consideration of a Resolution Awarding the Bid for the Purchase of two (2) Gasoline Powered 4X4 One Ton Pick-Up Trucks to Fairway Ford, Inc.

To: Board of Mayor and Aldermen
From: John G. Campbell, City Manager

Action Form No.: AF-94-2012
Work Session: April 2, 2012
First Reading: N/A

Final Adoption: April 3, 2012
Staff Work By: Committee
Presentation By: S. Hightower

Recommendation: Approve the Resolution

Executive Summary: Bids were opened on March 6, 2012 for the purchase of two (2) Gasoline Powered 4X4 One Ton Pick-Up Trucks for use at the Landfill and Bays Mountain Park. It is the recommendation of the committee to accept the low bid from Fairway Ford, Inc. for two (2) 2012 F-350 as follows:

$23,965.00	Unit Cost
$4,610.00	Option A (Snowplow for one unit only)
$Included	Option B (Air conditioning for both units)
$52,540.00	Total Purchase Cost

The bid received from Fairway Ford, Inc. is the lowest, responsible, compliant bid meeting specifications for the particular grade or class of material, work or service desired in the best interest and advantage to the City.

Funding is identified in account # 51150085019010.

Attachments:
1. Resolution
2. Bid Opening Minutes
3. Recommendation Memos
4. Photo

Funding source appropriate and funds are available:_____

	Y	N	O
Joh	—	—	—
Clark	—	—	—
McIntire	—	—	—
Segelhorst	—	—	—
Parham	—	—	—
Shupe	—	—	—
Phillips	—	—	—

RESOLUTION NO. _____

A RESOLUTION AWARDING THE BID FOR THE PURCHASE OF TWO GASOLINE POWERED 4X4 ONE TON PICK-UP TRUCKS TO FAIRWAY FORD, INC. AND AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE ORDER FOR THE SAME

WHEREAS, bids were opened March 6, 2012 for the purchase of two (2) gasoline powered 4X4 one ton pick-up trucks for the landfill and Bays Mountain Park; and

WHEREAS, upon review of the bids, the board finds Fairway Ford, Inc. is the lowest responsible compliant bidder meeting specifications for the particular grade or class of material, work or service desired and is in the best interest and advantage to the city, and the City of Kingsport desires to purchase two (2) 2012 F-350 gasoline powered 4X4 one ton pick-up trucks from Fairway Ford, Inc., at a total purchase cost of $52,540.00; and

WHEREAS, funding is identified in account number 51150085019010.

Now therefore,

BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN AS FOLLOWS:

SECTION I. That the bid for the purchase of two (2) 2012 F-350 gasoline powered 4X4 one ton pick-up trucks, at a total purchase cost of $52,540.00 is awarded to Fairway Ford, Inc., and the city manager is authorized to execute a purchase order for same.

SECTION II. That this resolution shall take effect from and after its adoption, the public welfare requiring it.

ADOPTED this the 3rd day of April, 2012.

_____
DENNIS R. PHILLIPS, MAYOR

ATTEST:

_____
JAMES H. DEMMING, CITY RECORDER

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, CITY ATTORNEY

MINUTES
BID OPENING
March 6, 2012
4:00 P.M.

Present: Sandy Crawford, Procurement Manager; and Eddie Page, Assistant Procurement Manager, Schools

The Bid Opening was held in the Council Room, City Hall.

The Procurement Manager opened with the following bids:

ONE TON FOUR WHEEL DRIVE PICK-UP TRUCK								
Vendor:	Qty.:	Unit Cost:	Option A:	Option B:	Trade In #1506:	Trade-In #1241:	Delivery Time:	Brand/Model:
Empire Ford	2	$23,910.00	$4,610.00	$650.00	$1,500.00	N/A	60-90 Days	2012 Ford F350SW 4X4 PUP
Courtesy Chevrolet	2	$23,743.00	$5,460.00	Standard	$2,000.00	$800.00	90 Days	Chevrolet Silverado CK30903
Cardinal Chrysler Dodge	2	$32,610.56	$5,460.00	No Charge	$1,000.00	$250.00	90-120 Days	2012 GMC TK30903
Fairway Ford	2	$23,965.00	$4,610.00	N/A	$2,500.00	$750.00	60-120 Days	Ford/F350

The submitted bids will be evaluated and a recommendation made at a later date.

MEMORANDUM

March 21, 2012

TO: Steve Hightower, Fleet Manager

FROM: Ronnie Hammonds, Streets and Sanitation Manger

SUBJECT: Recommendation of Bid Awards for 4WD Pick-up and Single Axle Trash Truck

I have reviewed the bids for the 4WD pick up truck with snow plow and the Single Axle Trash Truck with snow plow and recommend we go with the low bid in both cases.

The 4WD Pick-Up Truck Low Bid is Fairway Ford.

The Single Axle Trash Truck Low Bid is GoodPasture Motors.

If you have any questions please contact me at your convenience.

Memo

To: Brent Morelock, Assistant Procurement Manager

From: Steve Hightower, Fleet Manager

Date: March 27, 2012

Re: 4x4 Pickup Truck Purchase Recommendation

This will confirm my review and recommendation to purchase the compliant bid of the following vendor and reject the trade in offerings. We will dispose of the trade units through our normal channels and expect them to bring more than the trade offerings of $2,500 for Unit 1506 and $750 for Unit 1241. It is also requested that Option A be provided for one unit and Option B for both units. This recommendation has been discussed with Public Works Department Head, Ronnie Hammonds, and Bays Mountain Department Head, Ken Childress. They are in agreement with this course of action.

Item	Quantity	Description	Award to Vendor	Fuel Economy
1	2	2012 Ford F350 Pickup	Fairway Ford	18/14 MPG

Compliant Bidder

1. Trade in(s):
   - a.#1506 2001 GMC 4x4 Pickup – 164,050 miles – 10.9 MPG
     - i. Kelly Dealer Trade Value $4,000
     - ii. Fuel Economy Improvement: Estimated % 28.4
   - b.#1241 1996 4x4 Ford Pickup – 97,760 miles – 10 MPG
     - i. Kelly Dealer Trade Value $1,500
     - ii. Fuel Economy Improvement: Estimated % 40
2. New Unit Origin of Manufacture:
   - a. Cab/ Chassis – Kentucky
     - i. 65% Domestic/ 35% Foreign Materials
     - ii. Engine - USA
     - iii. Transmission - USA
3. New Unit Purchase Dealer:
   - a. Cab/ Chassis/ Body –Fairway Ford – Kingsport, TN

Should you have any questions on this recommendation, please do not hesitate to contact me.

Thank you.

AGENDA ACTION FORM

Consideration of a Resolution Approving an Agreement with Marriott Hotel Services, Inc. and Authorizing the Mayor to Execute the Agreement

To: Board of Mayor and Aldermen
From: John G. Campbell, City Manager

Action Form No.: AF-98-2012
Work Session: April 2, 2012
First Reading: N/A

Final Adoption: April 3, 2012
Staff Work By: John Campbell and staff
Presentation By: John Campbell

Recommendation: Approve the resolution.

Executive Summary:

The city has had a very successful relationship with Marriott in the operation of the conference and convention center. This unique property requires a special manager that can manage two facilities, as if they were a single seamlessly integrated facility. The city and Marriott have negotiated a new management agreement for the Meadowview Conference and Convention Center, a copy of which is attached. There are still some items that need to be finalized, but the substantive issues have been resolved. The agreement is for 15 years, and extends the successful relationship of the parties. It is essential to the success of the facility that it continues under one management. The hotel has continued its relationship with Marriott, and it is imperative that the city do likewise. The city wishes to continue with the Marriott name and brand, as this is critical to the success of the convention center. The management of the facility will continue operating, as it does now. The management fee is set out on page 20-21 of the attached draft. The fee for the first year is prorated based on the effective date but analyzes to $118,000. It increases each year thereafter for the term of the contract.

The attached resolution approves the agreement, recognizes Marriott as a sole source, and allows the mayor to make changes to the agreement that do not impact the term or financial provisions of the agreement.

Attachments:

1. Resolution
2. Draft of Agreement

Funding source appropriate and funds are available:_____

	Y	N	O
Clark	—	—	—
Joh	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Shupe	—	—	—
Phillips	—	—	—

RESOLUTION NO. _____

A RESOLUTION APPROVING AN AGREEMENT WITH MARRIOTT HOTEL INTERNATIONAL, INC. AND FINDING A SOLE SOURCE; AUTHORIZING THE MAYOR TO EXECUTE THE AGREEMENT AND ALL OTHER DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE AGREEMENT; AND AUTHORIZING THE MAYOR TO MAKE CHANGES TO THE AGREEMENT, AS NEEDED

WHEREAS, the city has had a long and successful relaltionship with Marriott; and

WHEREAS; the Meadowview Conference Center must be under one management in conjunction with the hotel to operate as intended and in a successful manner; and

WHEREAS, the hotel is managed by Marriott; and

WHEREAS, this unique property requires a special manager that can manage two facilities, as if they were a single seamlessly integrated facility; and

WHEREAS, the city wants continue to have the Marriott name on its facility, along with the good will generated by that brand name; and

WHEREAS, the board finds that nature of the relationship of the conference center to the hotel is such that the special skill and expertise that Marriott has, along with its unique experience in operating the facility in a seamless and efficient manner is critical to the operation of the facility; and

WHEREAS, the city desires to continue its contractual relationship with Marriott for the management of the conference and convention center; and

WHEREAS, accordingly the board finds that Marriott is the sole source for the Marriott name and brand, and the management capabilities, skill and expertise required to operate the conference and convention center.

Now therefore,

BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN AS FOLLOWS:

SECTION I. That board approves the management agreement with Marriott Hotel International, Inc. for the Meadowview Conference and Convention Center.

SECTION II. That the board finds due to all of the factors mentioned herein, the operation of the convention center in conjunction with the hotel and the desire and need to have the Marriott name on the facility that Marriott Hotel International is a sole source for management by Marriott and the use and value of the name, trademarks and goodwill of that company, along with its expertise in operating the facility.

SECTION III. That the mayor, or in his absence, incapacity, or failure to act, the vice-mayor, is authorized to execute, in a form approved by the city attorney or as appropriate, and subject to the requirements of Article X, Section 10 of the Charter of the City of Kingsport, a management agreement with Marriott Hotel International, Inc. and all other documents necessary and proper to effectuate the purpose of the agreement or this resolution.

SECTION IV. That the mayor is further authorized to make such changes to the agreement presented to the board as approved by the mayor and the city attorney that do not substantially alter the material provisions of the agreement, and the execution thereof by the mayor and the city attorney is conclusive evidence of the approval of such changes.

SECTION V. That this resolution shall take effect from and after its adoption, the public welfare requiring it.

ADOPTED this the 3rd day of April, 2012.

_____
DENNIS R. PHILLIPS, MAYOR

ATTEST:

_____
JAMES H. DEMMING, CITY RECORDER

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, CITY ATTORNEY

H&K DRAFT 3/27/12

MEADOWVIEW CONFERENCE RESORT
AND CONVENTION CENTER

KINGSPORT, TN

QUALIFIED MANAGEMENT AGREEMENT

by and between

MARRIOTT HOTEL SERVICES, INC.

("MANAGER")

and

CITY OF KINGSPORT, TENNESSEE

("OWNER")

Dated as of _____, 2012

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QUALIFIED MANAGEMENT AGREEMENT

THIS QUALIFIED MANAGEMENT AGREEMENT ("Agreement") is executed as of the _____ day of _____, 2012 ("Effective Date"), between **CITY OF KINGSPORT, TENNESSEE** ("Owner"), a municipal corporation existing under the laws of the State of Tennessee, with a mailing address of 225 West Center Street, Kingsport, Tennessee 37660-4237, and **MARRIOTT HOTEL SERVICES, INC.** ("Manager"), a Delaware corporation, with a mailing address at c/o Marriott International, Inc., 10400 Fernwood Road, Bethesda, Maryland 20817.

RECITALS

A. Owner is the owner of fee title to the parcel of real property (the "Site") described on Exhibit A, which is attached to this Agreement and incorporated by reference herein. Owner has improved the Site with a building or buildings containing conference and convention facilities, including an executive conference center, meeting rooms, a lobby, parking and certain other amenities and related facilities (collectively, the "Conference Center Improvements"). The Site and the Conference Center Improvements constructed thereon by Owner, in addition to certain other rights, improvements, and personal property as more particularly described in the definition of "Conference Center" in Section 12.01, are collectively referred to as the "Conference Center."

B. All capitalized terms used in this Agreement shall have the meanings ascribed to such terms in Section 12.01.

C. Owner, Manager and Kingsport Hotel, L.L.C. ("Hotel Owner") were parties to that certain Management Agreement, dated as of January 1, 1995, as amended by that First Amendment to Management Agreement, dated as of August 6, 2002, that Second Amendment to Management Agreement, dated as of May 11, 2009, that Third Amendment to Management Agreement, dated as of September 23, 2011, that Fourth Amendment to Management Agreement, dated as of November 15, 2011, and that Fifth Amendment to Management Agreement, dated as of February 24, 2012 (the "Original Conference Center Management Agreement"), which Original Conference Center Management Agreement is being replaced by this Agreement;

D. Manager and Hotel Owner are parties to that certain Management Agreement, dated as of the date hereof (the "Hotel Management Agreement"), pursuant to which Manager manages and operates the "Hotel" described therein;

E. Marriott and Owner are parties to that certain Marriott Golf Facility Management Agreement dated March 1, 1997, pursuant to which Marriott operates the Cattails at MeadowView Golf Course (the "Golf Course");

F. Owner desires to engage Manager to continue to manage and operate the Conference Center and Manager desires to accept such engagement upon the terms and conditions set forth in this Agreement.

G. Owner financed an expansion of the Conference Center through the issuance by Owner of its $15,180,000 Local Option Sales Tax Revenue and Tax Bonds, Series 2009C (the "2009C Bonds").

H. That expansion of the Conference Center consisted of the construction, improvement, and equipping of a new Executive Conference Center consisting of a two-story, 30,000-square-foot wing to the prior structure containing a 5,000-square-foot ballroom, two U-shaped, state-of-the-art amphitheaters (one 60-seat and the other 160-seat), two executive boardrooms (seating 10 people each), a 30-person boardroom, a state-of-the-art media conference room, a grand staircase and a wine cellar with space for special parties and events (the "Executive Conference Center").

I. The Executive Conference Center was opened to the general public on December 14, 2010.

J. So long as the 2009C Bonds or other Bonds are outstanding, Owner and Manager intend that this Agreement shall constitute a "Qualified Management Agreement" such that this Agreement shall not result in private business use of the Conference Center (including, the Executive Conference Center) within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Code"), Section 1.141-3(b)(4) of the Income Tax Regulations ("Treas. Reg. §1.141-3(b)(4)"), and Revenue Procedure 97-13, 1997-1 C.B. 632, as amended ("Revenue Procedure 97-13") and this Agreement shall be interpreted in accordance with such requirements.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner and Manager agree as follows.

ARTICLE 1

MANAGEMENT OF THE CONFERENCE CENTER

1.01 Engagement

Owner hereby engages Manager to supervise, direct and control the management and operation of the Conference Center for the Term. Manager accepts said engagement and agrees to manage and operate the Conference Center during the Term as a First Class Operation in accordance with the terms and conditions hereinafter set forth. Owner intends that the Conference Center is operated in a first class, professional manner with the objective of providing a vehicle for the presentation of a variety of cultural, educational, entertainment, sporting,

social, and other events and meeting facilities for local and other organizations, and, in general, maximizing the utilization of the Conference Center for the benefit of Owner and its citizens, while minimizing, to the extent practicable, the net cost to Owner.

1.02 Delegation of Authority

The day-to-day operation of the Conference Center shall be under the exclusive supervision and control of Manager which, except as otherwise specifically provided in this Agreement, shall be responsible for the proper and efficient operation of the Conference Center. In fulfilling its obligations under this Agreement, Manager shall act as a reasonable and prudent operator of the Conference Center, having regard for the status of the Conference Center and maintaining the System Standards. Manager shall operate the Conference Center with the goal of minimizing operating expenses and maximizing operating revenues, subject to the requirement that the Conference Center be managed, operated and maintained in accordance with System Standards. In accordance with the provisions of this Agreement, Manager agrees to consult with Owner (and, when provided herein or required by applicable Legal Requirements, obtain Owner's approval) with respect to any major changes in the manner of the operation of the Conference Center and prior to any substantial renovations to the Conference Center. Subject to the terms hereof, Manager shall have discretion and control in all matters relating to management and operation of the Conference Center, free from interference, interruption or disturbance, but in all respects subject to the provisions of this Agreement.

1.03 Booking Policies; Owner Use

Manager, in establishing and implementing its booking policies, may schedule not only those events that generate substantial direct revenue to the Conference Center, but also those events that produce less direct revenue but, in Manager's good faith judgment, generate either a significant economic, cultural, or other benefit to Owner or otherwise serve the public interest; provided that no use of the Conference Center shall be permitted without a reasonable charge for such use, without the consent of Owner, except as hereafter provided. Manager shall grant to Owner, or such persons as Owner may designate, the right to use the Conference Center free of rent, to the extent permitted by applicable law, for up to a total of twelve (12) days per Fiscal Year, provided no other event or activity has been previously scheduled on the dates requested by Owner, and further provided that Owner or its designee shall pay to Manager the actual Conference Center Deductions incurred by Manager in connection with the use of the Conference Center by Owner or its designee, including but not limited to the cost of security, ushers and catering services.

1.04 Management Responsibilities

A. Manager shall manage the Conference Center in accordance with the standards set forth in Section 1.02 and perform each of the following functions (the costs and expenses of which shall be Conference Center Deductions) with respect to the Conference Center:

1. Manage, operate and, in concert with the Kingsport Convention and Visitor's Bureau (the "KCVB"), market the Conference Center and contract for its use in a manner that will promote and further the purposes of the Conference Center, as set forth in this Agreement;

2. Negotiate, execute and perform contracts, use agreements, licenses and other agreements (a) with persons who desire to schedule events, performances, telecasts, broadcasts or other transmissions in, from or to the Conference Center or who desire otherwise to use the Conference Center or any part thereof or (b) that otherwise pertain to the use, operation and occupancy of the Conference Center or any part thereof;

3. Establish employment policies and recruit, employ, supervise, direct and discharge the employees at the Conference Center;

4. Establish prices, rates and charges for services provided in the Conference Center, including conference/convention room rates and rates for commercial space and other space in the Conference Center;

5. Establish and revise, as necessary, administrative policies and procedures, including policies and procedures for the control of revenue and expenditures, for the purchasing of supplies and services, for the control of credit, and for the scheduling of maintenance, and verify that the foregoing procedures are operating in a sound manner;

6. Receive, hold and disburse funds, maintain bank accounts and make payments on accounts payable and handle collections of accounts receivable, all in accordance with applicable Legal Requirements;

7. In conjunction with the KCVB, undertake publicity and promotion activities, arrange for and supervise public relations and advertising, and prepare marketing plans;

8. Negotiate, execute and perform contracts, use agreements, licenses and other agreements (a) for the use of advertising space in or about the Conference Center and all advertising rights of whatever kind or nature related to the Conference Center or (b) for the sale, promotion, marketing and use of all names, trademarks, tradenames, logos and similar intangible property relating to the Conference Center;

9. Make available to the Conference Center the benefits of various marketing and guest loyalty and recognition programs in use at conference centers which are integrated with full-service hotels in the Marriott Hotel System, as they may exist from time to time, such as the Marriott Rewards Program;

10. Procure all Inventories and replacement Fixed Asset Supplies;

11. Prepare and deliver interim accountings, annual accountings, Annual Operating Statements, Building Estimates, FF&E Estimates, and such other information as is required by this Agreement and be available at reasonable times to discuss generally with Owner the above-listed items as well as the operations at the Conference Center;

12. Plan, execute and supervise repairs, maintenance and FF&E purchases at the Conference Center in accordance with the terms of Article 5;

13. Provide, or cause to be provided, risk management services relating to the types of insurance required to be obtained or provided by Manager under this Agreement;

14. Provide food and beverage services;

15. Use reasonable efforts to obtain and keep in full force and effect, either in Manager's name or in Owner's name, as may be determined by Manager or as required by applicable law, any and all operating licenses and permits, including, but not limited to, all necessary food, beverage and liquor permits and licenses; and

16. Subject to Section 1.04.C., enter into leases, licenses and concessions for the Conference Center (including rooftops and all other spaces related to the Conference Center), which Manager may execute on behalf of the Conference Center or Owner.

B. Manager will use its reasonable efforts to comply with and abide by all applicable Legal Requirements (except for certain Legal Requirements that are Owner's responsibility under Section 5.03 and Section 11.08) pertaining to its operation of the Conference Center. Owner will use its reasonable efforts to comply with and abide by all applicable Legal Requirements pertaining to the Conference Center Improvements or to Owner's ownership interest in the Conference Center (including, without limitation, Owner's obligations under Section 5.03 and Section 11.08). Either Owner or Manager shall have the right, but not the obligation, in its reasonable discretion, to contest or oppose, by appropriate proceedings, any such Legal Requirements. The reasonable expenses of any such contest of a Legal Requirement by Manager shall be paid from Conference Center Gross Revenues as Conference Center Deductions.

C. Any granting of concessions or leasing of shops and agencies (i) within the Conference Center shall be subject to Owner's prior written approval which shall not be unreasonably withheld and (ii) within the Executive Conference Center shall be governed by Sections 11.28 and 11.29 of this Agreement. Such granting of concessions or leasing of shops or agencies shall only be for the operation of business compatible with the operation of the Conference Center and shall be in all respects subject to the provisions of this Agreement and applicable law.

1.05 Licenses and Permits

Upon request by Manager, Owner shall execute, without charge, applications for licenses and permits necessary for operation of the Conference Center.

1.06 Employees

A. All personnel employed at the Conference Center shall be the employees of Manager (or one of its Affiliates). Manager shall have absolute discretion with respect to all personnel employed at the Conference Center, including, without limitation, decisions regarding hiring, promoting, transferring, compensating, supervising, terminating, directing and training all employees at the Conference Center, and, generally, establishing and maintaining all policies relating to employment. All information regarding individual employees, such as employee records and individual compensation information, is proprietary to Manager and confidential and shall not be disclosed to Owner. Manager shall be permitted to provide free accommodations and amenities to its employees and representatives visiting the Conference Center in connection with its management or operation. No person shall otherwise be given gratuitous accommodations or services without prior joint approval of Owner and Manager except in accordance with usual practices of the hotel and travel industry. If Manager shall be required to recognize a labor union, or to enter into collective bargaining with a labor union, with respect to the Conference Center, it shall promptly notify Owner and shall keep Owner apprised of the course of any such union negotiations.

B. All settlements or payments of Employee Claims (in excess of amounts covered by applicable insurance) shall be made by Manager exercising its reasonable discretion and shall be paid as Conference Center Deductions; provided, however, that Owner's prior written approval shall be required with respect to the resolution of any Employee Claim involving the payment of an amount not covered by insurance in excess of Five Hundred Thousand Dollars ($500,000) (as adjusted by the GDP Deflator); and provided further, Owner shall be deemed to have approved any proposed resolution unless Owner delivers to Manager a written notice disapproving such resolution together with a description of Owner's reasons for such rejection within twenty (20) Business Days after Manager delivers to Owner a request for Owner's approval of such resolution, which notice shall include a detailed description of the proposed resolution.

C. With respect to all Litigation or arbitration involving Employee Claims in which both Manager and Owner are involved as actual or potential defendants, Manager shall have exclusive and complete responsibility for the resolution of such Employee Claims. In the event that any Employee Claim is made against Owner, but not against Manager, Owner shall give notice to Manager of the Employee Claim in a timely manner so as to avoid any prejudice to the defense of the Employee Claim, provided that Manager shall in all events be so notified within twenty (20) days after the date such Employee Claim is made against Owner. Manager will thereafter assume exclusive and complete responsibility for the resolution of such Employee Claim.

D. Provided that Manager is concurrently managing the Hotel and/or Marriott is managing the Golf Course, Manager shall have the right to allocate the services and time of a Conference Center employee between the Conference Center and (i) the Hotel, (ii) the Golf Course, (iii) other hotels (including hotels under development) managed by Manager or its Affiliates, and/or (iv) local, regional or central office(s). The compensation and other costs (including, without limitation, termination costs, if any) of such Conference Center employee (x) shall be allocated to the Conference Center and the Hotel, the Golf Course or such other hotels or regional or central office on a fair and reasonable basis, and (y) shall not otherwise be financially disadvantageous to Owner or the Conference Center. Manager shall disclose such allocation upon Owner's request.

1.07 Owner's Right to Inspect

Owner and its agents shall have access to the Conference Center at any and all reasonable times for the purpose of inspection or showing the Conference Center.

1.08 Regular Meetings

At Owner's request, Owner and Manager shall have quarterly meetings at the Conference Center and at mutually convenient times. Manager shall be represented at such meetings by the general manager of the Conference Center and such other members of the executive committee at the Conference Center as the general manager may deem appropriate. The purpose of the meetings shall be to discuss the performance of the Conference Center and other related issues, including any variations from the Business Plan for the preceding quarter.

1.09 System Standards and Criteria for Approvals

Owner and Manager agree that it is their mutual intent that the Conference Center be operated in accordance with System Standards. Owner and Manager agree that, subject to the terms and conditions of this Agreement, Manager shall have discretion in operating the Conference Center in order that the Conference Center will comply with System Standards, and that, in exercising their respective rights of approval herein, they will do so consistent with the requirements of System Standards.

1.10 Central Office Services

As part of its management services provided hereunder, Manager shall provide, at its own cost and not as a Conference Center Deduction, the Central Office Services that are described on Exhibit B.

1.11 Chain Services

A. Manager shall cause to be furnished to the Conference Center certain services ("Chain Services") that are furnished generally on a central, regional or other group basis to other

conference centers or hotels in the Marriott Hotel System. Chain Services include: (i) the general categories of services listed in Exhibit C, and (ii) such additional central programs or services as may, from time to time, be furnished for the benefit of hotels or other facilities in the Marriott Hotel System or in substitution for services now performed at individual hotels or other facilities that Manager determines can be provided more efficiently and economically on a system basis; provided, however, that services shall only be added to "Chain Services" pursuant to clause (ii) above if, and to the extent that, such services: (a) are not Central Office Services; and (b) are either (x) new services (i.e., not previously performed at the Conference Center), or (y) services that theretofore had been performed at the Conference Center, but that can be performed more efficiently and economically for the Marriott Hotel System as a whole. It is the express understanding of the parties that the Conference Center may not receive or participate in all of the Chain Services that other conference centers or hotels in the Marriott Hotel System receive or participate in. The Chain Services furnished to the Conference Center shall be identified in each Annual Operating Statement.

Owner and Manager have agreed that, as of the Effective Date and until Owner and Manager agree otherwise, the Property will not receive or participate in any Chain Services other than the Marriott Worldwide Reservation System ("Central Reservations"), as described in Exhibit C.

B. 1. Owner agrees that Owner shall pay as a Conference Center Deduction an allocable share of the costs and expenses of providing those Chain Services used by the Property, as provided in Section 1.11.B.3 below.

2. The costs and expenses incurred by Manager or its Affiliates in connection with the delivery of Chain Services represent the reasonable and actual costs paid by Manager or its Affiliates to Persons other than Manager or its Affiliates for providing such Chain Services to the Property and to other conference centers and hotels in the Marriott Hotel System, which costs shall be determined using reasonable accounting procedures, applied on a consistent basis.

3. (a) The costs and expenses incurred in the providing of Chain Services shall be allocated on a fair and reasonable basis among all hotels and conference centers in the Marriott Hotel System that use such services, including the Property, in accordance with generally accepted accounting principles. The charges for Chain Services shall include, as applicable, an allocation of salaries, wages, other compensation and benefits, development costs and overhead related to the employees of Manager, Marriott or any Affiliate of Manager or Marriott involved in providing any of the Chain Services; provided, however, that such costs and expenses shall not include (i) any bonuses described in the first provision after item 16 in the definition of "Conference Center Deductions" in Section 12.01, (ii) costs and expenses of providing Central Office Services, or (iii) Direct or Indirect Profit to Manager or its Affiliates. The costs associated with any Chain Services that are used by conference centers or hotels in the Marriott Hotel System and that are also provided to other hotel brands owned by Marriott shall be allocated to such other brands on a fair and reasonable basis, taking into account the level of such Chain Services being provided to each of such other brands.

(b) The charges for Chain Services allocated to the Property shall then be further allocated between the Conference Center and the Hotel pursuant to generally accepted accounting principles and the Agreed Allocations.

C. Owner acknowledges that Manager has provided Owner with a description of the furnishing of Central Reservations and the allocation of costs and expenses incurred by Manager or its Affiliates in connection with the provision of Central Reservations among the properties furnished Central Reservations by Manager or its Affiliates, and the opportunity to obtain any additional information regarding Central Reservations necessary to determine compliance with Section 141 and Treas. Reg. §1.141-3(b)(4), and Revenue Procedure 97-13, and that Manager provided all such information that was requested of Manager by Owner. Owner, based on the information provided by Manager and the representations made by Manager in Section 1.11.B., has determined that the current manner of providing Central Reservations does not result in private business use of any portion of the Executive Conference Center for purposes of Section141 of the Code.

1.12 Related Party Transactions

A. Subject to Manager's compliance with the provisions of Section 1.13, Manager shall have the right to enter into or implement transactions with one or more Related Parties to purchase, sell, lease, procure or provide goods and/or services for or to the Conference Center.

B. Owner acknowledges that Manager has provided Owner with a description of the Affiliates (other than Affiliates that are wholly-owned or controlled, directly or indirectly, by Marriott) from which Manager expects to obtain goods and/or services for the Conference Center (other than Chain Services, Central Office Services, the Marriott Rewards Program and MBS Systems) and summaries of the relevant arrangements (the "Current Affiliate Arrangements") and the opportunity to obtain any additional information regarding the Current Affiliate Arrangements necessary to determine compliance with Section 141 and Treas. Reg. § 1.141-3(b)(4), and Revenue Procedure 97-13, and that Manager provided all such information that was requested of Manager by Owner. Attached as Exhibit G, and incorporated by reference, is a list of the Current Affiliate Arrangements. Owner, after reasonable opportunity to consult with Bond Counsel, and based upon the information provided by Manager, acknowledges that, except as indicated in Exhibit G, none of the Current Affiliate Arrangements violate Revenue Procedure 97-13 or would otherwise result in private business use of any portion of the Executive Conference Center for purposes of Section 141 of the Code.

1.13 Profit and Cost Transactions Relating to the Conference Center

A. A "Profit Transaction" shall mean any transaction entered into or implemented by Manager or a Related Party involving the purchase, sale, lease or other procurement or provision of goods or services for or to the Conference Center, which is structured for Manager or a Related Party to receive a direct economic benefit (including receipt of an equity interest) as a

result of such transaction, other than through Management Fees, that is in excess of the costs of such transaction.

B. Manager, Affiliates, and Related Parties may implement any Profit Transaction without Owner's approval, provided that (i) the Profit Transaction satisfies the Competitive Terms Standard, and (ii) Manager notifies Owner of such Profit Transaction as part of the Annual Profit Transactions Report.

C. Any dispute as to whether a Profit Transaction satisfies the Competitive Terms Standard shall be resolved by a panel of Experts in accordance with Section 11.21. If the Experts determine that the Competitive Terms Standard was not satisfied, Manager shall elect either to (i) incorporate, or cause the applicable Related Party to incorporate, modifications into the Profit Transaction that the Experts may require to satisfy the Competitive Terms Standard, in which event the Profit Transaction, as so modified, may be implemented; or (ii) cease, not undertake, or cause the applicable Related Party to cease or not undertake, the transaction as a Profit Transaction; provided, however, that (x) Manager and the Related Parties shall nevertheless have the right to undertake such transaction for other parties, entities, facilities or hotels, and (y) as Owner's sole and exclusive remedy for Manager's actions, Manager shall return to the Conference Center the excess of the amount paid by the Conference Center to the Related Party with respect to such Profit Transaction less the amount that would have been paid had the Profit Transaction met the Competitive Terms Standard. If such reimbursement to the Conference Center relates to a matter that was treated as a Conference Center Deduction, appropriate adjustments shall be made to the calculation of Conference Center Operating Profit and to all other related calculations to reflect the reimbursement to the Conference Center. A Profit Transaction shall be deemed to satisfy the Competitive Terms Standard if Manager elects to obtain approval of such Profit Transaction from owners of a majority of the then-existing rooms in the Marriott Hotel System, and obtains such approval from the owners of a majority of the then-existing rooms in the Marriott Hotel System.

D. The parties agree that the utilization of Avendra, LLC, for procurement purposes pursuant to its contract terms as of the Effective Date and the utilization of iBahn (formerly STSN, Inc.) for high-speed internet access service pursuant to its contract terms as of the Effective Date, are Profit Transactions that satisfy the Competitive Terms Standard.

E. Manager acknowledges that, except as otherwise provided in this Section 1.13.E. or in Section 1.15, the direct economic benefit to Manager or an Affiliate from a Profit Transaction with respect to the Executive Conference Center, and the portion of such an economic benefit from a Profit Transaction with respect to the entire Conference Center allocable to the Executive Conference Center, shall constitute a Direct or Indirect Profit subject to the restriction imposed by Section 11.27.B. of this Agreement. The preceding sentence shall not apply to either (1) a Profit Transaction satisfying the requirements of Section 11.29.E.4., or (2) a Profit Transaction in which Manager or an Affiliate provides goods or services that Manager is not required to provide the Executive Conference Center in consideration of its Management Fee, and the direct economic benefit to Manager or an Affiliate from either of those

types of Profit Transactions shall not constitute a Direct or Indirect Profit subject to the restriction imposed by Section 11.27.B. of this Agreement.

F. A "Cost Transaction" shall mean any transaction involving the purchase, sale, lease or other procurement or provision of goods or services that (i) when provided for or to the Conference Center is implemented utilizing a cost reimbursement or cost allocation methodology to price such goods or services (which costs may include a reasonable allocation of development, start-up and operational costs incurred by the provider in connection with providing such goods or services), as opposed to a methodology designed to yield a profit on such goods or services (other than profits that Manager earns through Management Fees); and/or (ii) when provided for or to any third party, is implemented on any terms and conditions (including the utilization of either a cost or a profit methodology). Consistent with the other terms and conditions of this Agreement, Manager, Affiliates, and the Related Parties may implement any Cost Transaction for or to the Conference Center without Owner's approval.

G. If Manager, an Affiliate, or a Related Party implements a Cost Transaction for both the Conference Center and any third party, then Manager or the Related Party may earn a profit from implementing such Cost Transaction to such third party, provided that the costs associated with such Cost Transaction (including development and start-up costs, if any) shall be allocated on a fair and reasonable basis among all the parties (including the Conference Center) utilizing such Cost Transaction, taking into account the level of services provided under such Cost Transaction to each of the parties (including the Conference Center and, if necessary, separately to the Executive Conference Center) utilizing such Cost Transaction. Any disputes between Owner and Manager concerning the allocation of such costs under this Section 1.13.G. shall be resolved by a panel of Experts in accordance with Section 11.21.

1.14 Marriott Rewards Program

A. Manager shall have the right to include the Property, and to cause the Property to participate, in the Marriott Rewards Program from and after the Effective Date. Charges and reimbursements to the Property resulting from the Marriott Rewards Program shall be consistent with charges and reimbursements to all other hotels and conference centers in the brand participating in the Marriott Rewards Program, which charges and reimbursements shall be subject to change from time to time. The charges and reimbursements to the Property resulting from the Marriott Rewards Program shall be further allocated between the Conference Center and the Hotel pursuant to generally accepted accounting principles and the Agreed Allocations. All expenses charged to the Conference Center in connection with the Marriott Rewards Program shall be treated as Conference Center Deductions. Manager and the Related Parties shall not earn a profit from the Conference Center with respect to its participation in the Marriott Rewards Program; provided, however, that Manager and the Related Parties shall nevertheless have the right to earn a profit by utilizing the systems and infrastructure of the Marriott Rewards Program for third parties in accordance with and subject to the terms and conditions of Section 1.13.G.

B. Owner acknowledges that Manager has provided Owner with a description of the operation of Marriott Rewards Program and the allocation of costs and expenses incurred by Manager or its Affiliates in connection with the operation of the Marriott Rewards Program among the hotels and conference centers participating in the Marriott Rewards Program, and the opportunity to obtain any additional information regarding the Marriott Rewards Program necessary to determine compliance with Section 141 and Treas. Reg. § 1.141-3(b)(4), and Revenue Procedure 97-13, and that Manager provided all such information that was requested of Manager by Owner. Owner, based on the information provided by Manager and the representations made by Manager in Section 1.14.A., has determined that the Marriott Rewards Program, as currently in effect, does not result in private business use of any portion of the Executive Conference Center for purposes of Section 141 of the Code.

1.15 Procurement Rebates and Fees

A. In any instance in which Manager receives an Unrestricted Rebate with respect to any purchase, sale, lease or other procurement or provision of goods or services for or to the Conference Center, such Unrestricted Rebate (or allocable portion thereof, based on a reasonable allocation formula, to the extent that such Unrestricted Rebate also applies to the purchase, sale, lease or other procurement or provision of goods or services for or to other facilities, hotels or third parties) shall be treated as follows: (i) first, the amount of such Unrestricted Rebate shall be applied against any costs incurred in connection with the purchase, sale, lease or other procurement or provision of goods or services for or to the Conference Center (which costs shall be allocated to the Conference Center on a reasonable basis to the extent such costs also apply to the purchase, sale, lease or other procurement or provision of goods or services for or to other hotels or third parties), and (ii) second, any remaining amount of such Unrestricted Rebate shall be reimbursed to the Conference Center (which reimbursement shall be treated as a reduction of the Conference Center Deductions for the applicable period). Manager shall have the right, at its reasonable discretion, to modify the above procedure to (x) pay the entire amount of the costs described in clause (i) above as a Conference Center Deduction, and (y) reimburse to the Conference Center the entire amount of such Unrestricted Rebate (i.e., without netting the two amounts as described in the immediately preceding sentence).

B. For purposes hereof, the term "Unrestricted Rebate" shall mean a rebate, payment or other enrichment received by Manager with respect to the purchase, sale, lease or other procurement or provision of goods or services specifically for or to the Conference Center, where Manager is entitled to return such rebate, payment or enrichment to each of the facilities or hotels for or to which the goods or services were purchased, sold, leased, procured or provided. The term "Unrestricted Rebate" shall not include (i) any allowances, payments or other enrichments received by Manager with respect to the purchase, sale, lease or other procurement or provision of goods or services for or to the Conference Center, where Manager is not entitled to return such allowances, payments or enrichments to the facilities or hotels for or to which the goods or services were purchased, sold, leased, procured or provided or is required by a third party to utilize or allocate such allowances, payments or enrichments in a specific manner, or (ii) any conference sponsorship payments received by Manager that are used to

defray conference costs. If Manager receives an allowance, payment or enrichment pursuant to Section 1.15.B(i) or Section 1.15.B(ii), Manager shall utilize or allocate such allowance, payment or enrichment in the manner required by the third party and shall not directly profit from such allowance, payment or enrichment.

C. Owner, based on the representations made by Manager in Section 1.15.A., has determined that Manager's or an Affiliate's receipt of an Unrestricted Rebate shall not be considered a Direct or Indirect Profit to Manager or the Affiliates and need not be treated as compensation for purposes of Revenue Procedure 97-13. Owner, based on the representations made by Manager in Section 1.15.B., has also determined that Manager's or an Affiliate's receipt of an allowance, payment or enrichment described by either Section 1.15.B(i) or Section 1.15.B(ii) shall not be considered a Direct or Indirect Profit to Manager or the Affiliate and need not be treated as compensation for purposes of Revenue Procedure 97-13.

D. **[ANY PROCUREMENT REQUIREMENTS APPLICABLE TO CONFERENCE CENTER NEED TO BE SPECIFIED IN THIS AGREEMENT - OWNER TO PROVIDE TO MARRIOTT - ADDITIONAL LANGUAGE TO BE INCLUDED HERE ONCE MARRIOTT RECEIVES REQUIREMENTS FROM OWNER]**

E. Owner acknowledges that Manager currently utilizes Avendra, LLC in connection with Manager's performance of its obligations under this Agreement, including its procurement obligations described under Section 1.04.A.10. above. Notwithstanding anything contained in Section 1.15.D. to the contrary, Owner agrees that Manager's use of Avendra, LLC to procure Inventories, Fixed Asset Supplies and other goods or materials for use at the Conference Center complies with (or is not required to comply with) the procurement requirements applicable to the Owner and Owner-owned property.

1.16 Joint Operation; Easement

A. Notwithstanding anything else to the contrary in this Agreement, Owner and Manager recognize that, so long as the Conference Center and the Hotel and/or Golf Course are operated by Manager and/or Marriott, it is the intent of Owner, Manager and Hotel Owner to operate the Conference Center and the Hotel and/or Golf Course, as applicable, in a seamless manner, regardless of ownership. Owner and Hotel Owner specifically recognize the mutual benefits to be derived from the integrated operation of the Conference Center, Golf Course and Hotel by Manager and/or Marriott. In addition, Owner has been given the opportunity to make inquiries regarding the terms of the Hotel Management Agreement as they may relate to this Agreement. Owner recognizes and agrees that as part of the operation of the Conference Center by Manager, certain costs, including but not limited to, employee costs, marketing and advertising costs, golf packages, systems costs, Impositions, costs pursuant to the Easement and insurance costs will be allocated by Manager between the Conference Center, the Golf Course and the Hotel pursuant to generally accepted accounting principles and the Agreed Allocations (as defined below), and funds from the operation of the Hotel and Golf Course may, at certain times, be commingled with funds from the operation of the Conference Center. In connection

therewith, Owner and Manager approve the allocation methodology attached hereto as Exhibit I and incorporated herein by this reference (the "Agreed Allocations"). In the event that there is a dispute as to any allocation and the issue in dispute is not adequately addressed in the Agreed Allocations, Owner, Manager and Hotel Owner will attempt to reach agreement within thirty (30) days after notification of any such dispute to Manager by Owner or Hotel Owner (which dispute shall be resolved in accordance with the allocation methodology attached hereto as Exhibit I) and, in the event that the three parties are unable to reach agreement during such period, the matter will be resolved by a panel of Experts in accordance with the provisions of Section 11.21 of this Agreement, with the exception that Owner and not Manager shall participate in the selection of the Experts with Hotel Owner. In no event shall Manager be responsible for the payment of any allocation, and the costs of the Experts shall be borne by Owner and/or Hotel Owner as decided by the Experts (and shall not be treated as Conference Center Deductions). Any subsequent allocations (or amendments to previously agreed upon allocations) concerning the Conference Center and the Hotel shall be agreed upon in writing by Owner and Hotel Owner, and subject to approval by Manager (such approval not to be unreasonably withheld). Owner, Manager and Hotel Owner shall enter into such additional agreements as may be reasonably necessary to document the understanding among such parties with respect to matters pertaining to sharing of facilities and services, allocation of costs and revenues between the Conference Center, Hotel and Golf Course, access and easement rights and related issues. In addition, to the extent Manager or Marriott no longer operates the Golf Course, Hotel Owner, Manager and Owner agree to modify and amend, as necessary, the Agreed Allocations and any additional agreements on such terms as shall be acceptable to Manager, Hotel Owner and Owner.

B. So long as the Hotel, Conference Center and/or Golf Course are operated by Manager or Marriott, Owner acknowledges and agrees that due to the combination of the Hotel, the Conference Center and the Golf Course (as applicable) as a combined destination, Manager will be making pricing and allocation decisions in connection with the sale and marketing thereof that may affect the Conference Center, the Hotel and the Golf Course (such as, for example, pricing of packages that include room nights at the Hotel and meeting facilities at the Conference Center). Manager shall, in good faith, use commercially reasonable efforts to make such decisions in the overall best interest of the Conference Center, the Golf Course and the Hotel as a combined unit. Consequently, Owner covenants and agrees that it shall not bring any claim, action or suit of any kind against Manager or its Affiliates arising from Manager's failure to act solely in the best interest of the Conference Center with regard to pricing, marketing cost and allocation issues provided that Manager has acted in good faith and in accordance with the terms and conditions of this Section 1.16.B.

C. Attached hereto as Exhibit D is the Easement regarding the reciprocal use of the Hotel and Conference Center and the allocation of certain costs common to both facilities. Owner agrees that it shall (i) comply with the terms of the Easement and shall not take or permit any action that would breach the terms and conditions of the Easement; (ii) maintain the Easement in full force and effect throughout the term hereof; (iii) not amend or modify the terms of the Easement without the prior written consent of Manager; (iv) enforce, at Manager's

request, any terms and conditions which are to the benefit of Owner or the Conference Center; and (v) with respect to any matter that affects the operation, economics or physical structure of the Conference Center, or the common areas between the Hotel and the Conference Center, follow the direction of Manager in order that Manager can maintain and operate the Conference Center to the standards required hereunder provided that such direction is consistent with the provisions and terms of the Easement.

1.17 Parking

Owner shall cause to be available for the Conference Center parking spaces and other parking facilities sufficient for the operation of the Conference Center in accordance with System Standards.

1.18 Reedy Creek Lease and Sublease

A. Marriott acknowledges (i) that certain Lease by and between Owner, as landlord, and Reedy Creek Cellars, Inc., as tenant ("Reedy Creek") dated October 28, 2011 (the "Wine Cellar Lease") for a certain premises located inside the Conference Center consisting of 420 square feet (the "Wine Cellar Premises") and (ii) that certain Sublease by and between The Industrial Development Board of the City of Kingsport, Tennessee, as sublandlord ("Sublandlord") and Reedy Creek, as subtenant, dated October 28, 2011 (the "Winery Building Sublease," along with the Wine Cellar Lease, the "Reedy Leases") for a certain 5,432 square foot building located on grounds adjacent to the Conference Center (the "Winery Building Premises," along with the Wine Cellar Premises, the "Reedy Premises").

B. Owner acknowledges and agrees that (i) during the term of the Wine Cellar Lease, the Wine Cellar Premises shall not be managed by Manager pursuant to this Agreement (or otherwise), and Manager shall have no obligations with respect thereto, and (ii) the Winery Building Premises is not on the Site that is subject to this Agreement and shall not be managed by Manager pursuant to this Agreement (or otherwise) during the term of this Agreement.

C. Owner represents, warrants and covenants as follows with respect to the Reedy Leases:

1. Attached hereto as Exhibit J are true, correct and accurate copies of the Reedy Leases.

2. Owner shall not amend, modify, consent to assignment of or terminate the Reedy Leases without Manager's prior written approval.

3. Upon expiration or termination of the Wine Cellar Lease and surrender of the Wine Cellar Premises to Owner, Owner shall renovate or otherwise restore the Wine Cellar Premises to a condition that complies with then current System Standards.

4. The operation of the Reedy Premises shall not conflict with Manager's operation of the Conference Center, the Hotel or with any provisions of this Agreement.

5. Owner shall ensure that the Reedy Leases permit Manager, on Owner's behalf, upon reasonable notice and at reasonable times, to have access to the Reedy Premises to conduct inspections for fire and life safety, pest control and other matters that may affect the Conference Center or the Hotel.

6. Owner shall ensure that the utilities and HVAC system servicing the Reedy Premises shall be separately metered from the Conference Center and the Hotel.

7. Owner shall enforce the terms of the Reedy Leases and take all reasonable and necessary steps thereunder to ensure that the Reedy Premises are operated in accordance therewith and any and all Legal Requirements.

8. Owner shall ensure that no Marriott Trademarks are used by Reedy Creek, in connection with the Reedy Premises or the promotion, advertising or marketing thereof without the prior written consent of Manager, which may be withheld in Manager's sole and absolute discretion.

D. All revenues from the Reedy Premises shall be retained by Reedy Creek, and shall not be included in Conference Center Gross Revenues. All rent paid to Owner or Sublandlord under the Reedy Leases shall be retained by Owner or Sublandlord, as applicable, and shall not be included in Conference Center Gross Revenues. All costs or expenses in connection with the Reedy Premises shall be paid by Owner from its own funds, and not from Conference Center Gross Revenues or the FF&E Reserve.

E. Owner shall promptly pay the Wine Cellar Premises' fair and reasonable allocation of all costs and expenses for (i) the operation, maintenance, repair and replacement of structural elements of the Conference Center; (ii) the roof; (iii) fire and life safety systems; (iv) cleaning and maintenance of the Conference Center exterior walls and windows; (v) pest control; (vi) property insurance for the Wine Cellar Premises; (vii) real estate taxes and (viii) any other elements of the Conference Center which are used to support or service the Reedy Premises (collectively, the "Wine Cellar Premises Shared Costs"). If Owner does not pay such Wine Cellar Premises Shared Costs within ten (10) days after Manager's request therefor, Manager shall have the right (without affecting Manager's other remedies under this Agreement) to withdraw an amount to cover such Wine Cellar Premises Shared Costs from distributions of funds otherwise payable to Owner.

F. Owner covenants and agrees that with respect to the Reedy Premises, Owner shall obtain and maintain at its sole expense, or cause to be obtained and maintained by Reedy Creek, the following insurance coverage insuring the Reedy Premises:

1. General liability insurance including liquor liability against claims for bodily injury, death or property damage occurring on, in or about Owner's or Hotel Owner's property, including the Hotel and the Conference Center, and automobile liability insurance on

vehicles operated in conjunction with such property, with a combined single limit for each occurrence of not less than Ten Million Dollars ($10,000,000.00);

2. Workers' compensation and employer's liability insurance as may be required under applicable laws covering all of Owner's and Reedy Creek's employees;

3. Property insurance on the Reedy Premises and contents thereof against loss or damage by fire, lightning and all other risks covered by the usual extended coverage endorsement, all in an amount not less than one hundred percent (100%) of the replacement cost thereof;

4. Boiler and machinery insurance against loss or damage from explosion of boilers or pressure vessels to the extent applicable to the Reedy Premises; and

5. Business interruption and loss of rents insurance covering loss of profits and necessary continuing expenses for interruptions caused by any occurrence covered by the insurance referred to in paragraphs 1 and 2 above for a minimum of 12 months.

G. Owner hereby grants Manager (and its respective Affiliates, directors, officers, shareholders, agents and employees) a waiver of subrogation for loss or damage to the Conference Center or the Hotel and any resultant business interruption regardless of the cause of loss or damage. All policies above (excluding workers compensation) shall name Manager and Marriott as an additional insured and shall be primary and non-contributory to any other coverages Manager or Marriott may carry. Owner shall deliver to Manager certificates of insurance with respect to all policies so procured and, in the case of insurance policies about to expire, shall deliver certificates with respect to the renewal thereof. All certificates of insurance provided for under this Section 1.18.G. shall, to the extent obtainable, state that the insurance shall not be canceled or materially changed without at least thirty (30) days' prior written notice to the certificate holder.

H. Except as may arise from Manager's gross negligence or willful misconduct, Owner shall indemnify, defend and hold Manager, Marriott and their Affiliates harmless from and against all loss, costs, liability and damage (including, without limitation, reasonable attorneys' fees and expenses, and the cost of Litigation) relating to the Reedy Premises. The provisions of this Section 1.18.H. shall survive Termination.

ARTICLE 2

TERM

2.01 Term

The "Term" of this Agreement shall begin on the Effective Date and shall continue until the fifteenth (15th) anniversary of the Effective Date.

2.02 Performance Termination

A. Subject to the provisions of Section 2.02.B., Owner shall have the option to terminate this Agreement if, with respect to any two (2) consecutive Fiscal Years (not including any portion of any Fiscal Year prior to the expiration of Fiscal Year 2013):

1. For each such Fiscal Year, either: (a) the amount of Conference Center Operating Loss for such Fiscal Year (as reflected on the final Annual Operating Statement for such Fiscal Year) exceeds the Conference Center Operating Loss projected in the Business Plan for such Fiscal Year (the "Projected Operating Loss") by fifteen percent (15%) or more, or (b) the amount of Conference Center Operating Profit for such Fiscal Year (as reflected on the final Annual Operating Statement for such Fiscal Year) is less than the Conference Center Operating Profit projected in the Business Plan for such Fiscal Year (the "Projected Operating Profit") by fifteen percent (15%) or more; and

2. The variance in Conference Center Operating Loss or Conference Center Operating Profit, as applicable, as described in Section 2.02.A.1. is not the result of (i) an Extraordinary Event, (ii) any major renovation of the Hotel or Conference Center, (iii) any default by Owner, or (iv) the failure of the Hotel or Conference Center to comply with System Standards (unless such failure is caused by a default by Manager of its obligations under this Agreement).

As used herein, the term "Operating Loss Variance" shall mean, with respect to any Fiscal Year described above, the difference between the actual Conference Center Operating Loss for such Fiscal Year and the Projected Operating Loss, and the term "Operating Profit Variance" shall mean, with respect to any Fiscal Year described above, the difference between the actual Conference Center Operating Profit for such Fiscal Year and the Projected Operating Profit.

Owner shall exercise such option to terminate by serving written notice ("Termination Notice") thereof on Manager no later than sixty (60) days after Owner's receipt of the annual accounting under Section 4.01.B. for the second (2nd) of the two (2) Fiscal Years referred to in this Section 2.02.A. If Manager does not elect to avoid such Termination pursuant to Section 2.02.B., this Agreement shall terminate as of the end of the fourth (4th) full Accounting Period following the date on which Manager receives the Termination Notice; provided that such period of time shall be extended as required by applicable Legal Requirements pertaining to the termination of the employment of the employees at the Conference Center. Owner's failure to exercise its right to terminate this Agreement pursuant to this Section 2.02.A. with respect to any given Fiscal Year shall not be deemed an estoppel or waiver of Owner's right to terminate this Agreement with respect to subsequent Fiscal Years to which this Section 2.02.A. may apply. At least forty-five (45) days prior to the effective date of Termination, Owner shall, as applicable, (x) satisfy in full all repayment and other obligations to Manager and its Affiliates under any Marriott Funding Obligations, if any, (y) release or cause the release of all obligations of Manager and its Affiliates under such Marriott Funding Obligations, if any, and (z) acquire all of

Manager's and its Affiliates' equity interests in the Conference Center, if any (in accordance with the terms of the applicable documents addressing such rights); provided that if Owner fails to complete all such actions at least forty-five (45) days prior to the effective date of Termination, (x) the foregoing Owner's election to terminate this Agreement under this Section 2.02.A. shall be canceled and of no force or effect and this Agreement shall not terminate, and (y) the first (1st) of the two (2) Fiscal Years to which such Termination Notice would have applied shall no longer be treated as a Fiscal Year for the purposes of Section 2.02.A.1.

B. Upon receipt of Owner's Termination Notice pursuant to Section 2.02.A., Manager shall have the option, to be exercised by written notice to Owner (the "Shortfall Notice") within sixty (60) days after receipt of such Termination Notice, to avoid such Termination by making a Shortfall Payment. The term "Shortfall Payment" shall mean, at Manager's option, either of the following:

1. The payment to Owner of the amount of Operating Loss Variance and/or Operating Profit Variance for each of the two (2) Fiscal Years referenced in Section 2.02.A. (such amount, the "Shortfall Amount"), which payment shall be made within five (5) Business Days after the date on which Owner receives the Shortfall Notice; or

2. The waiver by Manager of its receipt of the Management Fees during the period commencing with the first (1st) full Accounting Period following the date on which Owner receives the Shortfall Notice and ending on the date on which the total, aggregate amount of such waived Management Fees equals the Shortfall Amount.

If Manager makes a Shortfall Payment pursuant to this Section 2.02.B., then the foregoing Owner's election to terminate this Agreement under Section 2.02.A. shall be canceled and of no force and effect with respect to the two (2) Fiscal Years for which such Shortfall Payment was made, this Agreement shall not terminate, and the two (2) Fiscal Years with respect to which such Shortfall Payment was made shall thereafter not be treated, for purposes of subsequent elections by Owner pursuant to Section 2.02.A., as Fiscal Years in which the circumstances described in Section 2.02.A.1 have occurred. Such cancellation, however, shall not affect the right of Owner, as to any Fiscal Years subsequent to the two (2) Fiscal Years in question, to again elect to terminate this Agreement pursuant to the provisions of Section 2.02.A. (which subsequent election shall again be subject to Manager's rights under this Section 2.02.B.). If Manager does not exercise its option to make a Shortfall Payment as aforesaid, then this Agreement shall be terminated as of the date set forth in Section 2.02.A.

Any amount(s) advanced to Owner as Shortfall Payment(s) shall be recoverable by Manager from Owner's share of Conference Center Operating Profit. Section 4.03.D. of this Agreement shall apply to any Shortfall Payment made by Manager that has not been recovered in that manner.

C. Any disputes between Owner and Manager under this Section 2.02 (including, without limitation, with respect to (i) the calculation of the actual Conference Center Operating Loss or Conference Center Operating Profit; or (ii) the applicability, duration or extent of impact of any of the items specified in Section 2.02.A.2) shall be resolved by a panel of Experts in accordance with Section 11.21. The sixty (60) day period described in Section 2.02.B. shall be tolled until the panel of Experts issues its determination.

2.03 Manager Termination Right

Manager has the right to terminate this Agreement by written notice to Owner upon termination of the Hotel Management Agreement. Such termination shall be effective, subject to Section 11.11 below, as of the effective date set forth in such notice, provided that such effective date shall occur at least thirty (30) days after the date on which Owner receives such notice; and provided further, if subsequent to Manager's delivery of notice to Owner but prior to the effective date of termination, the Hotel Management Agreement is reinstated or the termination of the Hotel Management Agreement is revoked or cancelled, any termination of this Agreement pursuant to this Section 2.03 shall be cancelled and of no force or effect and this Agreement shall not terminate.

2.04 Owner Termination Right

Owner has the right to terminate this Agreement by written notice to Manager upon termination of the Hotel Management Agreement by Hotel Owner under the "Performance Termination" provision thereof. Such termination shall be effective, subject to Section 11.11 below, as of the effective date set forth in such notice, provided that such effective date shall occur at least seventy-five (75) days after the date on which Manager receives such notice (or such longer period of time as may be necessary under Legal Requirements pertaining to termination of employment); and provided further, if subsequent to Owner's delivery of notice to Manager but prior to the effective date of termination, the Hotel Management Agreement is revoked or cancelled, any termination of this Agreement pursuant to this Section 2.04 shall be cancelled and of no force or effect and this Agreement shall not terminate.

ARTICLE 3

COMPENSATION OF MANAGER

3.01 Management Fees

A. Commencing with the Effective Date, Manager shall be paid the following as its management fee (the "Management Fee"):

Fiscal Year 2012:	$118,000, to be pro-rated based on

	Effective Date
Fiscal Year 2013:	$127,000
Fiscal Year 2014:	$136,000
Fiscal Year 2015:	$145,000

B. Beginning with Fiscal Year 2016, the Management Fee for each Fiscal Year remaining in the Term shall be equal to the prior Fiscal Year's Management Fee, adjusted by a percentage equal to the percentage increase or decrease (if any) in the GDP Deflator from the last month of the preceding Fiscal Year as compared to the last month of the Fiscal Year immediately preceding such preceding Fiscal Year.

C. The Management Fee shall be paid to Manager from Conference Center Gross Revenues in equal installments each Accounting Period and will constitute a Conference Center Deduction and be senior to any debt service payments on the Bonds and any other financing affecting the Conference Center.

D. Manager agrees that the Management Fee, and amounts that might in the future be paid pursuant to Section 11.27.B.2 or Section 11.29.D.3, constitute its entire compensation for performance of the management functions described in this Agreement. All other amounts to be paid, or permitted to be paid, to Manager or to its Affiliates pursuant to this Agreement shall be reimbursement of reasonable and actual costs incurred by Manager (or its Affiliates) and paid to parties other than Manager and its Affiliates to provide goods or services to the Conference Center, except for competitive fees or charges for the provision of goods or other services pursuant to separate contracts with Affiliates described by the second sentence of Section 1.13.E.

3.02 Distribution of Conference Center Operating Profit

With respect to each Fiscal Year during the Term, Conference Center Operating Profit for such Fiscal Year (to the extent available) shall be distributed to Owner on an interim basis in accordance with Section 4.01.A.

ARTICLE 4

ACCOUNTING AND REPORTING MATTERS

4.01 Accounting and Interim Distributions

A. Within twenty (20) days after the close of each Accounting Period, Manager shall deliver an interim accounting (the "Accounting Period Statement") to Owner showing Conference Center Gross Revenues, Conference Center Deductions, Conference Center Operating Profit, and applications and distributions thereof for the preceding Accounting Period. At the time that Manager delivers each Accounting Period Statement, Manager shall transfer to

Owner any interim amounts due Owner, subject to Working Capital needs, and shall retain any interim Management Fees due Manager.

B. Within sixty (60) days after the close of each Fiscal Year, Manager shall furnish Owner a statement (the "Annual Operating Statement") in reasonable detail summarizing the Conference Center's operations for such Fiscal Year and a certificate executed by a vice president of Manager, certifying that such Annual Operating Statement is true and correct. Within ten (10) days after Owner's receipt of such Annual Operating Statement, the parties shall make any adjustments, by cash payment, in the amounts paid or retained for such Fiscal Year as are required based on the final figures set forth in such Annual Operating Statement. Such Annual Operating Statement shall be controlling over the Accounting Period Statements for the applicable Fiscal Year. No adjustments shall be made for any Conference Center Operating Loss or Conference Center Operating Profit in any preceding Fiscal Year.

4.02 Books and Records; Annual Operating Statement

A. Books of control and account pertaining to the operations of the Conference Center shall be kept on the accrual basis and in material respects in accordance with the Uniform System of Accounts and with generally accepted accounting principles applied on a consistent basis (provided that, to the extent of a conflict between the two, the generally accepted accounting principles shall control over the Uniform System of Accounts), or in accordance with such industry standards or such other standards with which Manager and its Affiliates are required to comply from time to time, with the exceptions provided in this Agreement. Manager shall maintain separate books and records between the Conference Center and the Hotel clearly stipulating and justifying the allocation of expenses to the Conference Center where applicable. Owner may at reasonable intervals during Manager's normal business hours examine the Books and Records. Except as otherwise set forth in Section 11.11.A below, Owner shall have three (3) years after delivery of the Annual Operating Statement to examine or review (at Owner's sole expense, and not as a Conference Center Deduction) such Annual Operating Statement. If Owner does not request an audit of the Books and Records within such three (3) year period, such Annual Operating Statement shall be deemed to have been accepted by Owner as true and correct, and Owner shall have no further right to question its accuracy except in the event of fraud by Manager. Owner may, during such three (3) year period, but not thereafter (except in the event of fraud by Manager), request an independent audit of the Books and Records ("Audit"). Owner shall pay all costs and expenses of the Audit at its sole expense (and not as a Conference Center Deduction); provided, however, that if such audit establishes that Manager has underpaid Owner for the applicable Fiscal Year by three percent (3%) or more, the reasonable costs and expenses of the Audit shall be paid solely by Manager. If any such audit discloses an underpayment of any amounts due to Owner pursuant to the provisions hereof, Manager shall promptly pay Owner such amounts found to be due. If any audit discloses that Manager has not received any amounts due to Manager pursuant to the provisions hereof, Owner shall promptly pay Manager such amounts found to be due. Manager shall reasonably cooperate with Owner and its representatives in connection with any Audit. Any dispute concerning the correctness of an Audit shall be settled by a panel of Experts in accordance with Section 11.21.

All information regarding the operation of the Conference Center that is obtained by Owner through an Audit shall be considered confidential information and Owner agrees not to disclose such information except as necessary to its advisors, attorneys and consultants participating in the Audit process, who shall likewise be informed of the confidential nature of the information and of the duty not to disclose such information to third parties, except as required by law; provided, however, that Owner shall be permitted to disclose such information to (i) a third party in connection with a prospective Sale of the Conference Center or financing related to the Conference Center if such third party has executed a confidentiality agreement reasonably satisfactory to Manager regarding such information, or (ii) to the extent required by applicable Legal Requirements pertaining to Owner as a governmental entity under the Freedom of Information Act or similar requirements of the State of Tennessee.

B. Manager shall have the right, at its option, to provide Owner with automated delivery, in electronic format, of the data required under Section 4.02.A. and Section 4.07.A. (consistent with the then-current standard operating procedures generally employed by Manager). The parties shall cooperate reasonably with each other in order to adapt to new technologies that may be available with respect to the transmission of such data.

C. Manager shall cooperate reasonably with Owner (including providing reasonable information, if applicable) in order to assist Owner to understand the reports, statements and other information that Manager submits to Owner pursuant to the provisions hereof; provided, however, that the foregoing provisions of this Section 4.02.C. shall not be construed to provide Owner with any audit or similar rights with respect to such reports, statements and information that are not otherwise expressly described in this Agreement.

4.03 Conference Center Accounts and Expenditures

A. Except as may be required in connection with MBS Systems or as set forth in Section 5.02, all funds derived from operation of the Conference Center shall be deposited by Manager in accounts in Manager's name, established by Manager in a bank or banks designated by Manager and approved by Owner. Owner hereby approves the Operating Accounts of the Conference Center (if any) existing as of the Effective Date. The bank accounts into which such funds are deposited (other than MBS Systems accounts) are referred to herein as "Operating Accounts."

B. Withdrawals from the Operating Accounts shall be made only by representatives of Manager whose signatures have been authorized. Reasonable petty cash funds shall be maintained at the Conference Center.

C. Except as otherwise specifically provided hereunder and as may be required in connection with the MBS Systems, all payments made by Manager hereunder shall be made from the Operating Accounts, petty cash funds, or from the FF&E Reserve (in accordance with Section 5.02). Manager shall not be required to make any advance or payment with respect to the Conference Center except out of such funds, and Manager shall not be obligated to incur any

liability or obligation with respect to the Conference Center. In any event, if any such liability or obligation is incurred by Manager with respect to the Conference Center, Manager shall have the option to deduct such amounts from Owner's share of Conference Center Operating Profit if Owner has not fully reimbursed Manager for said amounts within ten (10) days after Owner's receipt of notice from Manager that said amounts are due. As part of Manager's cash management procedures, certain accruals and advance payments shall be made to Manager for paid time off, pension and other corporate charges in advance of actual payment of such expenses, without interest or imputed interest accruing on such funds for the benefit of Conference Center. Any and all accruals shall be reasonable, based on historical experience (where appropriate), and shall be applied to the Conference Center in a manner consistent with the rest of the Marriott Hotel System.

D. Debts and liabilities incurred by Manager as a result of its operation and management of the Conference Center pursuant to the terms hereof, whether asserted before or after Termination, will be paid by Owner to the extent funds are not available for that purpose from Conference Center Gross Revenues. The provisions of this Section 4.03.D. shall survive Termination.

4.04 MBS Systems

A. 1. Manager shall manage certain aspects of the Conference Center's finances through the MBS Systems. The scope, features and functions of the MBS Systems are subject to modification from time to time as Manager shall, in its reasonable discretion, determine to be most efficient and economical for the Marriott Hotel System. Owner agrees that Owner shall pay as a Conference Center Deduction an allocable share of the costs and expenses (collectively, the "MBS Charges") incurred by Manager or its Affiliates in utilizing the MBS Systems on behalf of the Property, as provided in Section 4.04.A.3 below. The MBS Charges shall include both MBS Systems development costs and current operating costs and expenses.

2. The MBS Charges represent the reasonable and actual costs paid by Manager or its Affiliates to persons other than Manager or its Affiliates in developing and operating the MBS Systems, which costs shall be determined using reasonable accounting procedures, applied on a consistent basis.

3. (a) The MBS Charges shall be allocated on a fair and reasonable basis among all participating facilities and hotels in the Marriott Hotel System, including, the Property, in accordance with generally accepted accounting principles. The MBS Charges shall include, as applicable, an allocation of salaries, wages, other compensation and benefits, development costs and overhead related to the employees of Manager, Marriott or any Affiliate of Manager or Marriott directly involved in the development or operation of the MBS Systems; provided, however, that such costs and expenses shall not include (i) any bonuses described in the first provision after item 16 in the definition of "Conference Center Deductions" in Section 12.01, (ii) costs and expenses of providing Central Office Services, or (iii) Direct or Indirect Profit to Manager or its Affiliates. If the MBS Systems used by conference centers and hotels in the

Marriott Hotel System are also provided to other hotel brands owned by Marriott or its Affiliates, the costs and expenses incurred by Manager or its Affiliates in providing such MBS Systems shall be allocated to such other brands on a fair and reasonable basis, taking into account the level of MBS Systems being provided to each of such other brands. MBS Charges allocated to the Property shall not be included in Chain Services or Central Office Services, but instead shall be Direct Deductions.

(b) The MBS Charges allocated to the Property shall then be further allocated between the Conference Center and the Hotel pursuant to generally accepted accounting principles and the Agreed Allocations.

B. Owner acknowledges that Manager has provided Owner with a description of the operation of the MBS Systems and the allocation of costs and expenses incurred by Manager or its Affiliates in connection with the operation of the MBS Systems among the Conference Center and other properties, and the opportunity to obtain any additional information regarding the MBS Systems necessary to determine compliance with Section 141 and Treas. Reg. § 1.141-3(b)(4), and Revenue Procedure 97-13, and that Manager provided all such information that was requested of Manager by Owner. Owner, based on the information provided by Manager and the representations made by Manager in Section 4.04.A., has determined that the current manner of operating the MBS Systems does not result in private business use of any portion of the Executive Conference Center for purposes of Section 141 of the Code.

4.05 Direct Deductions and Direct Deductions Report

A. Owner hereby approves the current categories of Direct Deductions, which are set forth in Exhibit E, and their treatment as Conference Center Deductions. Within ninety (90) days after the end of each Fiscal Year, Manager shall furnish to Owner, for Owner's review, an updated list (the "Direct Deductions Report") of all then-current categories of Direct Deductions.

B. Manager may, in its reasonable discretion, modify, add or subtract categories of services that are or will be provided as Direct Deductions. In the event Manager provides a new system or program to the Conference Center that is not listed in either Exhibit C or Exhibit E, Manager shall make the determination of whether such new system or program should be classified as a Direct Deduction rather than a Chain Service based upon whether such new system or program (i) supports only a subgroup of facilities or hotels in the Marriott Hotel System, or selected or individual facilities or hotels, or (ii) is a system or program for which the cost is more appropriately recovered based on property usage. If either clause (i) or clause (ii) in the immediately preceding sentence applies, the new system or program shall be classified as a Direct Deduction as opposed to a Chain Service.

4.06 Annual Profit Transactions Report

Within ninety (90) days after the end of each Fiscal Year, Manager shall deliver to Owner a report (the "Annual Profit Transactions Report") containing a list of all Profit Transactions

relating to the Conference Center to which Manager or any Related Party was a party, or which Manager or any Related Party implemented, during such Fiscal Year, together with a certification by a vice president of Manager that such list is true and accurate and that, in Manager's reasonable judgment, the Profit Transactions listed therein satisfy the Competitive Terms Standard.

4.07 Business Plan

A. Manager shall deliver to Owner for its review and approval, at least thirty (30) days prior to the beginning of each Fiscal Year that begins after the Effective Date, a preliminary business plan showing the estimated Conference Center Gross Revenues, departmental profits, Conference Center Deductions, and Conference Center Operating Profit for the forthcoming Fiscal Year, in comparison to the forecasted Conference Center Gross Revenues, departmental profits, Conference Center Deductions, and Conference Center Operating Profit for the current Fiscal Year. Such comparison will include the estimated percentage changes in such items for the forthcoming Fiscal Year compared to the current Fiscal Year. Manager shall prepare the preliminary business plan in accordance with the System Standards and the general standards of the hotel industry for similar properties. Owner shall have thirty (30) days after receipt of the preliminary business plan to review and approve such business plan and Manager shall make itself reasonably available during such period to discuss the preliminary business plan and respond to Owner's questions with respect thereto. In the event that Owner disapproves any category in the preliminary business plan, Owner will provide Manager with the specific reasons for its disapproval by category within such thirty (30) day period. Upon Owner's request after such disapproval, Manager shall meet with Owner as soon as reasonably practical to discuss the preliminary business plan and to explain to Owner how the preliminary business plan was developed (including all underlying assumptions then available). Thereafter, in the twenty-five (25) day period following receipt of Owner's disapproval, the parties shall attempt to resolve in good faith any objections by Owner. Notwithstanding the foregoing, Owner shall not be entitled to withhold its approval based on its objection to: (1) Manager's reasonable projections of either Conference Center Gross Revenues or the components thereof; (2) projected costs and expenses that are "system charges" (that is, costs and expenses that are generally uniform throughout the Marriott Hotel System, such as the costs of Marriott Rewards Program, other chain-wide marketing programs, employee salaries, benefits and other compensation programs) that are authorized or permitted under this Agreement; (3) costs and expenses that are not within the control of Owner and/or Manager, such as Impositions and the costs of utilities; or (4) increases in projected costs and expenses of operating the Conference Center, which increases are primarily caused by projected increases in Conference Center Gross Revenues. In the event that the parties are unable to resolve a disagreement with respect to any item to which Owner has objected, all such unresolved matters shall be determined by the panel of Experts in accordance with the provisions of Section 11.21. Pending such Expert determination, Manager shall operate the Conference Center with respect to those categories that are in dispute based on the previous Fiscal Year's approved Business Plan, adjusted in accordance with changes in the GDP Deflator over the Fiscal Year just ended and anticipated changes in Conference Center Gross Revenues. If Owner fails to provide any objection within such thirty (30) day period, the preliminary

business plan as submitted by Manager shall be deemed approved. As of approximately forty-five (45) days after the beginning of each Fiscal Year following the Effective Date, Manager shall deliver to Owner the final business plan, in which the above-mentioned percentage changes are applied to the actual final numbers for the preceding Fiscal Year. Such final business plan, as delivered to Owner, is herein referred to as the "Business Plan".

B. Manager shall diligently pursue feasible measures to operate the Conference Center in accordance with the Business Plan. It is understood, however, that the Business Plan is an estimate only and that unforeseen circumstances such as, but not limited to, the costs of labor, material, services and supplies, casualty, operation of law, or economic and market conditions, as well as the requirement that the Conference Center be operated in accordance with the System Standards, may make adherence to the Business Plan impractical, and Manager shall be entitled to depart therefrom due to causes of the foregoing nature.

C. Manager shall notify Owner of any significant variations from the Business Plan promptly after Manager learns of same, and shall notify Owner of the nature and extent and reason for such variation.

D. As of the Effective Date, Manager's Fiscal Year ends at midnight on the Friday closest to December 31st and Owner's fiscal year ends at midnight on June 30th. Notwithstanding that Manager's Fiscal Year shall control for all purposes of this Agreement, Manager agrees to reasonably cooperate with Owner in Owner's preparation of Owner's own fiscal year budget (at least as it pertains to the Conference Center) by providing Owner with an updated estimate of the amounts set forth in the Business Plan provided pursuant to Section 4.07.A., the Building Estimate provided pursuant to Section 5.03.A. and the FF&E Estimate provided pursuant to Section 5.02.C. for the remainder of Manager's Fiscal Year so that Owner can utilize the same in Owner's own forecasts and budget process. Manager shall provide such estimates within sixty (60) days after Owner's written request for such estimates (which request shall not be made more than once each fiscal year) and such estimates shall be prepared in accordance with Manager's standard internal planning and budgeting process and in the degree of detail specified by the Uniform System of Accounts. Notwithstanding anything contained in this Section 4.07.D. to the contrary, in no event shall the information provided by Manager to Owner pursuant to this Section 4.07.D. be binding on Owner or Manager or otherwise be deemed to modify or amend the Business Plan or Building Estimate or FF&E Estimate for the Conference Center, and the provisions of this Section 4.07.D. as they relate to Owner's budget are set forth merely as an outline of the current and historical budgeting process between the parties.

4.08 Working Capital

Owner shall, from time to time during the Term, promptly advance any additional funds necessary to maintain Working Capital at levels mutually determined by Manager and Owner to be reasonably necessary to satisfy the needs of the Conference Center as its operation may from time to time require in accordance with System Standards. If Manager and Owner disagree as to

whether additional funds are necessary to maintain Working Capital at levels reasonably necessary to satisfy the need of the Conference Center as its operation may from time to time require in accordance with System Standards, such matter shall be determined by the panel of Experts in accordance with the provisions of Section 11.21. If Owner does not fund additional Working Capital amounts agreed to by Manager and Owner or determined to be necessary by the panel of Experts, within ten (10) days after (x) mutual determination by Manager and Owner of the need for such funds or (y) determination by the panel of Experts of the need for such funds, Manager shall have the right, at its option and without affecting Manager's other rights and remedies under this Agreement, to either (or both) (i) withdraw an amount equal to the necessary additional Working Capital funds from distributions of funds otherwise due to Owner and/or (ii) provide the Working Capital funds directly to the Conference Center and subsequently recover such amounts from Conference Center Gross Revenues or distributions of funds otherwise due to Owner. All funds advanced for Working Capital pursuant to the preceding sentences of this Section 4.08 shall be utilized by Manager for the purposes described in this Agreement pursuant to cash management policies established for the Marriott Hotel System. Upon Termination, Manager shall, except as otherwise provided in this Agreement, return the outstanding balance of the Working Capital to Owner. Owner shall be solely responsible for any Conference Center Operating Loss, and Manager may request Working Capital pursuant to this Section 4.08 if there is a projected Operating Loss with respect to an Accounting Period.

4.09 Fixed Asset Supplies

To the extent Conference Center Gross Revenues are insufficient therefor, Owner shall provide funds that are necessary to increase the level of Fixed Asset Supplies to levels mutually determined by Manager and Owner to be reasonably necessary to satisfy the needs of the Conference Center as its operation may from time to time require in accordance with System Standards. If Manager and Owner disagree as to whether funds are necessary to increase the level of Fixed Asset Supplies to levels reasonably necessary to satisfy the needs of the Conference Center as its operation may from time to time require in accordance with System Standards, such matter shall be determined by the panel of Experts in accordance with the provisions of Section 11.21. If Owner does not fund amounts agreed to by Manager and Owner or determined to be necessary by the panel of Experts, within ten (10) days after (x) mutual determination by Manager and Owner of the need for such funds or (y) determination by the panel of Experts of the need for such funds, Manager shall have the right, at its option and without affecting Manager's other rights and remedies under this Agreement, to either (or both) (i) withdraw an amount equal to the necessary amount of additional Fixed Asset Supplies funds from distributions of funds otherwise due to Owner, and/or (ii) provide the required funds directly to the Conference Center and subsequently recover such amounts from Conference Center Gross Revenues or distributions of funds otherwise due to Owner. The cost of Fixed Asset Supplies consumed in the operation of the Conference Center shall constitute a Conference Center Deduction. Fixed Asset Supplies shall remain the property of Owner during the Term and upon Termination (except for those Fixed Asset Supplies that are purchased by Manager pursuant to Section 11.11.E.).

4.10 Real Estate and Personal Property Taxes

A. Except as specifically set forth in Section 4.10.B., all real estate and personal property taxes, levies, assessments and similar charges on or relating to the Conference Center ("Impositions") during the Term shall be paid by Manager from Conference Center Gross Revenues, unless (i) payment thereof is in good faith being contested and enforcement thereof is stayed, or (ii) available Conference Center Gross Revenues are insufficient for the payment thereof. Any such payments shall be Conference Center Deductions in determining Conference Center Operating Profit. Owner shall, within ten (10) calendar days after receipt, furnish Manager with copies of any official tax bills and assessments that it receives with respect to the Conference Center. Either Owner or Manager (in which case Owner agrees to sign the required applications and otherwise cooperate with Manager in expediting the matter) may initiate proceedings to contest any negotiations or proceedings with respect to any Imposition, and all reasonable costs of any such contest shall be paid from Conference Center Gross Revenues and shall be a Conference Center Deduction in determining Conference Center Operating Profit. Manager shall, as part of its contest or negotiation of any Imposition, be entitled, on Owner's behalf, to waive any applicable statute of limitations in order to avoid paying the Imposition during the pendency of any proceedings or negotiations with applicable authorities.

B. The word "Impositions" as used in this Agreement shall not include the following, all of which shall be paid solely by Owner, not from Conference Center Gross Revenues nor from the FF&E Reserve:

1. Any franchise, corporate, estate, inheritance, succession, capital levy or transfer tax imposed on Owner, or any income tax imposed on any income of Owner (including distributions to Owner pursuant to Article 3);

2. Special assessments (regardless of when due or whether they are paid as a lump sum or in installments over time) imposed because of facilities that are constructed by or on behalf of the assessing jurisdiction (for example, roads, sidewalks, sewers, culverts, etc.) that may or may not benefit the Conference Center (regardless of whether or not they also benefit other buildings); or

3. "Impact fees" (regardless of when due or whether they are paid as a lump sum or in installments over time) that are required of Owner as a condition to the issuance of site plan approval, zoning variances or building permits.

ARTICLE 5

REPAIRS, MAINTENANCE AND REPLACEMENTS

5.01 Repairs and Maintenance Costs That Are Expensed

Manager shall maintain the Conference Center in good repair and condition, and shall make or cause to be made such routine maintenance, repairs and minor alterations as it determines are necessary for such purposes. The phrase "routine maintenance, repairs, and minor alterations" as used in this Section 5.01 shall include only those items that are normally expensed under generally accepted accounting principles. The cost of such maintenance, repairs and alterations shall be paid from Conference Center Gross Revenues (and not from the FF&E Reserve) and shall be treated as a Conference Center Deduction.

5.02 FF&E Reserve

A. Owner has established, and will continue to maintain, a reserve account (the "FF&E Reserve"), in a bank or similar institution acceptable Manager (Manager acknowledges and agrees that such bank or similar institution must be a state-chartered depository institution in the State of Tennessee) to cover the cost of:

1. Replacements, renewals and additions to the FF&E at the Conference Center; and

2. Routine Capital Expenditures.

The FF&E Reserve will be an interest-bearing account, and any interest that accrues thereon shall be retained in the FF&E Reserve. At the time of each interim accounting described in Section 4.01, Manager shall transfer to Owner for deposit into the FF&E Reserve such amounts as set forth in Section 5.02.B. Within fifteen (15) days following Manager's request, Owner shall provide Manager with account statements from the bank holding the FF&E Reserve so that Manager can review and confirm the balances of the FF&E Reserve from time to time. Checks or other documents of withdrawal on the FF&E Reserve shall be signed only by representatives of Owner. Owner covenants and agrees not to withdraw, or permit the withdrawal of, funds from the FF&E Reserve for any purpose other than funding of FF&E requests submitted by Manager in accordance with this Agreement. With respect to any project which is to be funded from the FF&E Reserve pursuant to this Agreement, (i) within thirty (30) days after invoice by Manager (which invoice shall be reasonably detailed as to the expenditures so made), Owner shall provide funds from the FF&E Reserve to Manager in reimbursement of amounts funded out of the Operating Accounts in respect of the applicable FF&E project, or (ii) Owner shall make payment from the FF&E Reserve directly to the contractor, subcontractor or other third party performing work in connection with such project, upon the presentation by Manager to Owner of an invoice pertaining to the project (which invoice shall be reasonably detailed as to the expenditures so made), or (iii) Owner shall provide funds from the FF&E Reserve in respect of

FF&E projects pursuant to such process as Manager and Owner shall otherwise agree upon from time to time. Manager shall use commercially reasonable efforts to present invoices to Owner in a prompt and timely manner. With respect to any Accounting Period, if there are insufficient funds in the Operating Accounts for Manager to both (i) transfer to Owner for deposit into the FF&E Reserve an amount equal to five percent (5%) of Conference Center Gross Revenues, and (ii) pay all other Conference Center Deductions and maintain Working Capital at levels reasonably necessary to satisfy the needs of the Conference Center as its operation may from time to time require in accordance with System Standards, then Manager shall not be required to transfer funds to Owner for deposit into the FF&E Reserve and instead Owner shall be required to fund directly into the FF&E Reserve for such Accounting Period an amount equal to five percent (5%) of Conference Center Gross Revenues (or, if Manager was able to fund a portion of the FF&E Reserve deposit to Owner from Conference Center Gross Revenues, the amount to be funded directly by Owner shall be the difference between (x) the amount funded by Manager from Conference Center Gross Revenues and (y) five percent (5%) of Conference Center Gross Revenues). A funding by Owner directly into the FF&E Reserve shall not result in any reduction in the required transfers to the FF&E Reserve in subsequent Accounting Periods or a requirement that the amount so funded be reimbursed to Owner from Conference Center Gross Revenues in subsequent Accounting Periods.

B. For each Accounting Period commencing with the Effective Date and for all Accounting Periods thereafter, Manager shall transfer to Owner for deposit into the FF&E Reserve an amount equal to five percent (5%) of Conference Center Gross Revenues. Such amounts transferred to Owner for deposit into the FF&E Reserve shall be paid from Conference Center Gross Revenues as Conference Center Deductions.

C. Manager shall prepare an annual estimate (the "FF&E Estimate") of the expenditures necessary for (1) replacements, renewals and additions to the FF&E of the Conference Center, and (2) Routine Capital Expenditures, during the ensuing Fiscal Year and shall deliver the FF&E Estimate to Owner for its review and approval (which approval shall not be unreasonably withheld, conditioned or delayed), at the same time as Manager submits the preliminary business plan described in Section 4.07.A. The FF&E Estimate shall also indicate the estimated time schedule for making such replacements, renewals, and additions and Routine Capital Expenditures. Notwithstanding the foregoing, Owner shall not have the right to approve any proposed expenditures contained within the FF&E Estimate that: (i) arise from an emergency threatening the Conference Center, or the life or property of its guests, invitees or employees; (ii) are necessary to satisfy a Legal Requirement; (iii) are necessary to operate or maintain the Conference Center in accordance with System Standards; or (iv) are necessary to resolve a condition that, if not corrected, would subject Manager and/or Owner to civil or criminal liability. Owner shall, upon written request by Manager, promptly reimburse all expenditures made by Manager in connection with the foregoing items (i) - (iv) from the FF&E Reserve in accordance with Section 5.02.A. above.

D. Manager shall (endeavoring in good faith to comply with the applicable FF&E Estimate, unless there has been a change in circumstances) from time to time make such

(1) replacements, renewals and additions to the FF&E of the Conference Center, and (2) Routine Capital Expenditures, as Manager deems necessary, up to the balance in the FF&E Reserve. At the end of each Fiscal Year, any amounts remaining in the FF&E Reserve shall be carried forward to the next Fiscal Year. Proceeds from the sale of FF&E no longer necessary to the operation of the Conference Center shall be added to the FF&E Reserve. Neither (1) proceeds from the disposition of FF&E, nor (2) interest that accrues on amounts held in the FF&E Reserve, shall (a) result in any reduction in the required transfers to the FF&E Reserve set forth in Section 5.02.B., or (b) be included in Conference Center Gross Revenues.

E. As the Conference Center ages, the percentage of Conference Center Gross Revenues that is set forth in Section 5.02.B. may not be sufficient to keep the FF&E Reserve at the levels necessary to make the alterations, improvements, replacements, renewals, and additions to the FF&E of the Conference Center, or to make the Routine Capital Expenditures, that are required to operate or maintain the Conference Center in accordance with the System Standards. If Manager reasonably believes that the funding of the FF&E Reserve (with respect to the following Fiscal Year or any subsequent Fiscal Year as specified) will not be adequate to operate or maintain the Conference Center in accordance with System Standards, Manager shall so notify Owner. Owner shall have sixty (60) days after receipt of such notification to review and approve Manager's assessment and recommendations concerning the funding of the FF&E Reserve and, in the event Owner disapproves any portion of Manager's recommendations, Owner will provide Manager in writing with the specific reasons for its disapproval within such sixty (60) day period. Thereafter, in the twenty-five (25) day period following Manager's receipt of Owner's disapproval, the parties will attempt to resolve in good faith the objections so specified by Owner. In the event that one or more of such objections have not been resolved as of the end of such twenty-five (25) day period, any such matter may be referred by either party to the Expert panel for resolution in accordance with the provisions of Section 11.21. Pending a decision by the Expert panel, Manager may proceed with the implementation of any portion of its assessment and recommendations that is not subject to dispute.

With respect to increased fundings to which Owner does not object, or increased fundings to which it objected but the Expert determined were necessary, Owner shall elect in writing one of the following two (2) alternatives within thirty (30) days after receipt of Manager's notice or the Expert's decision, as appropriate:

1. to increase the annual percentage of FF&E Reserve fundings under Section 5.02.B. to provide the additional funds required for the specified Fiscal Year(s), which additional FF&E Reserve fundings shall be treated as Conference Center Deductions; or

2. to make a lump sum contribution to the FF&E Reserve in an amount necessary to increase the FF&E Reserve to a level sufficient to fund the items that necessitated Manager's request for additional FF&E Reserve fundings; such amount shall be fully repaid (without interest) to Owner from Conference Center Gross Revenues in equal installments over the period of the next sixty-five (65) Accounting Periods, which installment payments shall be treated as Conference Center Deductions.

If Owner fails to elect one of the above alternatives within such thirty (30) day period, Owner shall be deemed to have elected the alternative set forth in Section 5.02.E.1. If Owner elects the alternative set forth in Section 5.02.E.2 and fails to provide the additional funds required thereunder within (i) thirty (30) days after making such election where such election follows a determination by the Expert pursuant to the foregoing provisions, or (ii) sixty (60) days after Owner's receipt of Manager's request for such additional funding where such election does not follow a determination by the Expert, such failure shall constitute an Event of Default by Owner. In addition, the placing of any restrictions on the expenditure by Manager of funds from the FF&E Reserve other than as set forth in this Section 5.02 (including, without limitation, restrictions resulting from (a) any Litigation involving Owner or the Conference Center, or (b) a Foreclosure) shall constitute an Event of Default by Owner under Section 9.01.

5.03 Capital Expenditures

A. Manager shall prepare an annual estimate (the "Building Estimate") of all Capital Expenditures. Manager shall submit the Building Estimate to Owner for its approval at the same time as Manager submits the preliminary business plan described in Section 4.07.A. Manager shall not make any Capital Expenditures without the prior approval of Owner, except as otherwise permitted herein. Owner shall have thirty (30) days after receipt of such Building Estimate to review and approve such Building Estimate, it being agreed that Owner shall not withhold its approval with respect to Capital Expenditures as are required, in Manager's reasonable judgment, to keep the Conference Center in a first-class, competitive, efficient and economical operating condition in accordance with System Standards, or otherwise required for the continued safe and orderly operation of the Conference Center. In the event Owner disapproves any portion of such Building Estimate, Owner shall provide Manager in writing with the specific reasons for its disapproval within such thirty (30) day period. Thereafter, in the twenty-five (25) day period following Manager's receipt of Owner's disapproval, the parties shall attempt to resolve in good faith any objections so specified by Owner. In the event that one or more of such objections have not been resolved as of the end of such twenty-five (25) day period, any such matter may be referred by either party for resolution by the Expert panel in accordance with the provisions of Section 11.21. Pending a decision by the Expert panel, Manager may proceed with the implementation of any portion of such Building Estimate that is not subject to dispute. It shall be an Event of Default by Owner if Owner (i) fails to provide funding for any Capital Expenditure that Owner has approved within sixty (60) days after the submission to Owner of the Building Estimate requesting such Capital Expenditure, or (ii) fails to provide funding for any Capital Expenditure determined necessary by an Expert panel within sixty (60) days after the Expert panel's determination.

B. Notwithstanding the provisions of Section 5.03.A., Manager shall be authorized to take appropriate remedial action (including making any necessary Capital Expenditures) without receiving Owner's prior approval in the following circumstances: (i) if there is an emergency threatening the Conference Center, or the life or property of its guests, invitees or employees; (ii) if the Capital Expenditures are necessary to satisfy a Legal Requirement; or (iii) if the continuation of the given condition would subject Manager and/or Owner to civil or criminal

liability. Manager shall cooperate with Owner in the pursuit of any such action and shall have the right to participate therein. Owner shall, upon written request by Manager, promptly reimburse all expenditures made by Manager pursuant to this Section 5.03.B.

C. The cost of all Capital Expenditures (including the expenses incurred by either Owner or Manager in connection with any civil or criminal proceeding described above) shall be borne solely by Owner, and shall not be paid from Conference Center Gross Revenues or from the FF&E Reserve.

5.04 Ownership of Replacements

All repairs, alterations, improvements, renewals or replacements made pursuant to this Article 5, and all amounts kept in the FF&E Reserve, shall, except as otherwise provided in this Agreement, be the property of Owner.

ARTICLE 6

INSURANCE

6.01 Property Insurance

A. From and after the Effective Date, Owner shall procure and maintain the following (or Manager shall procure and maintain the following if (i) Owner requests in writing, at least sixty (60) days prior to the commencement of Manager's applicable coverage year, that Manager procure and maintain the following, (ii) the Conference Center satisfies the then-current insurability criteria under Manager's insurance program, and (iii) Manager approves such request, in its sole and absolute discretion):

1. Property insurance (and, to the extent applicable, builders risk insurance), including boiler and machinery coverage, on the Conference Center building(s) and contents against loss or damage by risks generally covered by an "all risk of physical loss" form. Such coverage, to the extent available at commercially reasonable rates, terms and conditions, shall be for not less than one hundred percent (100%) of replacement cost thereof, less a reasonable deductible and subject to commercially reasonable sub-limits. Such coverage shall include (i) an agreed value provision, (ii) waiver of co-insurance, (iii) landscape improvements coverage in an amount equal to one hundred percent (100%) of the replacement value of the landscape improvements or Five Million Dollars ($5,000,000), whichever is greater, and (iv) law and ordinance coverage in an amount equal to twenty-five percent (25%) of the replacement value or Five Million Dollars ($5,000,000), whichever is greater.

2. Flood insurance, to the extent such coverage is excluded or sub-limited from the property insurance required under Section 6.01.A.1 and to the extent the Conference Center is located in whole or in part within an area identified by the insurer as having a special flood hazard. Such coverage, to the extent available at commercially reasonable rates, terms and

conditions, shall be for not less than twenty-five percent (25%) of the replacement cost value of the Conference Center, in excess of the application of a reasonable deductible. In no event shall flood insurance coverage be less than the maximum amount available under the National Flood Insurance Program (or successor program) for such coverage.

3. Insurance for loss or damage caused by earth movement, to the extent such coverage is excluded from the property insurance required under Section 6.01.A.1 and to the extent the Conference Center is located in an "earthquake prone zone" as determined by appropriate government authority or by the insurance industry. Such coverage, to the extent available at commercially reasonable rates, terms and conditions, shall be for not less than the probable maximum loss of the Conference Center or the aggregate probable maximum loss if insured under a blanket program, less a reasonable deductible.

4. Terrorism insurance, to the extent such coverage is excluded or sub-limited from the property insurance required under Section 6.01.A.1. Such coverage, to the extent available at commercially reasonable rates, terms and conditions, shall be for not less than the replacement cost value of the Conference Center, less a reasonable deductible.

5. Windstorm insurance, to the extent such coverage is excluded from the property insurance required under Section 6.01.A.1 and to the extent the Conference Center is located in a "windstorm prone zone" as determined by an appropriate government authority or by the insurance industry. Such coverage, to the extent available at commercially reasonable rates, terms and conditions, shall be for not less than the probable maximum loss of the Conference Center or the aggregate probable maximum loss if insured under a blanket program, less a reasonable deductible.

6. Business interruption insurance caused by any occurrence covered by the insurance described in Section 6.01.A.1 through Section 6.01.A.5. Such coverage, to the extent available at commercially reasonable rates, terms and conditions, shall include (i) not less than two (2) years' loss of profits, (ii) necessary continuing expenses, including ordinary payroll expenses covering a period of not less than ninety (90) days, (iii) if applicable, loss of rental income, (iv) an extended period of indemnity of not less than three hundred sixty-five (365) days, and (v) any amounts that would be payable to Manager in respect of its Management Fees or any other amounts payable to Manager under this Agreement if the loss had not occurred, and Manager hereby reserves the right to make a claim directly to the insurer for any such Management Fees or other amounts payable to Manager under this Agreement.

7. Such other property insurance as is customarily required by Manager at similar hotels.

B. 1. All insurance procured in accordance with Section 6.01.A shall be obtained from reputable insurance companies of recognized responsibility and financial standing reasonably acceptable to Manager. Any premiums and deductibles under said policies shall be subject to the reasonable approval of Manager. Such premiums and deductibles (net of any

credits, rebates and discounts) shall be paid as Conference Center Deductions in accordance with this Agreement.

2. If Owner procures the insurance described in Section 6.01.A, all policies of such insurance shall be carried in the name of Owner, with Manager as an additional insured. If Manager procures such insurance, all policies of such insurance shall be carried in the name of Manager, with Owner as an additional insured. Any property losses thereunder shall be payable to the respective parties as their interests may appear. The documentation with respect to each Mortgage shall contain provisions to the effect that proceeds of the insurance policies described in Section 6.01.A. shall be available for repair and restoration of the Conference Center, to the extent required pursuant to Section 7.01.

3. If Owner procures the insurance described in Section 6.01.A., Owner shall deliver to Manager (i) certificates of insurance for such insurance or, upon Manager's request, a certified copy of the policies so procured, and (ii) in the case of insurance policies about to expire, certificates with respect to renewal(s) thereof. All such certificates of insurance shall, to the extent obtainable, state that the insurance shall not be canceled, non-renewed or materially changed without at least thirty (30) days' prior written notice to the certificate holder.

4. Each of Owner and Manager hereby waives its rights of recovery and its insurer rights of subrogation from the other party or any of its Affiliates (and their respective directors, officers, shareholders, agents and employees) for loss or damage to the Conference Center, and any resultant interruption of business regardless of the cause of such property or business interruption loss.

5. If (i) Owner is eligible to participate in Manager's property insurance program, (ii) Owner nevertheless elects to procure its own property insurance, and (iii) the costs of the premiums and/or deductibles for coverage under Owner's property insurance program to be paid as Conference Center Deductions under Section 6.01 exceed the costs of the premiums and deductibles that would have been payable under Manager's property insurance program by more than ten percent (10%), then Owner shall be solely responsible (i.e., such costs shall not be paid from Conference Center Gross Revenues or treated as Conference Center Deductions) for the entire amount by which such costs under Owner's program exceed such costs under Manager's program.

6. In the event Owner elects to have the Conference Center participate in Manager's property insurance program and Manager approves such participation pursuant to Section 6.01.A., the Conference Center shall participate in Manager's property insurance program until such time as either Owner or Manager shall provide written notice to the other of its intent to discontinue such participation in accordance with the following:

a. If Owner elects to remove the Conference Center from Manager's property insurance program and to procure its own property insurance for the Conference Center, Owner shall provide Manager written notice of such decision at least ninety (90) days prior to the

next renewal date of coverage under Manager's property insurance program (which is currently April 1st of each calendar year). If Owner fails to timely provide such notice, but Owner nevertheless procures its own property insurance for the Conference Center, Owner shall pay (from its own funds and not from Conference Center Gross Revenues) to Manager an amount equal to ten percent (10%) of the annual premium under Manager's property insurance program to cover all fixed costs and expenses incurred by Manager for the placement of such property insurance. If Owner elects to exit Manager's property insurance program in the middle of a coverage year (i.e., prior to the end of a coverage year), (i) the premiums under Section 6.01.A.1 of Manager's property insurance program and Owner's replacement property insurance program will be prorated as of the date on which Manager receives and approves certificates of insurance evidencing Owner's replacement property insurance coverage and its compliance with the requirements of this Section 6.01, (ii) Owner shall pay to Manager the amount described in the immediately preceding sentence, and (iii) for all other policies under Section 6.01.A., the premium will be deemed fully earned and will not be prorated. If Owner elects to exit Manager's property insurance program pursuant to the foregoing provisions, Owner may subsequently seek to have the Conference Center participate in Manager's property insurance program; however such participation shall be subject to the following requirements: (x) Owner requests in writing, at least sixty (60) days prior to the commencement of the proposed coverage year, that Manager procure and maintain the property insurance, (y) the Conference Center satisfies the then-current insurability criteria under Manager's insurance program, and (z) Manager approves such request, in its sole and absolute discretion.

b. If Manager elects to remove the Conference Center from Manager's property insurance program, Manager shall provide Owner written notice of such decision at least ninety (90) days prior to the next renewal date of coverage under Manager's property insurance program (which is currently April 1st of each calendar year). Following such notice, Owner shall proceed to procure insurance for the Conference Center pursuant to this Section 6.01 effective as of the expiration date of the current coverage. Owner may subsequently seek to have the Conference Center participate in Manager's property insurance program; however such participation shall be subject to the following requirements: (x) Owner requests in writing, at least sixty (60) days prior to the commencement of the proposed coverage year, that Manager procure and maintain the property insurance, (y) the Conference Center satisfies the then-current insurability criteria under Manager's insurance program, and (z) Manager approves such request, in its sole and absolute discretion.

7. If Owner procures insurance for the Conference Center pursuant to this Section 6.01, Manager shall pay to Owner, as a Conference Center Deduction and at the same time that Manager makes interim payments to Owner pursuant to Section 4.01.A., the amount of all reasonable insurance premiums relating to such insurance in accordance with this Section 6.01 (including Section 6.01.B.5) (the amount of such payments, collectively, the "Property Insurance Premiums"). The interim amount of Property Insurance Premiums to be paid by Manager to Owner shall be calculated by prorating the full Fiscal Year budgeted amount (or the actual amount, if available) of such Property Insurance Premiums equally over thirteen (13) Accounting Periods. Owner shall, within five (5) days after Manager's request therefor, provide

Manager with evidence (reasonably satisfactory to Manager) of Owner's payment of all premiums and the receipt of any credits, rebates and discounts under the insurance policies procured by Owner hereunder. Manager shall reconcile prior payments of the Property Insurance Premiums to Owner for each Fiscal Year with the actual amount of the Property Insurance Premiums for such Fiscal Year, and the parties shall make any necessary adjustments with respect thereto following Owner's receipt of each Accounting Period Statement and/or Annual Operating Statement, as applicable. The parties agree that Manager shall only be required to pay Property Insurance Premiums to the extent that Conference Center Gross Revenues are available in accordance with this Agreement. Owner shall be solely responsible for paying all premiums under insurance policies procured by Owner, before any fine, penalty or interest is added thereto.

6.02 Operational Insurance

A. During the Term, Manager shall procure and maintain the following:

1. Commercial general liability insurance against claims for bodily injury, death and property damage occurring in conjunction with the operations of the Conference Center, and automobile liability insurance on vehicles operated in conjunction with the Conference Center, with a combined single limit for each occurrence of not less than One Hundred Million Dollars ($100,000,000);

2. Workers' compensation coverage as may be required under applicable laws covering all of Manager's employees at the Conference Center, and employer's liability insurance of not less than One Million Dollars ($1,000,000) per accident/disease;

3. Fidelity bond coverage in an amount not less than Two Million Dollars ($2,000,000) covering Manager's employees at the Conference Center;

4. Employment practices liability insurance covering Manager's employees at the Conference Center, to the extent available at commercially reasonable rates and terms, in an amount not less than One Million Dollars ($1,000,000); and

5. Such other insurance in amounts as Manager, in its reasonable judgment, deems advisable for protection against claims, liabilities and losses arising out of or connected with the operation of the Conference Center.

B. 1. The insurance procured pursuant to Section 6.02 may include "Insurance Retentions." Insurance Retentions shall mean the deductibles or risk retention levels; however, the Conference Center's responsibility for such deductibles or risk retention levels shall be limited to the Conference Center's per occurrence limit for any loss or reserve as established by Manager for the Conference Center, which limit shall be the same as other similar hotels participating in the blanket insurance programs.

2. All insurance procured in accordance with Section 6.02.A. shall be carried in the name of Manager. The insurance procured in accordance with Section 6.02.A.1 shall include Owner, and any Mortgagees specified by Owner, in writing, as additional insureds.

3. Manager, upon request, shall deliver to Owner certificates of insurance evidencing the insurance coverages procured in accordance with Section 6.02.A.1 (and the insurance described in Section 6.01.A., if Manager procures such insurance) and any renewals thereof. All such certificates of insurance shall, to the extent obtainable, state that the insurance shall not be canceled or materially reduced without at least thirty (30) days' prior written notice to the certificate holder.

4. All insurance premiums, costs and other expenses, including any Insurance Retentions, for insurance procured pursuant to this Section 6.02 shall be treated as Conference Center Deductions. All charges under the blanket programs shall be allocated to the Conference Center and other similar participating properties on a reasonable basis. Any losses and associated costs and expenses that are uninsured shall be treated as a cost of insurance and shall also be treated as Conference Center Deductions.

5. Upon Termination or upon a sale of the Conference Center, a reserve in an amount determined by Manager based on loss projections, shall be established from Conference Center Gross Revenues to cover the amount of any Insurance Retentions and all other costs and expenses that will eventually have to be paid by either Owner or Manager with respect to pending or contingent claims, including those that arise after Termination for causes arising during the Term. If Conference Center Gross Revenues are insufficient to meet the requirements of such reserve, Owner shall deliver to Manager, within ten (10) days after receipt of Manager's written request thereof, the sums necessary to establish such reserve; and if Owner fails to timely deliver such sums to Manager, Manager shall have the right (without affecting Manager's other remedies under this Agreement) to withdraw the amount of such expenses from the Operating Accounts, the FF&E Reserve, the Working Capital funds or any other funds of Owner held by or under the control of Manager.

6.03 General Conditions of Manager's Insurance Program

All insurance procured by Manager pursuant to Section 6.01 (if Manager procures such insurance) and Section 6.02 may be obtained by Manager through blanket insurance programs, with shared aggregate coverage levels, sub-limits, deductibles, conditions, and exclusions based on industry conditions and based on what is available at commercially reasonable rates, terms and conditions. The blanket program may apply to one or more insured locations that may incur a loss for the same insured event, which could result in the exhaustion of coverage prior to the resolution of all claims arising from such event. In addition, industry conditions may cause policy terms, sub-limits, conditions or exclusions to result in coverage levels less than the amounts prescribed in Section 6.01 and Section 6.02. Such conditions and limitations shall not constitute a breach of Manager's insurance procurement obligations hereunder.

ARTICLE 7

DAMAGE, REPAIR AND CONDEMNATION

7.01 Damage and Repair

A. If, during the Term, the Conference Center is damaged by a Minor Casualty, Manager shall, with all reasonable diligence, proceed to process the claim with the applicable insurance carriers, including settling such claim, and to make the necessary arrangements with appropriate contractors and suppliers to repair and/or replace the damaged portion of the Conference Center. Owner's consent shall not be needed for Manager to perform any of the foregoing, all of which shall be performed in accordance with Manager's reasonable judgment. Owner agrees to sign promptly any documents that are necessary to process and/or adjust the claim with the insurance carriers, as well as any contracts with such contractors and/or suppliers.

B. If, during the Term, the Conference Center suffers a Total Casualty, this Agreement shall be terminable at the option of either party upon ninety (90) days' written notice to the other party. Such notice must be sent within thirty (30) days after the date of the Total Casualty.

C. If, during the Term, the Conference Center is damaged by fire, casualty or other cause to a greater extent than a Minor Casualty, but not to the extent of a Total Casualty, or if the Conference Center suffers a Total Casualty but neither party elects to terminate under Section 7.01.B., Owner shall, at its cost and expense and with all reasonable diligence, repair and/or replace the damaged portion of the Conference Center to the same condition as existed previously. Manager shall have the right to discontinue operating the Conference Center to the extent it deems necessary to comply with applicable Legal Requirements or as necessary for the safe and orderly operation of the Conference Center. To the extent available, proceeds from the insurance described in Section 6.01 shall be applied to such repairs and/or replacements. If Owner fails to so promptly commence and complete the repairing and/or replacement of the Conference Center so that it shall be substantially the same as it was prior to such damage or destruction, such failure shall be an Event of Default by Owner.

7.02 Condemnation

A. In the event all or substantially all of the Conference Center shall be taken in any eminent domain, condemnation, compulsory acquisition, or similar proceeding by any competent authority for any public or quasi-public use or purpose, or in the event a portion of the Conference Center shall be so taken, but the result is that it is unreasonable to continue to operate the Conference Center in accordance with the standards required by this Agreement, this Agreement shall terminate. Owner and Manager shall each have the right to initiate such proceedings as they deem advisable to recover any compensation to which they may be entitled.

B. In the event a portion of the Conference Center shall be taken by the events described in Section 7.02.A., or the entire (or portion of the) Conference Center is affected but on a temporary basis, and the result is not to make it unreasonable to continue to operate the Conference Center, this Agreement shall not terminate. However, so much of any award for any such partial taking or condemnation as shall be necessary to render the Conference Center equivalent to its condition prior to such event shall be used for such purpose; and Manager shall have the right to discontinue operating the Conference Center to the extent it deems necessary for the safe and orderly operation of the Conference Center.

ARTICLE 8

OWNERSHIP OF THE CONFERENCE CENTER

8.01 Ownership of the Conference Center

A. Owner hereby covenants that it holds good and marketable fee title to the Site, and that it will have, keep, and maintain good and marketable fee title to the Conference Center free and clear of any and all liens, encumbrances or other charges, except as follows:

1. easements or other encumbrances (other than those described in Section 8.01.A.2. and Section 8.01.A.3.) that do not adversely affect the operation of the Conference Center by Manager and that are not prohibited pursuant to Section 8.04;

2. Qualified Mortgages;

3. liens for taxes, assessments, levies or other public charges not yet due or due but not yet payable; or

4. restrictions and encumbrances set forth in Owner's deed to the property from Eastman Chemical Company and recorded in the Register's Office of Sullivan County, Tennessee. **[OWNER TO PROVIDE COPY OF THIS DEED SO THAT MANAGER CAN REVIEW WHAT RESTRICTIONS IT ACTUALLY INCLUDES]**

For avoidance of any doubt, Owner hereby covenants and agrees that it shall not permit any liens, encumbrances or other charges to be filed against the Site pursuant to the Easement, including, without limitation, any liens permitted pursuant to Section 9.1.C. thereof, and the filing of any such lien, encumbrance or other charge in connection therewith, which is not otherwise released by Owner within ten (10) days of the filing thereof, shall be an Event of Default pursuant to Article 9 of this Agreement. In addition, Owner represents and warrants to Manager that the Bonds do not encumber either the Site or the Conference Center.

B. Owner shall pay and discharge, on or before the due date, any and all payments due under any Mortgage that Owner has entered into with respect to the Conference Center. To the extent permitted by applicable law, Owner shall indemnify, defend, and hold Manager

harmless from and against all claims, litigation and damages arising from the failure to make any such payments as and when required; and this obligation of Owner shall survive Termination. Manager shall have no responsibility for payment of debt service due with respect to the Conference Center, from Conference Center Gross Revenues or otherwise, and such responsibility shall be solely that of Owner.

C. Owner covenants that Manager shall quietly hold, occupy and enjoy the Conference Center in accordance with the terms of this Agreement throughout the Term hereof free from hindrance, ejection or molestation by Owner or any other party claiming under, through or by right of Owner. Owner agrees to pay and discharge any payments and charges and, at its expense, to prosecute all appropriate actions, judicial or otherwise, necessary to assure such free and quiet occupation.

8.02 Mortgages

A. Owner shall be permitted to encumber the Conference Center and/or the Site with any Mortgage, provided that such Mortgage meets all of the following requirements:

1. The proposed Mortgage is from an Institutional Lender and is on commercially reasonable terms and conditions;

2. As of the date of the closing of the proposed financing, the aggregate principal balance of all Mortgages encumbering the Conference Center, including the proposed Mortgage, shall be no greater than seventy percent (70%) of the fair market value of the Conference Center;

3. As of the date of the closing of the proposed financing, the ratio of (i) the total, aggregate Conference Center Operating Profit for the thirteen (13) most recent full Accounting Periods immediately preceding such date to (ii) the annual debt service for all Mortgages encumbering the Conference Center, including the proposed Mortgage, equals or exceeds one and four-tenths to one (1.4:1); and

4. Owner, Manager and the holder of such Mortgage shall have entered into a Subordination Agreement (to be recorded in the real property records in the jurisdiction where the Site is located) as further described in Section 8.03.

B. For purposes of this Section 8.02, the fair market value of the Conference Center shall be reasonably determined by Owner and Manager. If Owner and Manager do not agree on such fair market value, either party may request that a licensed appraiser (reasonably acceptable to both parties) shall determine the fair market value of the Conference Center. If the parties cannot agree on an appraiser within ten (10) days after the date on which either party notifies the other that it wishes to have the fair market value of the Conference Center be determined by an appraisal, either party may elect to have such fair market value determined by a panel of Experts pursuant to Section 11.21. Any Mortgage that meets all of the requirements set forth in this Section 8.02 shall be referred to in this Agreement as a "Qualified Mortgage."

C. In the event Manager receives any reasonable request for information on the Conference Center from the holder of any Qualified Mortgage (and including any Affiliate of Manager providing any financing in connection with the Conference Center), Owner agrees that Manager is hereby authorized to provide or distribute such information directly to such lender.

D. Prior to closing on any Mortgage, Owner shall pay to Manager, at Owner's sole cost, an amount equal to Manager's actual, reasonable out-of-pocket expenses for outside legal services incurred by Manager in connection with such Mortgage.

8.03 Subordination, Non-Disturbance and Attornment

A. Owner shall obtain from any Mortgagee that holds a Mortgage as of the Effective Date or thereafter an agreement (the "Subordination Agreement") that (i) is satisfactory in all respects to Manager and such Mortgagee, and (ii) shall be recordable in the jurisdiction where the Conference Center is located, pursuant to which:

1. The right, title and interest of Manager in and to the Conference Center under this Agreement shall be subject and subordinate to the lien of the Mortgage;

2. If there is a Foreclosure of such Mortgage, and Termination of this Agreement has not occurred, Manager shall be obligated to each Subsequent Owner to perform all of the terms and conditions of this Agreement for the balance of the remaining Term hereof, with the same force and effect as if such Subsequent Owner were Owner; and

3. If there is a Foreclosure of such Mortgage, (i) this Agreement shall not be terminated, (ii)Mortgagee and all Subsequent Owners shall recognize Manager's rights under this Agreement, (iii) Manager shall not be named as a party in any Foreclosure action or proceeding, and (iv) Manager shall not be disturbed in its right to manage and operate the Conference Center pursuant to the provisions of this Agreement.

B. In the event that the Subordination Agreement contains provisions requiring Manager (upon a default under the Mortgage, or upon various other stipulated conditions) to pay certain amounts that are otherwise due to Owner under this Agreement to the Mortgagee or its designee (rather than to Owner), Owner hereby gives its consent to such provisions, which consent shall be deemed to be irrevocable until the entire debt secured by the Mortgage has been discharged.

C. Prior to encumbering the Conference Center or the Site with any Mortgage, Owner shall obtain from the proposed Mortgagee an executed, recordable Subordination Agreement. Manager agrees to execute such Subordination Agreement for the benefit of such proposed Mortgagee. If Owner encumbers the Conference Center or the Site with a Mortgage without first obtaining such a Subordination Agreement from the Mortgagee: (i) it shall constitute an Event of Default by Owner; and (ii) in addition, Manager shall thereafter have a continuing right to terminate this Agreement upon sixty (60) days' prior written notice to Owner, unless Owner obtains a Subordination Agreement prior to Manager's exercise of such

termination right. In addition, any Mortgage described in the preceding sentence shall be subject and subordinate to Manager's rights under this Agreement.

D. Notwithstanding the subordination of this Agreement that is described in Section 8.03.A.1, if, in connection with the exercise by any Mortgagee of its remedies under any Mortgage, there is an adverse impact upon the operation of the Conference Center by Manager in accordance with the System Standards, the foregoing shall constitute an Event of Default by Owner.

8.04 No Covenants, Conditions or Restrictions

A. Owner covenants that, as of the Effective Date and during the Term, there will not be (unless Manager has given its prior consent thereto) any covenants, conditions or restrictions, including reciprocal easement agreements or cost-sharing arrangements (individually or collectively referred to as "CC&R(s)") affecting the Site or the Conference Center, (i) that would prohibit or limit Manager from operating the Conference Center in accordance with the System Standards, including related amenities proposed for the Conference Center; (ii) that would allow the Conference Center facilities (for example, parking spaces) to be used by persons other than guests, invitees or employees of the Conference Center; (iii) that would allow the Conference Center facilities to be used for specified charges or rates that have not been approved by Manager; or (iv) that would subject the Conference Center to exclusive arrangements regarding food and beverage operation or retail merchandise.

B. Unless otherwise agreed by both Owner and Manager, all financial obligations imposed on Owner or on the Conference Center pursuant to any CC&Rs shall be paid by Owner from its own funds, and not from Conference Center Gross Revenues or from the FF&E Reserve. Manager's consent to any such CC&R shall be conditioned (among other things) on satisfactory evidence that: (i) the CC&R in question provides a reasonable benefit to the operation of the Conference Center; (ii) the costs incurred (including administrative expenses) pursuant to such CC&R will be both reasonable and allocated to the Conference Center on a reasonable basis; and (iii) no capital expenditures incurred pursuant to said CC&R will be paid from Conference Center Gross Revenues or from the FF&E Reserve (but rather, such capital expenditures will be paid separately by Owner).

8.05 Liens; Credit

Manager and Owner shall use commercially reasonable efforts to prevent any liens from being filed against the Conference Center that arise from any maintenance, repairs, alterations, improvements, renewals or replacements in or to the Conference Center, and shall cooperate fully in obtaining the release of any such liens. Furthermore, Owner represents, warrants and covenants in favor of Manager that the Bonds do not and shall not encumber or become a lien against the Site or the Conference Center. The cost of releasing any lien shall be treated the same as the cost of the matter to which it relates. In no event shall either party borrow money in the name of or pledge the credit of the other.

ARTICLE 9

DEFAULTS

9.01 Events of Default

Each of the following shall constitute a "Default" under this Agreement.

A. The filing of a voluntary petition in bankruptcy or insolvency or a petition for reorganization under any bankruptcy law by either party, or the admission by either party that it is unable to pay its debts as they become due. Upon the occurrence of any Default by either party (referred to as the "defaulting party") as described under this Section 9.01.A., said Default shall be deemed an "Event of Default" under this Agreement. The parties expressly agree that such Event of Default would have a material adverse effect on the non-defaulting party.

B. The consent to an involuntary petition in bankruptcy or the failure to vacate, within ninety (90) days from the date of entry thereof, any order approving an involuntary petition by either party. Upon the occurrence of any Default by either party as described under this Section 9.01.B., said Default shall be deemed an "Event of Default" under this Agreement. The parties expressly agree that such Event of Default would have a material adverse effect on the non-defaulting party.

C. The entering of an order, judgment or decree by any court of competent jurisdiction, on the application of a creditor, adjudicating either party as bankrupt or insolvent or approving a petition seeking reorganization or appointing a receiver, trustee, or liquidator of all or a substantial part of such party's assets, and such order, judgment or decree's continuing unstayed and in effect for an aggregate of sixty (60) days (whether or not consecutive). Upon the occurrence of any Default by either party as described under this Section 9.01.C., said Default shall be deemed an "Event of Default" under this Agreement. The parties expressly agree that such Event of Default would have a material adverse effect on the non-defaulting party.

D. The failure of either party to make any payment required to be made in accordance with the terms of this Agreement, as of the due date as specified in this Agreement.

Upon the occurrence of any Default by either party as described under this Section 9.01.D., said Default shall be deemed an "Event of Default" under this Agreement if the defaulting party fails to cure such Default within ten (10) days after receipt of written notice from the non-defaulting party demanding such cure.

E. Owner or any of Owner's Affiliates is or becomes a Specially Designated National or Blocked Person. Upon the occurrence of any Default as described in this Section 9.01.E., said Default shall be deemed an "Event of Default" under this Agreement. The parties expressly agree that such Event of Default would have a material adverse effect on the non-defaulting party.

F. The failure of either party to perform, keep or fulfill any of the other covenants, undertakings, obligations or conditions set forth in this Agreement, and the continuance of such default for a period of thirty (30) days after the defaulting party's receipt of written notice from the non-defaulting party of said failure. Upon the occurrence of any Default by either party as described under this Section 9.01.F., said Default shall be deemed an "Event of Default" under this Agreement if the defaulting party fails to cure the Default within thirty (30) days after receipt of written notice from the non-defaulting party demanding such cure, or, if the Default is such that it cannot reasonably be cured within said thirty (30) day period of time, if the defaulting party fails to commence the cure of such Default within said thirty (30) day period of time or thereafter fails to diligently pursue such efforts to completion.

9.02 Remedies

A. Upon the occurrence of an Event of Default, the non-defaulting party shall have the right to pursue any one or more of the following courses of action:

(i) To institute forthwith any and all proceedings permitted by law or equity with respect to such Event of Default, including, without limitation (but subject to the provisions of Section 11.21 and Section 11.22), actions for specific performance and/or damages;

(ii) To avail itself of the remedies described in Section 9.03; and

(iii) To terminate this Agreement, provided, however, that a non-defaulting party may not terminate this Agreement on the basis of an Event of Default unless and until (x) such Event of Default has a material adverse effect on the non-defaulting party, and (y) if the defaulting party contests the occurrence of the Event of Default or its effect on the non-defaulting party, a court of competent jurisdiction has issued a final, binding and non-appealable order finding that the Event of Default has occurred and that it has such a material adverse effect. The cure periods described under Section 9.01.D. and Section 9.01.F. shall be tolled until such order is issued.

B. A non-defaulting party that has the right to terminate this Agreement pursuant to Section 9.02.A(iii) shall do so by written notice to the defaulting party submitted after

satisfaction of the provisions of Section 9.02.A(iii). Such termination shall be effective as of the effective date set forth in such notice, provided that such effective date shall occur at least thirty (30) days after the date on which the defaulting party receives such notice and further provided that, if the defaulting party is Manager, such period of thirty (30) days shall be extended to seventy-five (75) days (or such longer period of time as may be necessary under Legal Requirements pertaining to termination of employment).

9.03 Additional Remedies

A. Upon the occurrence of a Default by either party under the provisions of Section 9.01.D., the amount owed to the non-defaulting party shall accrue interest, at an annual rate equal to the Prime Rate plus three (3) percentage points, from and after the date on which the Default occurred.

B. Upon the occurrence of a Default by Owner under the provisions of Section 9.01.D., Manager shall have the right (without affecting Manager's other remedies under this Agreement) to withdraw the amount (plus accrued interest as described in Section 9.03.A.) owed to Manager by Owner from distributions otherwise payable to Owner pursuant to Section 3.02 and Section 4.01.

C. Manager and/or any Affiliate of Manager shall be entitled, in case of any breach of the covenants of Section 11.11.E., Section 11.11.F. or Section 11.12 by Owner or others claiming through it, to injunctive relief and to any other right or remedy available at law or in equity.

D. The remedies granted under Section 9.02 and Section 9.03 shall not be in substitution for, but shall be in addition to, any and all rights and remedies available to the non-defaulting party (including, without limitation, injunctive relief and damages) by reason of applicable provisions of law or equity and shall survive Termination.

ARTICLE 10

ASSIGNMENT AND SALE

10.01 Assignment

A. Manager shall not assign or transfer its interest in this Agreement without the prior consent of Owner; provided, however, that Manager shall have the right, without Owner's consent, to (1) assign its interest in this Agreement to Marriott or any Affiliate of Marriott, (2)assign its interest in this Agreement in connection with a merger or consolidation or a sale of all or substantially all of the assets of Manager or Marriott, and (3) assign its interest in this Agreement in connection with a merger or consolidation or a sale of all or substantially all of the Marriott Hotel System assets owned by Manager, Marriott or any Affiliate of Manager or

Marriott; provided further, that any leasing of shops or granting of concessions shall be governed by Section 1.04(C) of this Agreement.

B. Owner shall not assign or transfer its interest in this Agreement without the prior consent of Manager; provided, however, that Owner shall have the right, without such consent, to (1) conditionally assign this Agreement as security for a Mortgage encumbering the Conference Center in accordance with this Agreement, and (2) assign its interest in this Agreement in connection with a Sale of the Conference Center that complies with the provisions of Section 10.02.

C. In the event either party consents to an assignment of this Agreement by the other, no further assignment shall be made without the express consent in writing of such party, unless such assignment may otherwise be made without such consent pursuant to the terms of this Agreement. An assignment by either Owner or Manager of its interest in this Agreement shall not relieve Owner or Manager, as the case may be, from its respective obligations under this Agreement, and shall inure to the benefit of, and be binding upon, its respective successors, heirs, legal representatives, or assigns.

10.02 Sale of the Conference Center

A. Owner shall not enter into any Sale of the Conference Center to any Person (or any Affiliate of any Person) who: (1) does not, in Manager's reasonable judgment, have sufficient financial resources and liquidity to fulfill Owner's obligations under this Agreement; (2) is known in the community as being of bad moral character, or has been convicted of a felony in any state or federal court, or is in control of or controlled by persons who have been convicted of felonies in any state or federal court; (3) is engaged in the business of operating (as distinguished from owning or financing) hotels or other lodging facilities in competition with Manager, Marriott or any Affiliate of either; or (4) is, or any of its Affiliates or any other Person related to such Person that is proscribed by applicable law is, a Specially Designated National or Blocked Person. Furthermore, Owner shall not enter into a Sale of the Conference Center if Owner is at the time in Default under the terms of this Agreement.

B. If Owner decides to sell the Conference Center to a third party, then prior to offering the Conference Center for sale or negotiating a Sale of the Conference Center with any third party, Owner will give Manager notice of such decision, and both Owner and Manager will, during the period of forty-five (45) days after such notice, attempt in good faith to negotiate a mutually satisfactory agreement for the purchase of the Conference Center. For purposes of this Section 10.02.B., a sale to a third party shall not include any transfer, sale or assignment to a Mortgagee nor to a sale at Foreclosure under a Mortgage. If, after the expiration of forty-five (45) days following the date of Owner's notice of its desire to sell the Conference Center, Owner and Manager have not entered into a mutually acceptable agreement for the purchase of the Conference Center, Owner shall be free to sell or lease the Conference Center to a third party so long as the price or rental to such third party is no more favorable to such third party than the

price or rental which Owner offered to sell or rent the Conference Center to Manager, and provided that any such sale or lease shall be subject to the following further conditions:

1. Owner shall deliver a written notice (the "Notice of Proposed Sale") of the proposed Sale of the Conference Center to Manager stating: (i) the name of the prospective purchaser or tenant, as the case may be; (ii) the price or rental; and (iii) the terms and conditions of such proposed Sale of the Conference Center, together with all other information reasonably requested by Manager.

2. Within forty-five (45) days after the date of receipt of such Notice of Proposed Sale from Owner and such other information, Manager shall elect, by written notice to Owner, one of the following two (2) alternatives:

a. To consent to such Sale of the Conference Center and to the assignment of this Agreement to such purchaser or tenant, provided that concurrently with the closing thereof, the purchaser or tenant, as the case may be, shall, by appropriate instrument in form satisfactory to Manager, assume all of Owner's obligations under this Agreement. An executed original of such assumption agreement shall be delivered to Manager; or

b. To not consent to such proposed Sale of the Conference Center, based upon such Sale of the Conference Center not being in compliance with Section 10.02.A., in which event such Sale of the Conference Center shall not be permitted hereunder and it shall be an Event of Default for Owner to proceed with such Sale of the Conference Center.

C. If Manager shall fail to elect one of the alternatives set forth in Section 10.02.B.2, within said forty-five (45) day period, such failure shall be deemed to constitute an election to consent under Section 10.02.B.2.a, and the provisions thereof shall prevail as if Manager had consented in writing thereto. Any proposed Sale of the Conference Center with respect to which a Notice of Proposed Sale has been delivered by Owner to Manager hereunder must be finalized within one hundred eighty (180) days following the delivery of such Notice of Proposed Sale. Failing such finalization, such Notice of Proposed Sale, and any response thereto given by Manager, shall be null and void and all of the provisions of Section 10.02.B. and Section 10.02.C. must again be complied with before Owner shall have the right to finalize a Sale of the Conference Center upon the terms contained in said Notice of Proposed Sale, or otherwise.

D. If Manager consents (or is deemed to have consented) to the proposed Sale of the Conference Center, then Manager shall have the option to require (in lieu of receipt of the assumption agreement described in Section 10.02.B.2.a) that such purchaser or tenant enter into a new management agreement with Manager, which new management agreement will be on all of the terms and conditions of this Agreement except that the Initial Term and Renewal Term(s) of any such new agreement shall consist only of the balance of the Initial Term and Renewal Term(s) remaining under this Agreement at the time of execution of any such new management agreement. Such new management agreement shall be executed by Manager and such new owner at the time of closing of the Sale of the Conference Center, and a memorandum of such

new management agreement shall be executed by the parties and recorded immediately following recording of the deed or memorandum of lease (or assignment) and prior to recordation of any other documents.

E. It is understood that no Sale of the Conference Center shall reduce or otherwise affect: (i) the current level of Working Capital; (ii) the outstanding balance deposited in the FF&E Reserve; or (iii) the outstanding balance in any of the Operating Accounts maintained by Manager pursuant to this Agreement. If, in connection with any Sale of the Conference Center, the selling owner intends to withdraw for its own use (or, with respect to the FF&E Reserve, not transfer to Manager for the account of the purchasing "Owner"), any of the cash deposits described in the preceding sentence, the selling owner must obtain the contractual obligation of the buying owner to replenish those deposits (in the identical amounts) simultaneously with such withdrawal. The selling owner is hereby contractually obligated to Manager to ensure that such replenishment in fact occurs. Furthermore, with respect to the FF&E Reserve, such Reserve shall be held by Manager (and not "Owner") from and after any Sale of the Conference Center by the Owner of Kingsport, Tennessee and Manager and the purchasing "Owner" shall enter into such amendments to this Agreement as may be necessary to document such arrangement. The obligations described in this Section 10.02.E. shall survive such Sale of the Conference Center and shall survive Termination.

F. The terms and provisions of this Agreement shall be binding upon all successors to Owner's interest in the Site and/or the Conference Center. Each selling owner shall be obligated to Manager to obtain from each buying owner an assumption (reasonably satisfactory to Manager) of this Agreement, and this obligation of the selling owner (as well as all other obligations under this Agreement) shall survive any Sale of the Conference Center and any Termination of this Agreement.

G. Manager shall have the right (without prejudice to its rights to declare an Event of Default and seek damages or other compensation) to terminate this Agreement, on thirty (30) days' written notice, if title to or possession of the Conference Center is transferred by judicial or administrative process (including, without limitation, a Foreclosure, or a sale pursuant to an order of a bankruptcy court, or a sale by a court-appointed receiver) to an individual or entity that would not qualify as a permitted transferee under Section 10.02.A., regardless of whether or not such transfer is the voluntary action of the transferring owner, or whether (under applicable law) Owner is in fact the transferor.

ARTICLE 11

MISCELLANEOUS

11.01 Right to Make Agreement

Each party warrants, with respect to itself, that neither the execution of this Agreement nor the finalization of the transactions contemplated hereby shall violate any provision of law or judgment, writ, injunction, order or decree of any court or governmental authority having jurisdiction over it; result in or constitute a breach or default under any indenture, contract, other commitment or restriction to which it is a party or by which it is bound; or require any consent, vote or approval that has not been taken, or at the time of the transaction involved shall not have been given or taken. Each party covenants that it has and will continue to have throughout the Term and any extensions thereof, the full right to enter into this Agreement and perform its obligations hereunder.

11.02 Consents and Cooperation

Wherever in this Agreement the consent or approval of Owner or Manager is required, such consent or approval unless otherwise noted shall not be unreasonably withheld, delayed or conditioned, shall be in writing and shall be executed by a duly authorized officer or agent of the party granting such consent or approval. If either Owner or Manager fails to respond within thirty (30) days to a request by the other party for a consent or approval, such consent or approval shall be deemed to have been given, except (i) as otherwise expressly provided in this Agreement, or (ii) in the case of consents or approvals that may be granted or withheld in the sole discretion of a party, in which case a failure to respond shall be deemed to be a withholding of consent or approval. Additionally, Owner agrees to cooperate with Manager by executing such leases, subleases, licenses, concessions, equipment leases, service contracts and other agreements negotiated in good faith by Manager and pertaining to the Conference Center that, in Manager's reasonable judgment, should be made in the name of Owner. Each owner shall be bound by the approvals and consents granted by any prior owner.

11.03 Relationship

In the performance of this Agreement, Manager shall act solely as an independent contractor. Neither this Agreement nor any agreements, instruments, documents, or transactions contemplated hereby shall in any respect be interpreted, deemed or construed as making Manager a partner, joint venturer with, or agent of, Owner. Owner and Manager agree that neither party will make any contrary assertion, claim or counterclaim in any action, suit, Expert resolution pursuant to Section 11.21, arbitration or other legal proceedings involving Owner and Manager.

11.04 Applicable Law

This Agreement shall be construed under and shall be governed by the laws of the State of Tennessee.

11.05 Recordation

The terms and provisions of this Agreement shall run with the parcel of land designated as the Site, and with Owner's interest therein, and shall be binding upon all successors to such interest. Simultaneously with the execution of this Agreement, the parties shall execute a recordable "Memorandum of Management Agreement," in the form attached hereto as Exhibit F. Such memorandum shall be recorded or registered promptly following the Effective Date in the jurisdiction in which the Conference Center is located. Any cost of such recordation shall be reimbursed from Conference Center Gross Revenues and treated as a Conference Center Deduction.

11.06 Headings; Section References

The headings of Sections herein are inserted for convenience only and are in no way intended to describe, interpret, define or limit the scope or content of this Agreement or any provision hereof. All references to Articles, Sections, paragraphs, clauses, exhibits, or addenda shall refer to the corresponding Article, Section, paragraph, clause of or exhibit or addendum attached to this Agreement unless otherwise specified.

11.07 Notices

Notices, statements and other communications to be given under the terms of this Agreement shall be in writing and delivered by hand against receipt or sent by certified or registered mail, postage prepaid, return receipt requested or by nationally recognized overnight delivery service, addressed to the parties as follows:

To Owner:
City Manager
City of Kingsport
225 West Center Street
Kingsport, Tennessee 37660
Phone: (___) ___-____
Fax: (___) ___-____

with copy to:
City Attorney
City of Kingsport
225 West Center Street
Kingsport, Tennessee 37660
Phone: (___) ___-____
Fax: (___) ___-____

To Manager: Marriott Hotel Services, Inc.
c/o Marriott International, Inc.
10400 Fernwood Road
Bethesda, Maryland 20817
Attn: Law Department 52/923 - Hotel Operations
Phone: (301) 380-9555
Fax: (301) 380-6727

with copy to: Marriott Hotel Services, Inc.
c/o Marriott International, Inc.
10400 Fernwood Road
Bethesda, Maryland 20817
Attn: Senior Vice President, Finance & Accounting
Dept. 51/918.04
Phone: (301) 380-6577
Fax: (301) 380-5577

or at such other address as is from time to time designated by the party receiving the notice. Any such notice that is mailed in accordance herewith shall be deemed received when delivery is received or refused, as the case may be. Additionally, notices may be given by facsimile transmission, provided that a hard copy of said transmission shall be delivered to the addressee by nationally recognized overnight delivery service by no later than the second (2nd) business day following such transmission. Facsimiles shall be deemed delivered on the date of such transmission, if received during the receiving party's normal business hours or, if not received during the receiving party's normal business hours, then on the next succeeding date on which the receiving party is open for normal business.

11.08 Environmental Matters

A. In the event of the discovery of Hazardous Materials on any portion of the Site or in the Conference Center during the Term, Owner shall promptly remove such Hazardous Materials, together with all contaminated soil and containers, and shall otherwise remedy the problem in accordance with: (1) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq., as amended; (2) the regulations promulgated thereunder, from time to time; (3) all federal, state and local laws, rules and regulations (now or hereafter in effect) dealing with the use, generation, treatment, storage, disposal or abatement of Hazardous Materials; and (4) the regulations promulgated thereunder, from time to time (collectively referred to as "Environmental Laws"). To the extent permitted by applicable law, Owner shall indemnify, defend and hold Manager harmless from and against all loss, costs, liability and damage (including, without limitation, engineers' and attorneys' fees and expenses, and the cost of litigation) arising from the presence of Hazardous Materials on the Site or in the Conference Center; and this obligation of Owner shall survive Termination. "Hazardous Materials" shall mean and include any substance or material containing one or more of any of the

following: "hazardous material," "hazardous waste," "hazardous substance," "regulated substance," "petroleum," "pollutant," "contaminant," "polychlorinated biphenyls," "lead or lead-based paint" or "asbestos" as such terms are defined in any applicable Environmental Law in such concentration(s) or amount(s) as may impose clean-up, removal, monitoring or other responsibility under the Environmental Laws, as the same may be amended from time to time, or that may present a significant risk of harm to guests, invitees or employees of the Conference Center.

B. All costs and expenses of the aforesaid removal of Hazardous Materials from the Site or the Conference Center, and of the aforesaid compliance with all Environmental Laws, and any amounts paid to Manager pursuant to the indemnity set forth in Section 11.08.A., shall be paid by Owner from its own funds, and not from Conference Center Gross Revenues or from the FF&E Reserve.

11.09 Confidentiality

Owner and Manager agree that the terms of this Agreement, and all information and materials provided by one party to the other as contemplated by or in furtherance of this Agreement, are strictly confidential and will use their reasonable efforts to ensure that such matters and information are not disclosed to any outside person or entities (other than Hotel Owner) without the prior consent of the other party, except (but in all events subject to the provisions of Section 11.12.B.) as required by law or, to the extent necessary, (i) to obtain licenses, permits and other public approvals, (ii) in connection with a Sale of the Conference Center, or (iii) in connection with a financing or sale of Manager or Marriott or its or their corporate assets. Owner acknowledges that competitive information regarding brands, customers, marketing, operating or other strategies (including information related to other hotels) is confidential and proprietary to Manager and shall not be disclosed to Owner. Notwithstanding the foregoing, Manager acknowledges that the Tennessee Open Records Act (the "Open Records Act") may require The City of Kingsport to disclose certain information to individual citizens of the State of Tennessee which is otherwise confidential or proprietary to Manager hereunder and that The City of Kingsport may release such information in accordance with the Open Records Act, but that The City of Kingsport will only release such information if the requesting party complies with the requirements of the Open Records Act. In connection with any such disclosure by The City of Kingsport, The City of Kingsport shall provide prior written notice thereof to Manager and use all commercially reasonable efforts requested by Manager, at Manager's expense, including taking all legally available actions, to prevent such disclosure.

11.10 Projections

Owner acknowledges that any written or oral projections, pro formas, or other similar information that has been (prior to execution of this Agreement) or will (during the Term) be provided by Manager or Marriott (or any Affiliate of either) to Owner is for information purposes only, and that Manager, Marriott, and any such Affiliate do not guarantee that the Conference Center or the Property will achieve the results set forth in any such projections, pro

formas, or other similar information. Owner further acknowledges that (i) any such projections, pro formas, or other similar information are based on assumptions and estimates, and (ii) unanticipated events may occur subsequent to the date of preparation of such projections, pro formas, and other similar information that impact the performance of the Conference Center or the Property, and (iii) the actual results achieved by the Conference Center or the Property are likely to vary from the estimates contained in any such projections, pro formas, or other similar information and such variations might be material.

11.11 Actions to be Taken Upon Termination

Upon a Termination, the following shall be applicable:

A. Manager shall, within ninety (90) days after Termination, prepare and deliver to Owner a final accounting statement with respect to the Conference Center, as more particularly described in Section 4.02, along with a statement of any sums due from Owner to Manager pursuant hereto, dated as of the date of Termination. Within thirty (30) days of the receipt by Owner of such final accounting statement, the parties will make whatever cash adjustments are necessary pursuant to such final statement. The cost of preparing such final accounting statement shall be a Conference Center Deduction, unless the Termination occurs as a result of a Default by either party, in which case the defaulting party shall pay such cost. Manager and Owner acknowledge that there may be certain adjustments for which the information will not be available at the time of the final accounting and the parties agree to readjust such amounts and make the necessary cash adjustments when such information becomes available; provided, however, that all accounts shall be deemed final as of the first (1st) anniversary of the effective date of Termination. Notwithstanding anything contained in Section 4.02.A. to the contrary, Owner shall have one hundred eighty (180) days after delivery by Manager of the final accounting statement to Owner to examine or review (at Owner's sole expense, and not as a Conference Center Deduction) such final accounting statement. If Owner does not request an audit of the final accounting statement within such one hundred eighty (180) day period, the final accounting statement shall be deemed to have been accepted by Owner as true and correct, and Owner shall have no further right to question its accuracy.

B. Upon delivery to Owner of the final accounting statement, Manager shall release and transfer to Owner any of Owner's funds that are held or controlled by Manager with respect to the Conference Center with the exception of funds to be held in accordance with Section 6.02.B.5., Section 11.11.G. and Section 11.11.I. and otherwise in accordance herewith.

C. Manager shall make available to Owner such Books and Records (including those from prior years, subject to Manager's reasonable records retention policies) as will be needed by Owner to prepare the accounting statements, in accordance with the Uniform System of Accounts, for the Conference Center for the year in which the Termination occurs and for any subsequent year.

D. Manager shall (to the extent permitted by law) assign to Owner or to the new manager all operating licenses and permits for the Conference Center that have been issued in Manager's name (including liquor and restaurant licenses, if any); provided that if Manager has expended any of its own funds in the acquisition of any of such licenses or permits, Owner shall reimburse Manager therefor if it has not done so already.

E. Manager shall have the option, to be exercised within thirty (30) days after Termination, to purchase, at their then fair market value, any items of the Conference Center's Inventories and Fixed Asset Supplies as may be marked with any Marriott Trademarks. Upon Termination, all use of or right to use the Marriott Trademarks at or in connection with the Conference Center shall cease forthwith, and Owner shall: (i) immediately, as of the date of such Termination, place coverings over any signs or similar identification that contain any of the Marriott Trademarks, or shall otherwise render such signs or other similar identification not visible to the public; (ii) remove any such signs or similar identification from the Conference Center by no later than ten (10) days after the date of Termination; and (iii) immediately, as of the date of such Termination, remove from the Conference Center all Fixed Asset Supplies, Inventories and other items bearing any Marriott Trademark or remove all Marriott Trademarks from such items. If Owner has not removed such signs or other items bearing Marriott Trademarks within ten (10) days after Termination, Manager shall have the right to do so at Owner's expense; and if Owner fails to reimburse Manager for such expense within ten (10) days after receipt of written notice thereof from Manager to Owner, then Manager shall have the right (without affecting Manager's other remedies under this Agreement) to withdraw the amount of such expenses from the Operating Accounts, the FF&E Reserve, or any other funds of Owner held by or under the control of Manager. Manager shall have the right to seek injunctive or other relief in a court of competent jurisdiction to enforce the foregoing provisions, and if such enforcement shall be necessary, Owner shall bear all of Manager's costs of such enforcement, including attorneys' fees.

F. All Software used at the Conference Center that is owned by any of the Marriott Companies or the licensor of any of them is proprietary to such Marriott Company or the licensor of any of them, and shall in all events remain the exclusive property of such Marriott Company or the licensor of any of them, as the case may be, and nothing contained in this Agreement shall confer on Owner the right to use any of such Software. Manager shall have the right to remove from the Conference Center without compensation to Owner any Software (including upgrades and replacements). Furthermore, upon Termination, notwithstanding Section 5.04, Manager shall be entitled to remove from the Conference Center any computer equipment that is: (i) owned by a party other than Owner (without reimbursement to Owner); or (ii) owned by Owner, but utilized as part of a centralized reservation or property management system (with reimbursement to Owner of all previous expenditures made by Owner with respect to such equipment, subject to a reasonable allowance for depreciation).

G. A reserve shall be established from Conference Center Gross Revenues to reimburse Manager for all costs and expenses incurred by Manager (a) that may accrue after Termination, but that result or relate to Manager's operation and management of the Conference

Center prior to Termination (including, without limitation, costs and expenses relating to sales, use and occupancy tax liability), and (b) in terminating its employees at the Conference Center, such as severance pay, unemployment compensation, employment relocation, and other employee liability costs arising out of the termination of employment of Manager's employees at the Conference Center. If Conference Center Gross Revenues are insufficient to meet the requirements of such reserve, then Owner shall deliver to Manager, within ten (10) days after receipt of Manager's written request therefor, the sums necessary to establish such reserve; and if Owner fails to timely deliver such sums to Manager, Manager shall have the right (without affecting Manager's other remedies under this Agreement) to withdraw the amount of such expenses from the Operating Accounts, the FF&E Reserve, or any other funds of Owner held by or under the control of Manager. The reserve described in this Section 11.11.G. shall be in addition to the reserve described in Section 6.02.B.5.

H. Owner shall cause the entity that shall succeed Manager as the operator of the Conference Center to hire a sufficient number of the employees at the Conference Center to avoid the occurrence, in connection with such Termination, of a "plant closing" or "mass layoff" under the WARN Act or an equivalent occurrence under any comparable state law.

I. Prior to such Termination, Owner shall repay to Manager the amounts, if any, that Manager has funded through such date pursuant to the provisions of Section 4.08(ii) or Section 4.09(ii) and that remain outstanding and payable to Manager (plus any interest due thereon). If Owner does not make such repayment, Manager shall have the right to withhold and retain such amounts from any Working Capital or other funds held or controlled by Manager with respect to the Conference Center.

J. Various other actions shall be taken, as described in this Agreement, including, but not limited to, the actions described in Section 4.08 and Section 6.02.B.5.

K. Manager shall peacefully vacate and surrender the Conference Center to Owner.

The provisions of this Section 11.11 shall survive Termination.

11.12 Trademarks and Intellectual Property

A. During the Term, the Conference Center shall be known as the "MeadowView Marriott Conference Resort and Convention Center," with such alternative identification as Manager and Owner may mutually agree from time to time to be necessary to provide local or specific geographic definition to the name of the Conference Center. However, if the name of the Marriott Hotel System is changed, Manager will have the right to change the name of the Conference Center to conform thereto.

B. Owner acknowledges that Manager and its Affiliates are the sole and exclusive owners of all rights, title and interest to the Marriott Trademarks, which shall in all events remain the exclusive property of Manager (or one of its Affiliates). All use of the Marriott Trademarks

at or in connection with the Conference Center, or as otherwise contemplated by this Agreement, shall be made solely by and inure solely to the benefit of Manager and its Affiliates. Nothing in this Agreement shall be construed to grant Owner any right of ownership in or right to use or license others to use the Marriott Trademarks. Owner may not use the Marriott Trademarks without the prior written consent of Manager, which may be withheld in Manager's sole and absolute discretion, in any manner whatsoever, including, without limitation, the following:

1. No reference to Manager, any Affiliate of Manager, or any Marriott Trademark will be made in any prospectus, private placement memorandum, offering circular or offering documentation related thereto (collectively referred to as the "Prospectus"), issued by Owner or by one of Owner's Affiliates or by one or more Mortgagees, that is designed to interest potential investors in debt or equity securities related to the Conference Center, unless Manager has given its prior written approval to each such reference, which Manager may withhold in its sole and absolute discretion. However, regardless of whether Manager has approved all such references, neither Manager nor any Affiliate of Manager will be deemed a sponsor of the offering described in the Prospectus, nor will it have any responsibility for the Prospectus, and the Prospectus will so state. To the extent permitted by applicable law, Owner shall indemnify, defend and hold Manager harmless from and against all loss, costs, liability and damage (including attorneys' fees and expenses, and the cost of Litigation) arising out of any Prospectus or the offering described therein.

2. No reference to Manager, any Affiliate of Manager, or any Marriott Trademark will be made in any material prepared for the purpose of a Sale of the Conference Center, unless Manager has given its prior written approval to each such reference.

3. No Trade Name adopted by Owner or its Affiliates may include any Marriott Trademark or a term that is confusingly similar to a Marriott Trademark. Owner shall not apply for registration of any Marriott Trademark in any jurisdiction.

C. All right, title and interest (including copyright and patent rights) to Intellectual Property shall at all times be the exclusive property of Manager (or any other Marriott Company), and all benefits obtained directly or indirectly from the use, sale or commercial exploitation of Intellectual Property shall belong exclusively to Manager and its Affiliates. Neither Manager nor any other Marriott Company shall be restricted in disclosing or using any Intellectual Property directly or indirectly by this Agreement, and Manager and any other Marriott Company shall have the right to use it for any purpose. Owner shall not have any rights to any Intellectual Property, shall treat as confidential any Intellectual Property in its possession (subject to the provisions of Section 11.09 above), and shall not disclose to any third party any Intellectual Property or use any Intellectual Property for any purpose whatsoever. Upon Termination, all Intellectual Property shall be removed from the Conference Center by Manager, without compensation to Owner, subject to the provisions of Section 11.11.E. regarding Marriott Trademarks.

D. Manager and/or its Affiliates shall be entitled, in case of any breach by Owner of any of the covenants of this Section 11.12, to injunctive relief and to any other right or remedy available at law or in equity.

E. The provisions of this Section 11.12 shall survive Termination.

11.13 Use of Owner's Marks

A. Owner, as licensor, hereby grants to Manager and its Affiliates, as licensee, a non-exclusive and worldwide, royalty-free right and license to use the "MeadowView" name and associated marks (the "Owner's Marks") either alone or in combination with the Marriott Trademarks in connection with (i) the operation of the Hotel, the Golf Course and Conference Center pursuant to the this Agreement and the Hotel Management Agreement, (ii) all services provided by Manager and its Affiliates in connection with such operations, (iii) all goods and things used, provided or sold in the course of such operations, and (iv) advertising, signage, marketing materials, and promotional materials, used in the promotion of the services provided by Manager pursuant to this Agreement and the Hotel Management Agreement. Owner represents and warrants that (a) Owner owns the trademark registrations for the Owner's Marks; (b) such trademark registrations are valid and subsisting; (c) Owner has granted to Manager the license to use the Owner's Marks as set forth in this Agreement and the Hotel Management Agreement; (d) Owner has the right to grant to Manager the license to use the Owner's Marks granted in this Agreement; and (e) to the best of Owner's actual knowledge, there are no claims, litigation or proceedings pending or threatened against Owner which might affect Owner's right to grant the license to use the Owner's Marks granted in this Agreement.

B. Owner covenants and agrees that Manager and its Affiliates shall have the absolute right to the use of Owner's Marks, free of charge, in connection with the management, marketing, advertising, promotion and operation of the Hotel, Conference Center and Golf Course and all goods and services offered at or by the Hotel, Conference Center or Golf Course, and agrees that such use by Manager and its Affiliates shall remain in full force and effect until thirty (30) days following the earlier of (i) the termination of this Agreement for any reason or (ii) with respect to the Hotel name, the change of the Hotel name to omit the Owner's Marks pursuant to the terms set forth in this Section 11.13. Notwithstanding anything contained in this Agreement to the contrary, upon a Sale of the Conference Center, Owner covenants and agrees that the right of Manager and its Affiliates to use the Owner's Marks shall continue unabated so long as this Agreement remains in full force and effect. During the Term, Owner agrees not to use the Owner's Marks in connection with any hotel or other lodging product or concept, or vacation, timesharing or fractional ownership facility, other than the Hotel, Conference Center or Golf Course. The consent granted in this Section 11.13.B shall be freely transferable by Manager to any permitted assignee in connection with any assignment of this Agreement according to Section 10.01 of this Agreement.

C. Owner hereby acknowledges and agrees that in the event that Owner desires to modify or alter the Owner's Marks in any manner, all such modifications or alterations are subject to Manager's approval in its sole discretion.

D. Owner acknowledges and agrees that (a) it shall not acquire any right, title or interest in or to the Marriott Trademarks as a result of the use of Owner's Marks together with the Marriott Trademarks, (b) all goodwill associated with the Marriott Trademarks generated by their use together with Owner's Marks shall inure to Manager or its Affiliate, and (c) it shall not assert that the Marriott Trademarks and the Owner's Marks when used together comprise a composite mark.

E. Owner acknowledges and agrees that, if at any time the use of the Owner's Marks in the name of the Hotel or Conference Center is challenged by a third party, Manager may require that the Hotel and/or Conference Center be renamed in accordance with the System Standards to a name that does not include the Owner's Marks and, if the Hotel or the Conference Center is renamed, Manager shall have no further obligation to use the challenged Owner's Mark(s) in connection with the Hotel and/or the Conference Center.

F. To the extent permitted by applicable law, Owner shall indemnify, defend, and hold harmless Manager and its Affiliates, their officers, directors, agents and employees, and their respective successors and assigns, from and against all claims, litigation and damages (including allegations of negligence by Manager and its Affiliates and their officers, employees, and agents) to the fullest extent permitted by law, arising out of or relating the use by Manager or Owner or any of their Affiliates of the Owner's Marks, including without limitation claims, litigation and damages arising from or relating to any breach of Owner's representations and warranties set forth in this Section 11.13. For any litigation or other proceeding arising out of a claim alleging that the use by Manager or Owner or any of their Affiliates of the Owner's Marks may or does infringe upon or conflict with rights held by a third party in which Manager, or both Manager and Owner, are involved as actual or potential defendants, Manager or its Affiliate shall have the right, through counsel of its choice, to control the defense or response to that claim, and such undertaking by Manager or its Affiliate shall not, in any manner or form, diminish Owner's obligations under this Section 11.13. Under no circumstances shall Manager or its Affiliates be required to seek recovery from third parties or otherwise to mitigate their losses in order to maintain a claim for indemnification against Owner under this Section 11.13, and the failure of Manager or its Affiliates to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable by Manager or its Affiliates from Owner. In the event that any such claim is made against Owner but not against Manager, Owner shall give notice to Manager of that claim in a timely manner but in no event later than ten (10) Business Days after the date Owner first becomes aware of the claim, and if the claim or its resolution in any way might affect the Hotel, Manager or its Affiliates or their use of Owner's Marks, Manager shall have the right to participate in the strategy, defense and response to the claim and shall have the right to approve any settlement.

G. The provisions of this Section 11.13 shall survive Termination.

11.14 Trade Area Restriction and Competing Facilities

Neither this Agreement nor anything implied by the relationship between Manager and Owner shall prohibit Manager or any of the Marriott Companies from developing, constructing, owning, operating, promoting, and/or authorizing others to develop, construct, operate, or promote one or more hotels, or any other lodging products, conference or convention facilities, Vacation Club Products, restaurants, or other business operations of any type, using any brand name available to the Marriott Companies, at any location, including a location proximate to the Site, and Owner hereby acknowledges and agrees that Manager and any of the Marriott Companies have the unconditional right to engage in such activities, regardless of any competitive effect such activities may have on Owner.

11.15 Waiver

The failure of either party to insist upon a strict performance of any of the terms or provisions of this Agreement, or to exercise any option, right or remedy contained in this Agreement, shall not be construed as a waiver or as a relinquishment for the future of such term, provision, option, right or remedy, but the same shall continue and remain in full force and effect. No waiver by either party of any term or provision hereof shall be deemed to have been made unless expressed in writing and signed by such party.

11.16 Partial Invalidity

If any portion of any term or provision of this Agreement, or the application thereof to any person or circumstance shall be invalid or unenforceable, at any time or to any extent, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

11.17 Survival

Except as otherwise specifically provided in this Agreement, the rights and obligations of the parties herein shall not survive any Termination.

11.18 Negotiation of Agreement

Owner and Manager are both business entities having substantial experience with the subject matter of this Agreement, and each has fully participated in the negotiation and drafting of this Agreement. Accordingly, this Agreement shall be construed without regard to the rule that ambiguities in a document are to be construed against the draftsman. No inferences shall be drawn from the fact that the final, duly executed Agreement differs in any respect from any previous draft hereof.

11.19 Estoppel Certificates

Each party to this Agreement shall at any time and from time to time, upon not less than thirty (30) days' prior notice from the other party, execute, acknowledge and deliver to such other party, or to any third party specified by such other party, a statement in writing: (a) certifying that this Agreement is unmodified and in full force and effect (or if there have been modifications, that the same, as modified, is in full force and effect and stating the modifications), and (b) stating whether or not to the best knowledge of the certifying party (i) there is a continuing Default or Event of Default by the non-certifying party in the performance or observance of any covenant, agreement or condition contained in this Agreement, or (ii) there shall have occurred any event that, with the giving of notice or passage of time or both, would become a Default or Event of Default, and, if so, specifying each such Default or Event of Default or occurrence of which the certifying party may have knowledge. Such statement shall be binding upon the certifying party and may be relied upon by the non-certifying party and/or such third party specified by the non-certifying party as aforesaid. In addition, upon written request after a Termination, each party agrees to execute and deliver to the non-certifying party and to any such third party a statement certifying that this Agreement has been terminated.

11.20 Restrictions on Operating the Conference Center in accordance with System Standards

In the event of either (i) a Legal Requirement, including an order, judgment or directive by a court or administrative body that is issued in connection with any Litigation involving Owner, or (ii) any action taken by a Mortgagee in connection with a Foreclosure, which in either case restricts or prevents Manager, in a material and adverse manner, from operating the Conference Center in accordance with System Standards (including without limitation, any restrictions on expenditures by Manager from the Operating Accounts or from the FF&E Reserve, other than restrictions that are set forth in this Agreement), Manager shall be entitled, at its option, to terminate this Agreement upon sixty (60) days' written notice to Owner. The foregoing shall not reduce or otherwise affect the rights of the parties under Article 9.

11.21 Decision by Experts

Where this Agreement calls for a matter to be referred to a panel of Experts for determination, the following provisions shall apply:

A. With respect to any referred matter, the matter shall be decided by a majority vote of a panel of Experts. In the event that either party calls for a determination by Experts pursuant to the terms hereof, each party shall have ten (10) days from the date of such request to select one Expert and, within ten (10) days after such respective selections, the two (2) respective firms and/or individuals so selected shall select the third (3rd) Expert. If a party fails to make its respective selection of a firm or individual within the ten (10) day period provided for above, then the Expert selected by the other party shall select two (2) Experts to serve on the Experts panel. Also, if the two (2) respective Experts selected by the parties shall fail to select a third

(3rd) firm or individual (satisfying the requirements set forth in the definition of "Expert" in Section 12.01) to be an Expert, then such third (3rd) Expert shall be appointed by the American Arbitration Association. With respect to any issue hereunder to be referred to a panel of Experts for determination, the use of the Experts shall be the exclusive remedy of the parties and neither party shall attempt to adjudicate any dispute in any other forum. The decision of the Experts shall be final and binding on the parties and shall not be capable of challenge, whether by arbitration, in court or otherwise;

B. Each party shall be entitled to make written submissions to the Experts, and if a party makes any submission it shall also provide a copy to the other party and the other party shall have the right to comment on such submission (all within the time periods established pursuant to Section 11.21.D.). The parties shall make available to the Experts all books and records relating to the issue in dispute and shall render to the Experts any assistance requested of the parties. The costs of the Experts and the proceedings shall be borne as directed by the Experts unless otherwise provided for herein. The Experts may direct that such costs be treated as Conference Center Deductions;

C. The Experts shall make their decision with respect to the matter referred for determination by applying the standard set forth in this Agreement regarding such matter. If this Agreement does not contain a specific standard regarding such matter, then the Experts shall apply the standards applicable to first-class hotels in accordance with the System Standards, taking into consideration the long-term profitability of the Conference Center and the requirement that the Conference Center be managed, operated and maintained in accordance with System Standards; and

D. The terms of engagement of the Experts shall include an obligation on the part of the Experts to: (i) notify the parties in writing of their decision within forty-five (45) days from the date on which the last Expert has been selected (or such other period as the parties may agree or as set forth herein); and (ii) establish a timetable for the making of submissions and replies.

11.22 Waiver of Jury Trial and Consequential and Punitive Damages

Owner and Manager each hereby absolutely, irrevocably and unconditionally waive trial by jury and to the extent permitted by applicable law, the right to claim or receive consequential, incidental, special or punitive damages in any litigation, action, claim, suit or proceeding, at law or in equity, arising out of, pertaining to or in any way associated with the covenants, undertakings, representations or warranties set forth herein, the relationships of the parties hereto, whether as "Owner" or "Manager" or otherwise, this Agreement or any other agreement, instrument or document entered into in connection herewith, or any actions or omissions in connection with any of the foregoing.

11.23 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which shall constitute one and the same instrument. Such executed counterparts may be delivered by facsimile which, upon transmission to the other party, shall have the same force and effect as delivery of the original signed counterpart. The submission of an unsigned copy of this Agreement or an electronic instrument with or without electronic signature to either party shall not constitute an offer or acceptance. This Agreement shall become effective and binding only upon execution and delivery of the Agreement in non-electronic form by both parties in accordance with this Section 11.23.

11.24 Extraordinary Events

If either Owner's or Manager's failure to conform to, keep, perform, fulfill, or satisfy any representation, warranty, covenant, undertaking, obligation, standard, test, or condition set forth in this Agreement, other than an obligation to make monetary payments or provide monetary funding, is caused in whole or in part by one or more Extraordinary Events, such failure shall not constitute a failure or an Event of Default or Default under this Agreement, and such failure shall be excused for as long as the failure is caused in whole or in part by such Extraordinary Event(s).

11.25 Entire Agreement

This Agreement, together with any other writings signed by the parties expressly stated to be supplemental hereto and together with any instruments to be executed and delivered pursuant to this Agreement, constitutes the entire agreement between the parties and supersedes all prior understandings and writings, and may be changed only by a written non-electronic instrument that has been duly executed by the non-electronic signatures of authorized representatives of the parties hereto.

11.26 Non-Conference Center Marketing Activities

Owner and Manager agree that Manager may permit an Affiliate of Manager to sell, promote and market Vacation Club Products developed, marketed, sold or operated by such Affiliate, provided that the rental paid for any retail space at the Conference Center rented by such Affiliate shall be competitive with the rental per square foot of other similar retail spaces at the Conference Center. Additionally, Owner understands and agrees that such Affiliate of Manager will utilize guest information obtained from Manager and other Affiliates of Manager in its sales, promotion and marketing efforts.

11.27 Qualified Management Agreement

A. Compliance with Revenue Procedure 97-13. Notwithstanding anything contained herein to the contrary, including, without limitation, the fact that this requirement is not explicitly referenced in every instance where it is applicable, this Agreement is intended to

comply in all respects with, and shall be interpreted in a manner consistent with, the provisions of Revenue Procedure 97-13, as a "qualified management agreement." Manager represents to Owner that Manager has reviewed the applicable requirements of Section 141 of the Code and Revenue Procedure 97-13. Any provisions of this Agreement shall be void and unenforceable if it is subsequently and reasonably determined by Owner, in the manner provided in Section 11.27.E., that compliance with such provision may be inconsistent with Revenue Procedure 97-13 (including due to Changes in Tax Law). Accordingly, in the event of such a determination by Owner, Owner shall be deemed to have waived any breach of the provision of this Agreement in question arising from Manager's non-compliance with such provision and, in no event, shall Manager be considered to be in breach thereof.

B. Specific Restrictions Imposed by Revenue Procedure 97-13.

1. Manager may not be paid any compensation that is, in whole or in part, based on a share of the net profits from the operation of either the Executive Conference Center (or any component thereof) or the entire Conference Center. Manager may not obtain reimbursement from Owner for any compensation paid to Manager's employees, an Affiliate of Manager, or the employees of an Affiliate of Manager if such compensation is based, in whole or in part, on a share of the net profits from the operation of the Executive Conference Center (or any component thereof) or the entire Conference Center. This Section 11.27.B.1., however, does not prohibit Manager from utilizing funds received by Manager in the form of the Management Fee to pay employee bonuses based, in whole or in part, on the net profits from the operation of the Executive Conference Center (or any component thereof) or the entire Conference Center.

2. (a) For any Fiscal Year in which Manager or an Affiliate of Manager is entitled to receive a Direct or Indirect Profit, Manager shall treat such amount as compensation under Revenue Procedure 97-13 that is not in the form of a periodic fixed fee. Such amounts may not be paid to (or on behalf of) Manager or the Affiliate to the extent that the total aggregate amount of Direct or Indirect Profits for the Fiscal Year exceeds five percent (5%) of the aggregate of the Management Fee and any other compensation payable to Manager and any Affiliates in such Fiscal Year in the form of a periodic fixed fee (the "Variable Compensation Limit"), without an Opinion of Bond Counsel.

(b) To the extent that the aggregate amount of Direct or Indirect Profits otherwise payable under this Agreement during a Fiscal Year is greater than the Variable Compensation Limit, the excess shall be carried forward and treated as a portion of the Direct or Indirect Profit payable to Manager or one of its Affiliates in the following Fiscal Year and, subject to the Variable Compensation Limit for that Fiscal Year, shall be paid to Manager during that following Fiscal Year. Any Direct or Indirect Profits otherwise payable to Manager or one of its Affiliates that has not been paid shall continue to be carried forward to future Fiscal Years until it is paid. Amounts that have not previously been paid, however, shall not be paid on Termination, unless eligible under the Variable Compensation Limit for the Fiscal Year ending on Termination.

C. Inconsistency. The preceding provisions of this Section 11.27 notwithstanding, this Agreement may contain one or more provisions inconsistent with Revenue Procedure 97-13 if Owner receives an Opinion of Bond Counsel and such provisions shall thereafter be treated as if consistent with Revenue Procedure 97-13 for purposes hereof. Any reasonable costs incurred by Owner to obtain such an opinion shall be a Conference Center Deduction.

D. Consequences of Void Provision.

1. In the event Manager determines that a provision rendered void by Section 11.27.A. was material to its purposes for entering into this Agreement, Manager and Owner shall, in good faith, negotiate a replacement provision, the inclusion of which is consistent with Revenue Procedure 97-13 (including, if other replacement provisions do not satisfy Revenue Procedure 93-17, a provision under which the relevant compensation is a periodic fixed fee). If Manager and Owner are unable to negotiate a replacement provision as described in the preceding sentence, Owner or Manager may terminate this Agreement upon thirty (30) days notice or refer the matter for resolution in accordance with Section 11.21 (which resolution shall be subject to an Opinion of Bond Counsel); provided, however, if such resolution relates to the compensation in any form to be paid to Manager hereunder, then Manager may request, for any succeeding Fiscal Year, that the matter may be referred to a panel of Experts in accordance with Section 11.21 to reconsider such compensation for any subsequent Fiscal Year.

2. The determination that a proposed replacement provision agreed to by Owner and Manager pursuant to Section 11.27.D.1. does not result in private business use shall be based upon an Opinion of Bond Counsel.

3. Owner and Manager agree that the substitution of a replacement provision shall not result in a material reduction in the benefits expected to be received by Manager pursuant to the original terms of this Agreement and that, to the extent the substitution of a replacement provision would impose a material adverse financial burden on Manager not otherwise contemplated by this Agreement, Owner shall be required to compensate Manager in a manner that maintains or restores to Manager the resulting reduction in the benefits expected to be received pursuant to the original terms of this Agreement.

4. An election by Manager to terminate this Agreement pursuant to this Section 11.27.D. shall not constitute a Default or an Event of Default. Notwithstanding any other provision of this Agreement, such an election by Manager shall not give rise to any liability on Manager's part for any damages or other form of compensation to Owner or any other Person, and Owner shall hold Manager harmless from any claims for damages or other form of compensation arising from Manager's termination of this Agreement pursuant to this Section 11.27.D.

E. Written Legal Analysis from Bond Counsel. Any determination by Owner that the inclusion of a particular provision in this Agreement may result in private business use shall be accompanied by Written Legal Analysis from Bond Counsel supporting such determination.

Any costs incurred by Owner to reach such a determination, including but not limited to the costs of obtaining the Written Legal Analysis from Bond Counsel, shall be paid by Owner. Such determination shall be conclusive and binding upon Manager unless Manager obtains a Favorable Opinion of Manager's Counsel in form and substance acceptable to Owner stating that the inclusion of the provision in question does not result in private business use. The costs to Manager of obtaining a Favorable Opinion of Manager's Counsel shall be a Conference Center Deduction.

11.28 Contracts

A. 1. Manager is permitted, but not required, to obtain Owner's review and approval of any contract with a vendor or service provider or for use of the Executive Conference Center, including service contracts, licenses and concession agreements, and arrangements for using meeting rooms of the Executive Conference Center (collectively herein "contracts" and individually a "contract"), or an amendment or modification of an existing contract.

2. Contracts submitted for Owner's review shall be approved, disapproved or deemed approved in the following manner. Manager shall submit a written request for approval to Owner with a copy of the proposed contract or agreement attached. Owner shall approve or disapprove of the contract within ten (10) Business Days of receipt of Manager's submission (unless Owner and Manager mutually agree to extend that time period) by sending Manager a written notice of approval or disapproval. If Owner fails to approve or disapprove of the contract within the first ten (10) Business Days (or mutually agreed extended period of time), Manager shall send a second request for approval to Owner. If Owner fails to approve or disapprove of the contract within five (5) Business Days of receipt of the second request for approval (or mutually agreed extended period of time), the contract shall be deemed approved by Owner.

3. Manager and Owner agree that, as part of Owner's review of a proposed contract, Owner shall determine whether the proposed contract will be consistent with Revenue Procedure 97-13 and whether the proposed contract will otherwise result in private business use of any portion of the Executive Conference Center for purposes of Section 141 of the Code and, if so, will be prohibited by the Code. Owner acknowledges that Manager may regard Owner's approval of a proposed contract as a determination that the proposed contract is consistent with Revenue Procedure 97-13 and will not otherwise result in impermissible private business use of any portion of the Executive Conference Center for purposes of Section 141 of the Code, and that Manager shall have no independent obligation to determine the effect of the proposed contract on the excludability of interest on the Bonds from gross income for federal tax purposes. If Owner determines that a proposed contract will result in private business use of a portion of the Executive Conference Center for purposes of Section 141 of the Code but that the amount of private business use is permissible, Owner shall so advise Manager in its written approval of the contract.

4. If Owner's reason for disapproving a contract is a determination that entrance into the contract would jeopardize the excludability of interest on the Bonds from gross income for federal tax purposes, Owner's notice of disapproval shall be accompanied by Written Legal Analysis from Bond Counsel to that effect.

5. Manager may include in all contracts a standard provision granting it a right to terminate the contract, without penalty, on thirty (30) days notice, upon receipt from Owner of Written Legal Analysis from Bond Counsel that such contract is inconsistent with Revenue Procedure 97-13 or will otherwise result in private business use of the Executive Conference Center for purposes of Section 141 of the Code.

B. In the event Owner's disapproval of a contract is as a result of Owner's determination that entrance into the contract would jeopardize the excludability of interest on the Bonds from gross income for federal tax purposes, upon receiving Owner's notice of disapproval thereof, Manager shall have twenty (20) Business Days within which:

1. to notify Owner that it will not enter into the contract;

2. to provide a Favorable Opinion of Manager's Counsel in form and substance acceptable to Owner that entrance into such contract would not adversely affect the excludability of interest on the Bonds from gross income for federal tax purposes; or

3. to commence with Owner, in good faith, to negotiate a replacement provision or contract that, in the Opinion of Bond Counsel, is consistent with Revenue Procedure 97-13 (including, if other replacement provisions do not satisfy Revenue Procedure 97-13, a provision under which the relevant compensation is a periodic fixed fee) and Section 141 of the Code.

C. If any contract submitted to Owner for approval is not approved or deemed approved by Owner and Manager reasonably and in good faith determines that entrance into such contract is material to its purposes for entering into this Agreement and provided Owner and Manager have been unable to negotiate a replacement provision or contract, Manager shall have the right to terminate this Agreement by providing thirty (30) days prior notice to Owner or refer the matter to a panel of Experts for resolution in accordance with Section 11.21. Upon a Termination pursuant to this subsection, Owner shall pay to Manager all fees and costs due under this Agreement before the effective date of the Termination.

D. Any and all costs incurred by Manager in response to Owner's disapproval of a contract including, but not limited to, the cost of obtaining a Favorable Opinion of Manager's Counsel, shall be a Owner expense if Owner had previously approved contracts of the same nature and substantially similar terms as the disapproved contract unless there has been a Change in Tax Law. Otherwise, all other costs incurred by Manager in response to Owner's disapproval of a contract shall be paid out of Conference Center Gross Revenues as a Conference Center Deduction.

E. 1. Owner and Manager agree that a contract falling within any of the categories listed in Exhibit H shall be considered an "Excluded Contract" and shall be deemed to have been reviewed and approved by Owner.

2. Owner and Manager may modify and/or update the list of categories of contracts in Exhibit H that, as of the Effective Date, would constitute Excluded Contracts upon receipt of an Opinion of Bond Counsel.

3. The term, "Excluded Contract," shall not include a contract with an Affiliate of Manager.

11.29 General Tax Covenant of Manager

A. Manager covenants and agrees, to the extent of its rights and authority under this Agreement and as otherwise authorized by Owner, (i) to operate and manage the Executive Conference Center in a manner, and to direct its Affiliates to act in a manner with respect to the Executive Conference Center, that it reasonably and in good faith believes will preserve the excludability of interest on the Bonds from gross income for federal income tax purposes and (ii) not to knowingly take any action pursuant to this Agreement (or knowingly fail to take any action) that would cause the interest on the Bonds to be included in gross income for federal income tax purposes. As used in this Agreement, the term "Prohibited Action" shall mean either (x) a breach of the covenant set forth in clause (i) of the immediately preceding sentence or (y) any action or inaction described in clause (ii) of such sentence. Manager agrees to modify or terminate this Agreement pursuant to the process provided in Section 11.27 or take such other actions (as provided in this Section 11.29) as may be necessary in the Opinion of Bond Counsel to ensure the tax-exempt status of the Bonds.

B. Manager agrees to provide to Owner such information concerning Manager's operation of the Executive Conference Center as may periodically be reasonably required by Owner in order to enable Owner to analyze the continued excludability of interest on the Bonds from gross income for federal income tax purposes.

C. Upon learning of a Prohibited Action, Owner shall provide notice thereof to Manager, together with a copy of the Written Legal Analysis from Bond Counsel, which notice and Written Legal Analysis shall specify the action constituting a Prohibited Action. Upon receipt of such notice from Owner, (a) if the Prohibited Action has not commenced, been contracted for or otherwise committed for, Manager shall have twenty (20) Business Days within which to notify Owner that it intends to either (i) not undertake the Prohibited Action or (ii) provide a Favorable Opinion of Manager's Counsel, addressed to Owner in form and substance reasonably acceptable to Owner and Bond Counsel, that such actions do not adversely affect the tax-exemption of interest on the Bonds, or (b) if the Prohibited Action has previously commenced, been contracted for or otherwise been committed to, Manager shall have twenty (20) Business Days within which to notify Owner that it intends to either (i) take remedial measures to cease the action asserted to be a Prohibited Action (and Owner agrees to cooperate

with Manager to effect such remedial measures), or (ii) provide a Favorable Opinion of Manager's Counsel, addressed to Owner in form and substance reasonably acceptable to Owner and Bond Counsel, that such actions do not adversely affect the tax-exemption of interest on the Bonds (Manager's elections under clauses (a) and (b) of this Section 11.28.C. are herein collectively referred to as "Elective Measures"). If Manager does not notify Owner that it intends to take one of its Elective Measures within the aforesaid twenty (20) Business Day period, this Agreement shall terminate effective as of the sixtieth (60th) Business Day following Manager's receipt of such notice. If Manager does notify Owner within the aforesaid twenty (20) Business Day period that it intends to take one of its Elective Measures, Manager shall have sixty (60) Business Days (or such longer period to which Owner and Manager shall mutually agree) to complete such Elective Measures and, if such measures are not completed by such sixtieth (60th) Business Day (or last day of any mutually agreed extended time period), this Agreement shall terminate effective as of such sixtieth (60th) Business Day (or last day of any mutually agreed extended time period). Notwithstanding the foregoing provisions of this Section 11.28.C., this Agreement shall not terminate until Manager shall have the time required by applicable Legal Requirements pertaining to the termination of the employment of the employees at the Conference Center and the Hotel.

D. A Termination pursuant to this Section 11.28 shall not constitute an Event of Default. Notwithstanding any other provision of this Agreement, a Termination pursuant to this Section 11.28 shall not give rise to any liability on the part of Manager or any of Manager's Affiliates or Related Parties for any damages or other form of compensation to Owner or any other Person, and, to the extent permitted by applicable law, Owner shall hold Manager and Manager's Affiliates and Related Parties harmless from any claims for damages or other form of compensation arising from a Termination of this Agreement pursuant to this Section 11.28.

E. 1. Manager is permitted, but not required, to obtain Owner's review and approval with respect to any new program, arrangement, contract or other action or a modification to a service, program, arrangement, or contract previously executed or provided (each, a "Proposed Action"). Without limiting the generality of the foregoing, a Proposed Action would include (i) a proposed modification to Chain Services, the Marriott Rewards Program, or the MBS Systems, (ii) a proposed modification to the method employed to allocate costs and expenses incurred by Manager or its Affiliates in connection with the provision of Chain Services, the Marriott Rewards Program, or the MBS Systems among the Conference Center and other properties, or (iii) a new arrangement with an Affiliate or a proposed modification of a Current Affiliate Arrangement. Manager shall obtain Owner's approval of a Proposed Action and acknowledgement that such Proposed Action will not violate its covenant in Section 11.28.A. by submitting a written description of the Proposed Action to Owner and such other information as is reasonably required by Owner to determine compliance with Section 141 of the Code and Revenue Procedure 97-13. The Proposed Action shall then be approved, disapproved, or deemed approved in accordance with the provisions of Section 11.27.A.

2. If any Proposed Action submitted to Owner for approval is not approved or deemed approved by Owner, Sections 11.27.B., 11.27.C., and 11.27.D. shall apply with

respect to such disapproved Proposed Action as if the Proposed Action was a contract, and Manager may exercise any of the rights granted to it by Section 11.27.B. or Section 11.27.C. if it is material.

3. If the Proposed Action is a proposed modification (i) to Chain Services, the Marriott Rewards Program, or the MBS Systems, or (ii) to the method employed to allocate costs and expenses incurred by Manager or its Affiliates in connection with one of those programs among the Conference Center and other properties, and Owner disapproves that Proposed Action, Manager shall, in good faith, attempt to modify the subject program (or allocation method) in a different manner that would comply, in the Opinion of Bond Counsel, with the private business use restrictions under Section 141 of the Code, as applicable; provided, however, Manager shall not be obligated to modify any of those programs in a manner that requires that program to be operated with respect to the Conference Center in a different manner than it is operated with respect to other conference centers and hotels in the Marriott Hotel System. If Manager reasonably determines that an alternative modification of the program (or allocation method) is not feasible, Manager shall provide Owner with an explanation of such infeasibility and Manager and Owner shall negotiate in good faith the continued participation of the Conference Center in that program in return for compensation to Manager in the form of a periodic fixed fee (subject to an Opinion of Bond Counsel). If Manager and Owner are unable to agree on such a fee with respect to the program, then such dispute shall be referred to a panel of Experts for resolution in accordance with Section 11.20. In the event that a fixed fee is established under the procedures described in the preceding two sentences for a Fiscal Year, either party may require renegotiation or referral to a panel of Experts in accordance with Section 11.20 to re-set the fee for any subsequent Fiscal Year.

4. a. If the Proposed Action is a new arrangement with an Affiliate or a proposed modification of a Current Affiliate Arrangement, the Proposed Action shall be deemed approved if (i) under such new arrangement or modification, the Affiliate shall provide services involving all or part of the Executive Conference Center, (ii) the Affiliate shall be paid a fixed dollar amount for the services rendered for a specified time period (that may be subject to automatic adjustment according to a specified, objective, external standard that is not linked to the output or efficiency of either the Executive Conference Center or the entire Conference Center, such as the GDP Deflator), (iii) the arrangement satisfies the Competitive Terms Standard, and (iv) such new arrangement or modification, will have a term not exceeding the Term.

b. If the Proposed Action is a new arrangement with an Affiliate or a proposed modification of a Current Affiliate Arrangement that does not satisfy the requirements of Section 11.28.E.4.a., and Owner disapproves that Proposed Action, Manager shall, in good faith, attempt to modify (or further modify) such arrangement in order to comply, in the Opinion of Bond Counsel, with Revenue Procedure 97-13 or the private business use restrictions imposed by Section 141 of the Code, as applicable; provided that Manager shall not be obligated to modify an arrangement with an Affiliate in a manner that requires the Affiliate to provide goods and/or services to the Executive Conference Center in a different manner than the Affiliate

provides similar goods and/or services to other properties. If Manager reasonably determines that a modification (or further modification) of the arrangement is not feasible, Manager shall provide Owner with an explanation of such infeasibility and Manager may elect not to apply such modification or additional arrangement to the Executive Conference Center. Owner recognizes that the costs of the goods and/or services without such modification or additional arrangement may be higher. Owner agrees that an election by Manager not to apply the modification or additional arrangement to the Executive Conference Center due to the inability to obtain an Opinion of Bond Counsel shall not constitute a Default or an Event of Default and shall not give rise to any liability on the part of Manager or any of Manager's Affiliates or Related Parties for any damages or other form of compensation to Owner or any other Person, and to the extent permitted by applicable law, in such event Owner shall hold Manager and Manager's Affiliates and Related Parties harmless from any claims for damages or other form of compensation arising from Manager's election not to apply the modification or additional arrangement to the Executive Conference Center.

F. Owner's sole and exclusive remedy with regard to a Prohibited Action shall be the Termination of this Agreement in accordance with the provisions of this Section 11.28. Neither the occurrence of a Prohibited Action nor a resulting Termination shall constitute an Event of Default. Notwithstanding any other provision of this Agreement, the occurrence of a Prohibited Action shall not give rise to any liability on the part of Manager or any of Manager's Affiliates or Related Parties for any damages or other form of compensation to Owner or any other Person, and to the extent permitted by applicable law, Owner shall hold Manager and Manager's Affiliates and Related Parties harmless from any claims for damages or other form of compensation arising from any Prohibited Action.

G. Costs and expenses (including expenses for outside legal services) incurred by Manager and its Affiliates in connection with audit programs and other compliance efforts designed to monitor whether this Agreement and Manager's operation of the Executive Conference Center are consistent with Section 141 of the Code and Revenue Procedure 97-13 ("Manager Compliance Costs") shall constitute a Conference Center Deduction.

11.30 Non-Liability of Owner Officials and Employees

No public official or employee of Owner shall be personally liable to Manager in the event that any provision of this Agreement is unenforceable, Owner defaults with respect to any of its obligations pursuant to this Agreement, for any amounts due and payable by Owner pursuant to this Agreement, or in the event Owner fails to perform any of its obligations hereunder.

ARTICLE 12

DEFINITION OF TERMS

12.01 Definition of Terms

The following terms when used in this Agreement shall have the meanings indicated:

"2009C Bonds" shall have the meaning ascribed to it in the Recitals.

"Accounting Period" shall mean the four (4) week accounting periods having the same beginning and ending dates as Manager's four (4) week accounting periods, except that an Accounting Period may occasionally contain five (5) weeks when necessary to conform Manager's accounting system to the calendar. Manager shall have the right, at its discretion, to modify the definition of Accounting Period to mean a calendar month or such other period of time as is consistent with the accounting periods that Manager may implement, from time to time, with respect to the Marriott Hotel System.

"Accounting Period Statement" shall have the meaning ascribed to it in Section 4.01.A.

"Affiliate" shall mean, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person. For purposes of this definition, the term "control" (including the terms "controlling," "controlled by" and "under common control with") of a Person means the possession, directly or indirectly, of the power: (i) to vote fifty percent (50%) or more of the voting stock or equity interests of such Person; or (ii) to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting stock or equity interests, by contract or otherwise. However, solely for purposes of determining compliance with Section 141 of the Code, Treas. Reg. §1.141-3(b)(4), and Revenue Procedure 97-13, and unless the context clearly indicates otherwise, in Sections 1.11, 1.12, 1.13, 1.14, 1.15, 4.04, 11.26, 11.27, and 11.28, and any provision of this Agreement pertaining to goods or services provided to the Executive Conference Center or the entire Conference Center by an Affiliate of Manager or to contracts or other arrangements between Manager and any Affiliate regarding goods or services to be provided to the Executive Conference Center or the entire Conference Center, a Person shall be considered an Affiliate of Manager only if that Person and Manager are "related persons," within the meaning of Section 144(a)(3) of the Code. Accordingly, by way of illustration and not of limitation, for purposes of the preceding sentence, a Person shall be considered an Affiliate of Manager if (a) Manager owns (directly or indirectly) more than fifty percent (50%) of the total combined voting power of all classes of stock of such Person, (b) Manager owns (directly or indirectly) more than fifty percent (50%) of the total combined voting power of all classes of stock of another Person that, in turn, owns (directly or indirectly) more than fifty percent (50%) of the total combined voting power of all classes of stock of such Person, (c) Manager owns (directly or indirectly) more than fifty percent (50%) of the capital interests or profits interests of such Person, (d) Manager otherwise owns (directly or indirectly) more than a fifty percent (50%) equity interest in such

Person, (e) such Person owns (directly or indirectly) more than fifty percent (50%) of the capital interests or profits interests of Manager, (f) such Person otherwise owns (directly or indirectly) more than a fifty percent (50%) equity interest in Manager, (g) such Person (for example, Marriott International, Inc.) is the sole shareholder of another Person that, in turn, owns (directly or indirectly) more than a fifty percent (50%) equity interest in Manager, or (h) such Person is a wholly-owned subsidiary of another Person that is also the sole shareholder of a third Person that, in turn, owns (directly or indirectly) more than a fifty percent (50%) equity interest in Manager.

"Agreed Allocations" shall have the meaning ascribed to it in Section 1.16.A.

"Agreement" shall mean this Management Agreement between Owner and Manager, including the exhibits attached hereto, as it may be amended, restated or supplemented from time to time.

"Annual Operating Statement(s)" shall have the meaning ascribed to it in Section 4.01.B.

"Annual Profit Transactions Report" shall have the meaning ascribed to it in Section 4.06.

"Audio/Visual Systems" shall include, but not be limited to, the following systems: general audio and visual systems, entertainment audio/video systems and video information systems.

"Audit" shall have the meaning ascribed to it in Section 4.02.

"Bond Counsel" shall mean a nationally recognized bond counsel selected by Owner from time to time as its bond counsel in respect of the Bonds.

"Bonds" shall mean the 2009C Bonds and any other notes or bonds issued by Owner from time to time to finance or refinance a portion of the costs of the Executive Conference Center, the interest on which is intended to be excludable from the gross income of a holder thereof for federal income tax purposes.

"Books and Records" shall mean books of control and account pertaining to the operations of the Conference Center that are maintained at the Conference Center.

"Building Estimate(s)" shall have the meaning ascribed to it in Section 5.03.A.

"Business Day" shall mean any day excluding (i) Saturday, (ii) Sunday, (iii) any day that is a legal holiday under the laws of the State of Maryland or State of Tennessee, and (iv) any day that banking institutions located in any such state are generally not open for the conduct of regular business.

"Business Plan" shall have the meaning ascribed to it in Section 4.07.

"Capital Expenditure(s)" shall mean the expenses necessary for non-routine, major repairs, alterations, improvements, renewals, replacements, and additions to the Conference Center including, without limitation, to the structure, the exterior facade and all of the mechanical, electrical, heating, ventilating, air conditioning, plumbing or vertical transportation elements of the Conference Center building, together with all other expenditures that are classified as "capital expenditures" under generally accepted accounting principles. Capital Expenditures shall not include Routine Capital Expenditures.

"CC&R(s)" shall have the meaning ascribed to it in Section 8.04.

"Central Office Services" are those services described in Exhibit B.

"Central Reservations" shall have the meaning ascribed to it in Section 1.11.A.

"Chain Services" shall have the meaning ascribed to it in Section 1.11.A.

"Change in Tax Law" shall mean, after the Effective Date, any amendment to the Code, any temporary, proposed, or final regulation promulgated by the United States Department of the Treasury, any ruling, procedure, notice, announcement, technical advice memorandum, field service advice, or similar guidance issued by the Internal Revenue Service concerning Section 141 of the Code (even if not legally precedential), or any change, clarification, or elaboration in any judicial decision, that would cause Bond Counsel to be unable to deliver an Opinion of Bond Counsel with respect to the Bonds.

"Code" shall have the meaning ascribed to it in the Recitals.

"Competitive Terms Standard" shall mean the standard to be employed in determining whether a Profit Transaction can be implemented with respect to the Conference Center. The Competitive Terms Standard shall be deemed satisfied if the terms of the Profit Transaction are consistent with commercially competitive terms available to parties contracting for similar goods or services in the marketplace relevant to the Conference Center, taking into account price, quality, reputation and reliability of the vendor, the need of the Conference Center and the Marriott Hotel System for reliability in performance and/or quality to satisfy guest needs, the scale of the purchase, and such other factors reasonably appropriate to determine whether particular terms reflect competitive terms in the marketplace. In determining, pursuant to the foregoing, whether such terms are competitive, the goods and/or services that are being purchased shall be grouped in reasonable categories, rather than being compared item by item.

"Conference Center" shall mean the Site together with the following: (i) the Conference Center Improvements and all other improvements constructed or to be constructed on the Site pursuant to this Agreement including, without limitation, the Executive Conference Center, but

expressly excluding the Winery Building Premises; (ii) all FF&E, Fixed Asset Supplies and Inventories installed or located on the Site or in the Conference Center Improvements; and (iii) all easements or other appurtenant rights thereto. The term "Conference Center" shall not include the Hotel and the Golf Course and improvements located thereon.

"Conference Center Deductions" shall mean the following expenses incurred by Manager in operating the Conference Center:

1. the cost of sales, including, without limitation, compensation, benefits and related administration costs, payroll taxes, charges related to employee benefit plans, and other costs related to employees of Manager (or one of its Affiliates) who are working for the benefit of the Conference Center (regardless of whether such employees are located at the Conference Center or elsewhere); provided that the foregoing costs shall not include the salary and other employee costs of Manager's corporate executive staff who are located at Manager's corporate headquarters;

2. departmental expenses incurred at departments within the Conference Center; administrative and general expenses; the cost of marketing incurred by the Conference Center; advertising and business promotion incurred by the Conference Center; heat, light, and power; computer line charges; and routine repairs, maintenance and minor alterations treated as Conference Center Deductions under Section 5.01;

3. the cost of Inventories and Fixed Asset Supplies used or consumed in the operation of the Conference Center;

4. a reasonable reserve for uncollectible accounts receivable as determined by Manager;

5. all costs and fees of independent professionals or other third parties who are retained by Manager or Owner to perform services required or permitted hereunder;

6. all costs and fees of technical consultants, professionals and operational experts who are retained or employed by Manager, a Marriott Company, and their Affiliates for specialized services (including, without limitation, quality assurance inspectors, personnel providing architectural, technical or procurement services for the Conference Center, tax consultants, and, except with respect to Central Office Services or as described in Section 8.02.D., personnel providing legal services in connection with matters involving the Conference Center) and the cost of attendance by employees of the Conference Center at training and manpower development programs designated by Manager;

7. the Management Fee paid to or retained by Manager;

8. insurance costs and expenses as provided in Article 6;

9. taxes, if any, payable by or assessed against Manager related to this Agreement or to Manager's operation of the Conference Center (exclusive of Manager's income taxes or franchise taxes);

10. all Impositions;

11. the amount of any transfers into the FF&E Reserve required pursuant to Section 5.02;

12. the Conference Center's share of costs and expenses incurred in connection with sales, advertising, promotion and marketing programs for the Marriott Hotel System, including guest loyalty and recognition programs and the Marriott Rewards Program, where such expenses are not deducted as departmental expenses under paragraph 2 above or as Chain Services pursuant to paragraph 13 below;

13. the Conference Center's share of the charges for Chain Services that the Conference Center uses;

14. all costs and expenses of compliance by Manager with applicable Legal Requirements pertaining to the operation of the Conference Center;

15. the Conference Center's pro rata share of costs and expenses (including those relating to development and implementation) incurred in connection with providing services to multiple hotels and/or other facilities in substitution for or in association with services that are or would have been performed or procured by individual hotels, which may be more effectively performed on a shared or group basis; and

16. such other costs and expenses incurred by Manager (either at the Conference Center or elsewhere) as are specifically provided for elsewhere in this Agreement or are otherwise reasonably necessary for the proper and efficient operation of the Conference Center.

The term "Conference Center Deductions" shall not include any bonuses paid to employees of Manager or its Affiliates based in whole or in part on the net profits of either the Executive Conference Center or the entire Conference Center (but the term "Conference Center Deductions" may include bonuses based in whole or part on the net profits of the entire Marriott Hotel System, the net profits of all properties within the Marriott Hotel System located within a designated geographic region (if such regional designation is regularly used for other purposes), the net profits from the operation of a particular brand of hotels within the Marriott Hotel System, or the net profits of the Hotel). Such bonuses shall be paid by Manager or its Affiliate, as the case may be, from its own funds (which may include funds received by Manager in the form of the Management Fee).

The term "Conference Center Deductions" shall also not include: (a) debt service payments on the Bonds or pursuant to any Mortgage on the Conference Center; (b) payments pursuant to equipment leases or other forms of financing obtained for the FF&E located in or connected with the Conference Center, unless Manager has previously given its consent to such equipment lease and/or financing; (c) rental payments pursuant to any ground lease of the Site; (d) depreciation on the Conference Center or any of its contents or (e) all costs and expenses in connection with the Reedy Leases or Reedy Premises. All of the foregoing items listed in this paragraph shall be paid by Owner from its own funds. In no event shall the costs or expenses of providing the Central Office Services be treated as Conference Center Deductions, or otherwise be reimbursed out of Conference Center Gross Revenues; it being the intent of the parties that all such costs and expenses are to be paid by Manager (or its Affiliates) from its own funds.

"Conference Center Gross Revenues" shall mean all revenues and receipts of every kind derived from operating the Conference Center and all departments and parts thereof, including, but not limited to: income (from both cash and credit transactions) from rental of meeting, banquet or other space in the Conference Center, telephone charges, stores, offices, exhibit or sales space of every kind; license, lease and concession fees and rentals (not including gross receipts of licensees, lessees and concessionaires); income from vending machines; income from parking; food and beverage sales; wholesale and retail sales of merchandise; service charges; and proceeds, if any, from business interruption or other loss of income insurance received by Owner (the "Owner BI Proceeds"), but excluding any amounts paid directly to Manager by the insurer for loss of Management Fees or any other amounts payable to Manager under this Agreement; provided, however, that (i) Conference Center Gross Revenues shall not include the following: gratuities to employees of the Conference Center; federal, state or municipal excise, sales or use taxes or any other taxes collected directly from patrons or guests or included as part of the sales price of any goods or services; proceeds from the sale of FF&E; interest received or accrued with respect to the funds in the FF&E Reserve; any refunds, rebates, discounts and credits of a similar nature, given, paid or returned in the course of obtaining Conference Center Gross Revenues or components thereof; insurance proceeds (other than proceeds from business interruption or other loss of income insurance); condemnation proceeds (other than for a temporary taking); any proceeds from any Sale of the Conference Center or from the refinancing of any debt encumbering the Conference Center; any revenues generated by and allocable to the Hotel or revenues from the Reedy Leases and rent paid to Owner or Sublandlord in connection therewith; and (ii) Owner BI Proceeds shall not be included in Conference Center Gross Revenues for purposes of computing Management Fees to the extent Manager has been paid directly by the insurer for the loss of such fees.

"Conference Center Improvements" shall have the meaning ascribed to it in the Recitals.

"Conference Center Operating Loss" shall mean a negative Conference Center Operating Profit.

"Conference Center Operating Profit" shall mean, with respect to any given period of time, the excess of Conference Center Gross Revenues over Conference Center Deductions (each calculated in accordance with this Agreement and the Uniform System of Accounts).

"Cost Transaction" shall have the meaning ascribed to it in Section 1.13.F.

"Current Affiliate Arrangements" shall have the meaning ascribed to it in Section 1.12.B.

"Customer Information" shall mean customer data, customer lists and personal guest profiles and data regarding guest preferences, including, without limitation, any data derived from or contained in any database controlled by Manager or its Affiliates (including, without limitation, the Marriott Rewards Program).

"Decorative Items" shall include, but not be limited to, artifacts, artwork, carpeting, decorative lighting fixtures, etched glass, furniture, Graphics, interior landscaping, radios, televisions and window treatments.

"Default" shall have the meaning ascribed to it in Section 9.01.

"Direct Deduction" shall mean a Conference Center Deduction relating to a system or program performed for the Conference Center by or through Manager or one of the Related Parties that is described in the listing of Direct Deductions attached hereto as Exhibit E, plus such additional systems and programs that may be added after the date hereof in accordance with this Agreement. The term Direct Deduction shall not include Central Office Services.

"Direct Deductions Report" shall have the meaning ascribed to it in Section 4.05.A.

"Direct or Indirect Profit" shall mean any direct or indirect compensation or income or reimbursement received by Manager or its Affiliates other than (a) the Management Fee, (b) any fixed periodic fees subsequently established pursuant to Section 11.28.E.3., for providing Chain Services, the Marriott Rewards Program, or the MBS System, (c) reimbursement of actual expenses attributable to the Conference Center as permitted by this Agreement and (d) items excluded by Section 1.15.

"Easement" shall mean that certain Permanent Easement Agreement dated January 31, 1995 by and between Hotel Owner and Owner, as amended.

"Effective Date" shall have the meaning ascribed to it in the Preamble.

"Elective Measures" shall have the meaning ascribed to it in Section 11.28.C.

"Employee Claims" shall mean any and all claims (including all fines, judgments, penalties, costs, Litigation and/or arbitration expenses, attorneys' fees and expenses, and costs of settlement with respect to any such claim) by any employee or employees of Manager against

Owner or Manager with respect to the employment at the Conference Center of such employee or employees. "Employee Claims" shall include, without limitation, the following: (i) claims that are eventually resolved by arbitration, by Litigation or by settlement; (ii) claims that also involve allegations that any applicable employment-related contracts affecting the employees at the Conference Center have been breached; and (iii) claims that involve allegations that one or more of the Employment Laws has been violated; provided, however, that "Employee Claims" shall not include claims for worker compensation benefits or for unemployment benefits.

"Employment Laws" shall mean any federal, state or local law (including the common law), statute, ordinance, rule, regulation, order or directive with respect to employment, conditions of employment, benefits, compensation, or termination of employment that currently exists or may exist at any time during the Term, including, but not limited to, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Workers Adjustment and Retraining Act, the Occupational Safety and Health Act, the Immigration Reform and Control Act of 1986, the Polygraph Protection Act of 1988 and the Americans With Disabilities Act of 1990.

"Environmental Laws" shall have the meaning ascribed to it in Section 11.08.

"Event of Default" shall have the meaning ascribed to it in Section 9.01.

"Excluded Contracts" shall have the meaning ascribed to it in Section 11.27.E.

"Executive Conference Center" shall have the meaning ascribed to it in the Recitals.

"Expert" shall mean an independent, nationally recognized consulting firm or individual with a minimum of ten (10) years of experience in the lodging industry and qualified to resolve the issue in question, provided that an Expert shall not include any individual who is, as of the date of appointment or within six (6) months prior to such date, employed, either directly or indirectly as a consultant in connection with any other matter, by a party attempting to appoint such person.

"Extraordinary Event" shall mean any of the following events, regardless of where they occur or their duration: acts of nature (including hurricanes, typhoons, tornadoes, cyclones, other severe storms, winds, lightning, floods, earthquakes, volcanic eruptions, fires, explosions, disease, or epidemics); fires and explosions caused wholly or in part by human agency; acts of war or armed conflict; riots or other civil commotion; terrorism (including hijacking, sabotage, chemical or biological events, nuclear events, disease-related events, bombing, murder, assault and kidnapping), or the threat thereof; strikes or similar labor disturbances; embargoes or blockades; shortage of critical materials or supplies; action or inaction of governmental authorities that have an impact upon the Conference Center or the Hotel (including restrictions on room rates or wages or other material aspects of operation; restrictions on financial, transportation or information distribution systems; or the revocation or refusal to grant licenses or permits, where such revocation or refusal is not due to the fault of the party whose

performance is to be excused for reasons of the Extraordinary Event); and any other events beyond the reasonable control of Owner or Manager, excluding, however, general economic and/or market conditions not caused by any of the events described herein.

"Favorable Opinion of Manager's Counsel" shall mean a writing (a) prepared by a law firm engaged by Manager that has a nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, (b) addressed to both Manager and Owner, (c) setting forth the pertinent facts and circumstances, (d) identifying the applicable law (including statutes, regulations, legislative history, and/or rulings issued by the Internal Revenue Service), (e) providing a reasoned legal analysis applying the applicable law to the relevant facts, and (f) stating a conclusion that the subject action, inaction, or provision will not have an adverse effect on the excludability of interest on the Bonds from gross income for federal income tax purposes. Manager reserves the right, with respect to a Favorable Opinion of Manager's Counsel, to accept a favorable opinion in which such conclusion is not expressed in unqualified terms. However, if the conclusion is not expressed in unqualified terms, it must be expressed with a very high level of confidence; *i.e.*, the conclusion must be expressed at a higher level of confidence than "more likely than not." For purposes of this definition, the term "unqualified" shall have the meaning given to it in the Model Bond Opinion Report of the National Association of Bond Lawyers ("NABL") dated February 14, 2003, or any successor NABL Model Bond Opinion Report.

"FF&E" shall mean furniture, fixtures and equipment, including without limitation: Decorative Items; Audio/Visual Systems; in-room kitchen appliances, refrigerators and minibars; cabinetry; computer equipment; Food/Kitchen Equipment; Laundry Equipment; Housekeeping Equipment; Telecommunications Systems; and Security Systems; provided, however, that the term "FF&E" shall not include Fixed Asset Supplies or Software.

"FF&E Estimate" shall have the meaning ascribed to it in Section 5.02.C.

"FF&E Reserve" shall have the meaning ascribed to it in Section 5.02.A.

"First Class Operation" shall mean the operation of the Conference Center in a high quality and efficient manner in accordance with System Standards.

"Fiscal Year" shall mean Manager's Fiscal Year which, as of the Effective Date, ends at midnight on the Friday closest to December 31st in each calendar year; the new Fiscal Year begins on the Saturday immediately following said Friday. Any partial Fiscal Year between the Effective Date and the commencement of the first (1st) full Fiscal Year shall constitute a separate Fiscal Year. A partial Fiscal Year between the end of the last full Fiscal Year and the Termination of this Agreement shall also constitute a separate Fiscal Year. If Manager's Fiscal Year is changed in the future, appropriate adjustment to this Agreement's reporting and accounting procedures shall be made; provided, however, that no such change or adjustment shall alter the Term or in any way reduce the distributions of Conference Center Operating Profit or other payments due hereunder.

"Fixed Asset Supplies" shall mean items included within "Operating Equipment" under the Uniform System of Accounts that may be consumed in the operation of the Conference Center or are not capitalized, including, but not limited to, linen, china, glassware, tableware, uniforms and similar items used in the operation of the Conference Center.

"Food/Kitchen Equipment" shall include, but not be limited to, all food preparation, cooking and holding equipment; exhaust hoods and hood fire protection systems; general storage layout, refrigerators and freezers (including coils, condensers and compressors); ice-making, beverage dispensing and other food and beverage equipment; dishwashing equipment (except any glass washer included in Housekeeping Equipment); and all other similar items required for a complete food and beverage service of the Conference Center.

"Foreclosure" shall mean any exercise of the remedies available to a Mortgagee, upon a default under the Mortgage held by such Mortgagee, that results in a transfer of title to or control or possession of the Conference Center. The term "Foreclosure" shall include, without limitation, any one or more of the following events, if they occur in connection with a default under a Mortgage: (i) a transfer by judicial foreclosure; (ii) a transfer by deed in lieu of foreclosure; (iii) the appointment by a court of a receiver to assume possession of the Conference Center; (iv) a transfer of either ownership or control of the owner of the Conference Center, by exercise of a stock pledge or otherwise; (v) a transfer resulting from an order given in a bankruptcy, reorganization, insolvency or similar proceeding; (vi) if title to the Conference Center is held by a tenant under a ground lease, an assignment of the tenant's interest in such ground lease; or (vii) a transfer through any similar judicial or non-judicial exercise of the remedies held by the Mortgagee.

"GDP Deflator" shall mean the "Gross Domestic Product Implicit Price Deflator" issued from time to time by the United States Bureau of Economic Analysis of the Department of Commerce, or if the aforesaid GDP Deflator is not at such time so prepared and published, any comparable index selected by Owner and reasonably satisfactory to Manager (a "Substitute Index") then prepared and published by an agency of the Government of the United States, appropriately adjusted for changes in the manner in which such index is prepared and/or year upon which such index is based. Any dispute regarding the selection of the Substitute Index or the adjustments to be made thereto shall be settled by the panel of Experts in accordance with Section 11.20. Except as otherwise expressly stated herein, whenever a number or amount is required to be "adjusted by the GDP Deflator," or similar terminology, such adjustment shall be equal to the percentage increase or decrease in the GDP Deflator that is issued for the month in which such adjustment is to be made (or, if the GDP Deflator for such month is not yet publicly available, the GDP Deflator for the most recent month for which the GDP Deflator is publicly available) as compared to the GDP Deflator that was issued for the month in which the Effective Date occurred.

"Golf Course" shall have the meaning ascribed to it in the Recitals.

"Graphics" shall mean food and beverage logos; name signs for suites, meeting rooms, board rooms, conference suites and ballrooms; room numbers; all directional signs; exterior signs except Exterior Identity Signage; room evacuation signs; elevator, handicapped, fire stair and elevator restriction signs; miscellaneous directional and loss prevention/safety signs; and all signs required by or for municipal, department of transportation, fire safety or other jurisdictional authority for the operation of the Conference Center. For purposes of this definition, "Exterior Identity Signage" shall mean exterior illuminated or non-illuminated signs for identification of the Conference Center, such as wall-mounted building signs, pylon signs and ground-mounted monument signs.

"Hazardous Materials" shall have the meaning ascribed to it in Section 11.08.

"Hotel Management Agreement" shall have the meaning ascribed to it in the Recitals.

"Hotel Owner" shall have the meaning ascribed to it in the Recitals.

"Housekeeping Equipment" shall mean equipment items to be used by Conference Center employees for cleaning the Conference Center on a regular basis.

"Impositions" shall have the meaning ascribed to it in Section 4.10.

"Institutional Lender" shall mean a foreign or domestic commercial bank, trust company, savings bank, savings and loan association, life insurance company, real estate investment trust, pension trust, pension plan or pension fund, a public or privately-held fund engaged in real estate and/or corporate lending, or any other financial institution commonly known as an institutional lender (or any Affiliate thereof) having a minimum paid up capital (or net assets in the case of a pension fund) of One Hundred Million Dollars ($100,000,000); provided further that a Person may not be an "Institutional Lender" if such Person, or any of its Affiliates or any other Person related to such Person that is proscribed by applicable law, is a Specially Designated National or Blocked Person.

"Insurance Retentions" shall have the meaning ascribed to it in Section 6.02.B.1.

"Intellectual Property" shall mean: (i) all Software, including the data and information processed or stored thereby; (ii) all manuals, brochures, directives, policies, programs and other information issued by Manager to its employees at the Conference Center or otherwise used in the operation of the Conference Center or any other conference center or hotel in the Marriott Hotel System; (iii) Customer Information; (iv) all Marriott Trademarks; and (v) all Marriott (or other Marriott Company) trade secrets, confidential information and all other information, materials, and copyrightable or patentable subject matter developed, acquired, licensed or used by any Marriott Company in the operation of the Conference Center or in any other conference center or hotel in the Marriott Hotel System, including, without limitation, materials relating to

sales and marketing programs, revenue and inventory management programs, processes or systems, brand and pricing strategies, business and technology plans, and research and development reports. The foregoing shall apply regardless of the form or medium involved (e.g., paper, electronic, tape, tangible or intangible).

"Inventories" shall mean "Inventories" as defined in the Uniform System of Accounts, such as, but not limited to, provisions in storerooms, refrigerators, pantries and kitchens; beverages in wine cellars and bars; other merchandise intended for sale; fuel; mechanical supplies; stationery; and other expensed supplies and similar items. Inventories of Owner may be commingled with Hotel Owner's inventory and in such case shall be accounted for on a percentage basis as mutually agreed by Owner, Hotel Owner and Manager.

"KCVB" shall have the meaning ascribed to it in Section 1.04.A.

"Laundry Equipment" shall mean washers, washer/extractors, dryers, chest-type ironers, steam boiler, thermal fluid heater for ironer, lint control devices, linen folders, linen carts, dry cleaning equipment (if required), laundry sinks, air compressors, laundry scales and all other similar items required for a complete laundry with ironing capacity.

"Legal Requirement(s)" shall mean any federal, state or local law, code, rule, ordinance, regulation or order of any governmental authority or agency having jurisdiction over the business or operation of the Conference Center or the matters that are the subject of this Agreement, including, without limitation, the following: (i) any building, zoning or use laws, ordinances, regulations or orders; and (ii) Environmental Laws.

"Litigation" shall mean: (i) any cause of action (including, without limitation, bankruptcy or other debtor/creditor proceedings) commenced in a federal, state or local court; or (ii) any claim brought before an administrative agency or body (for example, without limitation, employment discrimination claims).

"Management Fee" shall have the meaning ascribed to it in Section 3.01.

"Manager" shall have the meaning ascribed to it in the Preamble hereto or shall mean any successor or permitted assign, as applicable.

"Marriott" shall mean Marriott International, Inc., a Delaware corporation, and its successors and assigns.

"Marriott Company(ies)" shall mean Manager, Marriott, and any Affiliate of Manager or Marriott.

"Marriott Hotel System" shall mean the chain of full-service hotels and resorts located in the continental United States and Canada, which chain is operated by Marriott (or one or more of

its Affiliates) as a distinctive group, the name of which is "Marriott Hotels and Resorts" as of the Effective Date.

"Marriott Rewards Program" shall mean the frequent-guest affinity program of Marriott known as "Marriott Rewards," together with any similar or successor program or other affinity program instituted in conjunction with "Marriott Rewards" or any similar or successor program thereof.

"Marriott Trademark" shall mean (i) the name and mark "Marriott"; and (ii) any word, name, device, symbol, logo, slogan, design, brand, service mark, Trade Name, other distinctive feature or any combination of the foregoing, whether registered or unregistered, and whether or not such term contains the "Marriott" mark, that is used in connection with the Conference Center or by reason of extent of usage is associated with hotels in the Marriott Hotel System or by conference centers which are integrated with full-service hotels in the Marriott Hotel System.

"MBS Charges" shall have the meaning ascribed to it in Section 4.04.

"MBS Systems" shall mean the processes developed by Marriott that consolidate, on a system-wide basis in the Marriott Hotel System, into one or more shared services centers, certain accounts payable, billing and accounts receivable, revenue capture subsidiary ledger, human resources management systems and related functions and procedures, or any similar or successor systems thereof.

"Minor Casualty" shall mean any fire or other casualty that results in damage to the Conference Center and/or its contents, to the extent that the total cost of repairing and/or replacing of the damaged portion of the Conference Center to the same condition as existed previously does not exceed an amount equal to ten percent (10%) of the total insured value of the Conference Center (which amount shall in no event be less than Ten Million Dollars ($10,000,000), as adjusted by the GDP Deflator).

"Mortgage(s)" shall mean any mortgage, deed of trust, or security document encumbering the Conference Center and/or the Site.

"Mortgagee(s)" shall mean the holder of any Mortgage.

"Notice of Proposed Sale" shall have the meaning ascribed to it in Section 10.02.B.

"Open Records Act" shall have the meaning ascribed to it in Section 11.09.

"Operating Accounts" shall have the meaning ascribed to it in Section 4.03.A.

"Operating Loss Variance" shall have the meaning ascribed to it in Section 2.02.A.

"Operating Profit Variance" shall have the meaning ascribed to it in Section 2.02.A.

"Opinion of Bond Counsel" shall mean with respect to any provision of this Agreement a written, unqualified opinion of Bond Counsel (or other counsel acceptable to Owner), addressed to Owner (with a copy to Manager), providing that such provision, action or inaction does not have an adverse effect on the excludability of interest on the Bonds from gross income for federal income tax purposes. Owner reserves the right, but is not obligated, to accept a favorable opinion that is not unqualified. For purposes of this definition of "Opinion of Bond Counsel," the term "unqualified" shall have the meaning given to it in the Model Bond Opinion Report of the National Association of Bond Lawyers ("NABL") dated February 14, 2003, or any successor NABL Model Bond Opinion Report.

"Original Conference Center Management Agreement" shall have the meaning ascribed to it in the Recitals.

"Owner" shall have the meaning ascribed to it in the Preamble or shall mean any successor or permitted assign, as applicable.

"Owner's Marks" shall have the meaning ascribed to it in Section 11.13.A.

"Person" shall mean an individual (and the heirs, executors, administrators, or other legal representatives of an individual), a partnership, a corporation, limited liability company, a government or any department or agency thereof, a trustee, a trust and any unincorporated organization.

"Prime Rate" shall mean the "prime rate" of interest announced from time to time in the "Money Rates" section of the ***Wall Street Journal*** (Eastern Edition).

"Profit Transaction" shall have the meaning ascribed to it in Section 1.13.

"Prohibited Action" shall have the meaning ascribed to it in Section 11.28.A.

"Projected Operating Loss" shall have the meaning ascribed to it in Section 2.02.A.1.

"Projected Operating Profit" shall have the meaning ascribed to it in Section 2.02.A.1.

"Property" shall mean the Hotel and Conference Center, collectively.

"Property Insurance Premiums" shall have the meaning ascribed to it in Section 6.01.B.7.

"Proposed Action" shall have the meaning ascribed to it in Section 11.28.E.1.

"Prospectus" shall have the meaning ascribed to it in Section 11.12.B.

"Qualified Mortgage" shall have the meaning ascribed to it in Section 8.02.

"Reedy Creek" shall have the meaning ascribed to it in Section 1.18.A.

"Reedy Leases" shall have the meaning ascribed to it in Section 1.18.A.

"Reedy Premises" shall have the meaning ascribed to it in Section 1.18.A.

"Related Party(ies)" shall mean any Person that, directly or indirectly, is controlled by or is under common control with Marriott or Manager. For purposes of this definition, the term "control" (including the terms "controlling," "controlled by" and "under common control with") of a Person means the possession, directly or indirectly, of the power: (i) to vote more than thirty-five percent (35%) of the voting stock or equity interests of such Person; or (ii) to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting stock or equity interests, by contract or otherwise.

"Revenue Procedure 97-13" shall have the meaning ascribed to it in the Recitals.

"Routine Capital Expenditures" shall mean certain routine, non-major expenditures that are classified as "capital expenditures" under generally accepted accounting principles, but that will be funded from the FF&E Reserve (pursuant to Section 5.02), rather than pursuant to the provisions of Section 5.03. Routine Capital Expenditures consist of the following types of expenditures: exterior and interior repainting; resurfacing building walls and floors; resurfacing parking areas; replacing folding walls; and miscellaneous similar expenditures (all such types of expenditures to be in accordance with Manager's policies as then generally implemented throughout the Marriott Hotel System).

"Sale of the Conference Center" shall mean any sale, assignment, transfer or other disposition, for value or otherwise, voluntary or involuntary, of the fee simple or leasehold title to the Site and/or the Conference Center. For purposes of this Agreement, a Sale of the Conference Center shall also include: (i) a lease (or sublease) of all or substantially all of the Conference Center or Site; or (ii) any sale, assignment, transfer or other disposition, for value or otherwise, voluntary or involuntary, in a single transaction or a series of transactions, of the controlling interest in Owner. The phrase "controlling interest", as used in the preceding sentence, shall mean either: (x) the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the shares of Owner (through ownership of such shares or by contract); or (y) the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of Owner.

"Security Systems" shall mean video surveillance equipment; two-way radio systems; inspection tour recording systems; security alarm systems; access control systems (pedestrian and vehicular); and other special security systems required for the Conference Center.

"Shortfall Amount" shall have the meaning ascribed to it in Section 2.02.B.1.

"Shortfall Notice" shall have the meaning ascribed to it in Section 2.02.B.

"Shortfall Payment" shall have the meaning ascribed to it in Section 2.02.B.

"Site" shall have the meaning ascribed to it in Section A of the Recitals.

"Software" shall mean all computer software and accompanying documentation (including all future upgrades, enhancements, additions, substitutions and modifications thereof), other than computer software that is generally commercially available, that is used by Manager in connection with operating or otherwise providing services to the Conference Center and/or the Marriott Hotel System, including without limitation the property management system, the reservation system and the other electronic systems used by Manager in connection with operating or otherwise providing services to the Conference Center and/or the Marriott Hotel System.

"Specially Designated National or Blocked Person" shall mean: (i) persons designated by the U.S. Department of Treasury's Office of Foreign Assets Control, or other governmental entity, from time to time as a "specially designated national or blocked person" or similar status, (ii) a person described in Section 1 of U.S. Executive Order 13224 issued on September 23, 2001, or (iii) a person otherwise identified by government or legal authority as a person with whom Manager or its Affiliates are prohibited from transacting business.

"Sublandlord" shall have the meaning ascribed to it in Section 1.18.A.

"Subordination Agreement" shall have the meaning ascribed to it in Section 8.03.

"Subsequent Owner" shall mean any individual or entity that acquires title to or control or possession of the Conference Center at or through a Foreclosure (together with any successors or assigns thereof), including, without limitation, (i) Mortgagee, (ii) any purchaser of the Conference Center from Mortgagee, or any lessee of the Conference Center from Mortgagee, or (iii) any purchaser of the Conference Center at Foreclosure.

"System Standards" shall mean any one or more (as the context requires) of the following three (3) categories of standards: (i) operational standards (for example, services offered to guests, quality of food and beverages, cleanliness, staffing and employee compensation and benefits, Chain Services, frequent traveler programs such as the Marriott Rewards Program and other similar programs, etc.); (ii) physical standards (for example, quality of the Conference Center Improvements, FF&E and Fixed Asset Supplies, frequency of FF&E replacements, etc.); and (iii) technology standards (for example, those relating to Software, hardware, Telecommunications Systems, Security Systems and other information technology). Each of such standards shall be the standard that is generally prevailing or in the process of being implemented at other conference centers which are integrated with full-service hotels in the Marriott Hotel System, including all services and facilities in connection therewith that are

customary and usual at comparable conference centers which are integrated with full-service hotels in the Marriott Hotel System.

"Telecommunications Systems" shall mean PBX, phone systems, call accounting and pocket paging systems, and high-speed Internet access.

"Term" shall have the meaning ascribed to it in Section 2.01.

"Termination" shall mean the expiration or sooner cessation of this Agreement.

"Termination Notice" shall have the meaning ascribed to it in Section 2.02.A.2.

"Total Casualty" shall mean any fire or other casualty that results in damage to the Conference Center and its contents to the extent that the total cost of repairing and/or replacing the damaged portion of the Conference Center to the same condition as existed previously would be sixty percent (60%) or more of the then total replacement cost of the Conference Center.

"Trade Name" shall mean any name, whether informal (such as a fictitious name or d/b/a) or formal (such as the full legal name of a corporation or partnership) that is used to identify an entity.

"Treas. Reg. §1.141-3(b)(4)" shall have the meaning ascribed to it in the Recitals.

"Uniform System of Accounts" shall mean the *Uniform System of Accounts for the Lodging Industry*, Tenth Revised Edition, 2006, as published by the American Hotel & Lodging Educational Institute, as revised from time to time to the extent such revision has been or is in the process of being generally implemented within the Marriott Hotel System.

"Unrestricted Rebate" shall have the meaning ascribed to it in Section 1.15.B.

"Vacation Club Products" shall mean timeshare, fractional, interval, vacation club, destination club, vacation membership, private membership club, private residence club, and points club products, programs and services and shall be broadly construed to include other forms of products, programs and services wherein purchasers acquire an ownership interest, use right or other entitlement to use certain determinable holiday villa or apartment units and associated facilities on a periodic basis and pay for such ownership interest, use right or other entitlement in advance.

"Variable Compensation Limit" shall have the meaning ascribed to it in Section 11.26.B.1.2(a).

"WARN Act" shall mean the Worker Adjustment and Retraining Notification Act, 29 U.S.C. 2101 *et seq*.

"Wine Cellar Lease" shall have the meaning ascribed to it in Section 1.18.A.

"Wine Cellar Premises" shall have the meaning ascribed to it in Section 1.18.A.

"Wine Cellar Premises Shared Costs" shall have the meaning ascribed to it in Section 1.18.D.

"Winery Building Sublease" shall have the meaning ascribed to it in Section 1.18.A.

"Winery Building Premises" shall have the meaning ascribed to it in Section 1.18.A.

"Working Capital" shall mean funds that are used in the day-to-day operation of the business of the Conference Center, including, without limitation, amounts sufficient for the maintenance of change and petty cash funds, amounts deposited in operating bank accounts, receivables, amounts deposited in payroll accounts, prepaid expenses and funds required to maintain Inventories, less accounts payable and accrued current liabilities.

"Written Legal Advice from Bond Counsel" shall mean a writing prepared by Bond Counsel (a) setting forth the pertinent facts and circumstances, (b) identifying the applicable law (including statutes, regulations, legislative history, and/or rulings issued by the Internal Revenue Service), (c) providing a reasoned legal analysis applying the applicable law to the relevant facts, and (d) stating a legal conclusion that the proposed contract, Proposed Action, or other proposed conduct will result in an impermissible amount of private business use of the Executive Conference Center for purposes of Section 141 of the Code. Bond Counsel may make such a determination even if the contemplated amount of private business use of the Executive Conference Center would not exceed the ten percent (10%) level permitted by Section 141 of the Code and Treas. Reg. §1.141-3(b)(4) if Bond Counsel reasonably concludes that a cushion (not exceeding one and one-half percent (1.5%)) should be maintained between the existing and proposed level of private business use and the ten percent (10%) maximum. The legal conclusion need not be expressed in unqualified terms but must be expressed at a level of confidence no lower than "more likely than not," meaning a greater than fifty percent (50%) likelihood. For purposes of this definition, the term "unqualified" shall have the meaning given to it in the Model Bond Opinion Report of the National Association of Bond Lawyers ("NABL") dated February 14, 2003, or any successor NABL Model Bond Opinion Report.

[SIGNATURES FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed under seal as of the day and year first written above.

OWNER:

CITY OF KINGSPORT,
a municipal corporation existing under the laws of the State of Tennessee

By: _____
Name: _____
Title: _____

MANAGER:

MARRIOTT HOTEL SERVICES, INC.,
a Delaware corporation

By: _____
Name: _____
Title: Vice President

EXHIBIT A

LEGAL DESCRIPTION OF THE SITE

EXHIBIT B

LISTING OF CENTRAL OFFICE SERVICES

"Central Office Services" shall mean the following services (other than those services that are contained within Conference Center Deductions) that are furnished on a central or regional basis to the Marriott Hotel System:

1. Executive supervision of hotel operations. As of the Effective Date, this is done by officers holding the title of Executive Vice President or above and (on a regional basis) by the most senior executive currently holding the title of Regional Senior Vice President or above (such regional executive, or the equivalent thereof as the organizational structure of Manager changes over time, the "Regional Executive"). Supervision of employees by officers below the level of Executive Vice President or (on a regional basis) the Regional Executive shall follow the function to which it relates: that is, supervision below the level of Executive Vice President/Regional Executive that relates to a Chain Service, such as sales and marketing or computer, payroll or accounting services, shall be reimbursed as part of sales and marketing or computer, payroll and accounting services; supervision below the level of Executive Vice President/Regional Executive that relates to a Central Office Service, such as Legal or Corporate Finance, shall be a Central Office Service. In the event that these titles are modified in the future, executive supervision will mean supervision by persons holding comparable positions of authority.

2. Planning and policy making, including corporate planning and policy making for Marriott International, Inc., strategic planning functions, brand policy or planning, and any other policy or planning functions not related to an area that is subject to reimbursement as a Chain Service or Direct Deduction. Policy and planning functions relating to an area of Chain Services or Direct Deductions (provided it is below the level of Executive Vice President or (on a regional basis) Regional Executive, or other levels of comparable authority in the future) shall be reimbursed as part of that Chain Service or Direct Deduction.

3. Corporate Finance, including corporate treasury, financial planning and analysis and corporate accounting (but excluding accounting services that are provided to the hotels as part of the MBS Systems or as a Conference Center Deduction).

4. Corporate personnel and employee relations, including human resources and employee relations applicable to Marriott International, Inc., and its subsidiaries as a whole.

5. Legal services (whether provided by in-house counsel or, at the election of Manager, by outside counsel) performed (i) to protect the Marriott Trademarks, (ii) to represent Manager on issues relating to the relationship between Owner and Manager, except as described in Section 8.02.D., and (iii) to benefit the Marriott Hotel System (for example, legal advice necessary to support benefits administration systemwide, and the drafting or negotiating of

national, corporate or regional contracts, form documents and system standards manuals, policies, or guidelines to be used in the Marriott Hotel System).

6. Trademark protection relating to the Marriott Trademarks, which are used generally by the Marriott Hotel System.

7. Product research and development costs, including new product research and development, the development of brand standards, and research and development of any type not relating to an area permitted to be reimbursed. Research and development costs relating to an area permitted to be reimbursed as a Chain Service or Direct Deduction, such as sales and marketing research, shall be reimbursed as part of that Chain Service or Direct Deduction.

8. Certain technical and operational services. The services of technical and operational specialists of Marriott International, Inc., and its Affiliates making routine periodic visits to the Conference Center. These services shall not include (i) personnel of the Architecture and Construction Division of Manager (or any of its Affiliates) providing architectural, technical or procurement services for the Conference Center, or (ii) other non-routine services that may be provided as Direct Deductions.

EXHIBIT C

LISTING OF CURRENT CHAIN SERVICES

NOTE: Chain Services are services that are furnished generally to the Marriott Hotel System hotels on a central basis and that fall into the following categories of services: National Sales Services; Central Training Services and relocation of property management personnel; National Advertising Services; Marriott Worldwide Reservation System; and Computer, Payroll and Accounting Services. As of December 31, 2011, these categories include the areas set forth below (and the supervision of such areas below the level of Executive Vice President and (on a regional basis) Regional Executive):

1. National Sales Office Services, which includes the following subcategories:

- Worldwide sales offices
- Domestic sales offices
- Distribution marketing
- Travel industry sales
- National transient sales
- Intermediary sales
- E-commerce sales
- Regional sales and marketing
- Revenue management
- Customer events

2. Central Training Services and relocation, which includes the following subcategories:

- Training salaries of new property managers
- Costs of recruiting and hiring property managers
- Development and delivery of training programs
- Tuition reimbursement program for property associates
- Relocation costs of property managers

3. National Advertising and Promotion Services, which includes the following subcategories:

- Advertising administration, Advertising media and Advertising production
- Advertising agencies
- Public relations program support
- Development of brochures, directories, and other marketing collateral
- Production costs for promotional goods
- Market research, including the GSS system

4. Marriott Worldwide Reservation System, which includes the following subcategories:

- Voice (800 number) reservations booked through domestic and international central reservations centers
- Reservations booked through Marriott.com and other electronic reservations channels including the Global Distribution System (GDS)

5. Computer Payroll and Accounting Services, which includes the following subcategories:

- Computer operating statement, analysis report and general ledger accounting system
- Marriott's automated payroll and benefits accounting system
- Operation and support of the computerized accounting reporting
- Operation and support of property computer systems including:
  - Point of sales system
  - Rooms operations, Food and Beverage and Engineering systems support
  - Sales/Marketing systems
  - PC support and systems applications development
  - Global Field Services property systems support

EXHIBIT D

PERMANENT EASEMENT AGREEMENT

EXHIBIT E

LISTING OF DIRECT DEDUCTIONS

Marriott Rewards and Airline Frequency Programs

Hotel Excellence and Travel Industry Program

Intermediary Partner Care

Group Business Booking Fee and Lead Referral

Customer Event and Trade Shows

Brochures and Directories

Convention, Resort and Gateway Hotel Network Marketing

Travel/Vacation Card

Engagement Survey

Central Benefits Administration

Room Sanitation, Food Safety and Brand Integrity Inspections/Audits

Loss Prevention, Asset Protection Services

Retail Shop Merchandise Handling

Marriott Visual Services (MVP)

Sales and other training programs

General Managers Meetings and other meetings

Centralized Commission Services

Reservation System (MARSHA)

Yield Management

Email/Voice Mailbox

PC Support/Security/Help Desk

Property Operations Support

Computer Systems Installations

eFolio

myHR Services

Sales Transformation

Talent Acquisition

Telecommunications -- Installation/ Evaluation /Procurement

Property Management System

Mainframe Computer Access

Software/Hardware Maintenance

Telecommunication/Dial-up charges

MCNII Domestic Network

Avendra Procurement Services

Payroll postage

Property Internet Address (URL) Registration

eCommerce Support/Distribution Activities

Welfare-to-Work/Work-Opportunity Tax Credit Program support

Cluster/Shared Services :
- Event Booking Centers
- Cluster Sales Offices
- Area Reservation Offices
- Cluster Revenue Management Offices
- Shared Local Advertising/Promotion
- Central Laundries
- Other Shared Positions/Property Functions

Marriott Business Services (MBS) --
- Current Charges -
  - HRMS - Mercury
  - RCSL - Mercury
  - MBS A/P - Mercury
  - BAR - Billing and Accounts Receivable
  - LMS - Labor Management
- Other MBS charges, as determined

Accident costs/Insurance
- Accident Charges up to deductible-
  - Workmen's Comp
  - General Liability
  - Employment Practices Liability
- Premium allocation above deductible level

EXHIBIT F

FORM OF MEMORANDUM OF MANAGEMENT AGREEMENT

THIS MEMORANDUM OF MANAGEMENT AGREEMENT (the "Memorandum") is made and entered into as of this _____ day of _____, 20__, by **CITY OF KINGSPORT, TENNESSEE** ("Owner"), a municipal corporation existing under the laws of the State of Tennessee, with a mailing address of 225 West Center Street, Kingsport, Tennessee 37660-4237, and **MARRIOTT HOTEL SERVICES, INC.** ("Manager"), a Delaware corporation, with a mailing address at c/o Marriott International, Inc., 10400 Fernwood Road, Bethesda, Maryland 20817.

W I T N E S S E T H

Owner and Manager have entered into that certain Management Agreement dated _____, 2012 (herein, the "Management Agreement") with respect to the operation of a hotel on the premises located in Kingsport, Tennessee as more particularly described in Exhibit A (the "Site").

The Management Agreement is in effect. The Term of this Agreement began on the Effective Date and shall continue until the fifteenth (15th) anniversary of the Effective Date.

The Management Agreement contains terms and restrictions relating to financing of the Conference Center. The Management Agreement also contains terms and conditions relating to Owner's ability to sell or transfer interests in the Conference Center or the Site.

This Memorandum is not intended to alter or modify in any way the terms and conditions of the Management Agreement. Terms not specifically defined in this Memorandum are defined in the Management Agreement.

[SIGNATURES FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, Owner and Manager have caused this Memorandum to be executed under seal by their duly authorized representatives as of the day first above written, for the purpose of providing an instrument for recording and giving notice of the Management Agreement and certain of the terms and conditions thereof.

OWNER:

CITY OF KINGSPORT, TENNESSEE,
a municipal corporation existing under the
laws of the State of Tennessee

By: _____
Name: _____
Title: _____

MANAGER:

MARRIOTT HOTEL SERVICES, INC.,
a Delaware corporation

By: _____
Name: _____
Title: Vice President

ACKNOWLEDGMENTS

STATE OF _____)
) ss:
COUNTY OF _____)

On the _____ day of _____, 20__, before me, the undersigned, a Notary Public, in and for the State of _____, personally appeared _____, who acknowledged himself to be the _____ of _____, a corporation, and that he, as such _____, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
Notary Public

My commission expires: _____

STATE OF _____)
) ss:
COUNTY OF _____)

On the _____ day of _____, 20__, before me, the undersigned, a Notary Public, in and for the State of _____, personally appeared _____, who acknowledged himself to be the _____ of _____, a corporation, and that he, as such _____, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as _____.

In witness whereof, I hereunto set my hand and official seal.

_____
Notary Public

My commission expires: _____

EXHIBIT A
TO
MEMORANDUM OF MANAGEMENT AGREEMENT

LEGAL DESCRIPTION

EXHIBIT G

TRANSACTIONS BETWEEN MANAGER AND AFFILIATES OR RELATED PARTIES

EXHIBIT H

CATEGORIES OF EXCLUDED CONTRACTS

1. Contracts solely for the purchase of goods or commodities, including electricity, gas, or other heating fuel, and not for the provision of services.

2. Contracts to provide services if the only compensation is the reimbursement of the service provider for actual and direct expenses paid by the service provider to unrelated parties.

3. Any arrangement (including an arrangement having a multiple-year term) providing for use of the Executive Conference Center that is available to the general public at no charge or on the basis of rates that are generally applicable and uniformly applied (unless the term of the arrangement, including all renewal options, is greater than 200 days; provided, that the term of any renewal shall not be included in such calculation if the renewal option is subject to the approval of both parties). (This category of Excluded Contracts covers arrangements for the use of Meeting Rooms if such use is at rates available to other individuals or similar groups in similar circumstances.)

4. Any arrangement providing for use of the Executive Conference Center by a nongovernmental person (other than an arrangement resulting in ownership of the Executive Conference Center by a nongovernmental person) if (i) the term of the use under the arrangement, including all renewal options, is not longer than 50 days, (ii) compensation under the arrangement is fair market value, and (iii) the Executive Conference Center was not financed for the principal purpose of being provided for use by that nongovernmental person; provided, that the term of any renewal shall not be included in such calculation if the renewal option is subject to the approval of both parties.

4. Contracts that are solely incidental to the primary governmental function or functions of operating the Executive Conference Center, such as contracts for janitorial services, equipment repair, billing or similar services, trash removal, exterminator services, elevator, boiler, and other machinery and equipment maintenance, office equipment repair or billing, landscaping, laundry, linen supply, uniform supply and floral arrangements.

6. Any arrangement regarding the placement of vending machines, pay telephones, kiosks, automatic teller machines or advertising displays within the Executive Conference Center and other uses that do not involve the transfer of possession and control of space that is separated from other areas by walls, partitions, or other physical barriers; provided, that the space in the Executive Conference Center devoted to all such incidental uses cannot exceed two and one-half percent 2.5% of the total space in the Executive Conference Center; and further provided that the arrangement is not with a person that is using the Executive Conference Center for any purpose other than uses described in categories 2, 3, 4, or 5 above.

7. To the extent not addressed by paragraphs 1. through 6. above, service contracts with a service provider (i) under which the service provider shall be paid a periodic, fixed, stated dollar amount for the services rendered for a specified time period (that may be subject to automatic adjustment according to a specified, objective, external standard that is not linked to

the output or efficiency of the Executive Conference Center as a whole, such as the GDP Deflator), and (ii) having a term not exceeding the Term.

8. To the extent not addressed by paragraphs 1. through 7. above, service contracts with a service provider (i) under which the service provider shall be paid a fee based on a unit of service provided specified in the contract, and (ii) having a term not exceeding two (2) years. By way of example and not limitation, this category would include (i) a contract with a valet parking service under which the operator is paid a stated dollar amount for each car parked, (ii) a contract with an operator of a ground transportation service under which the operator is paid a stated dollar amount for each mile that an event attendee is transported, or (iii) a contract with a catering company under which the catering company (A) shall utilize the catering kitchen at the Executive Conference Center to prepare and serve breakfast, lunch, and/or dinner for the attendees of an event held at the Executive Conference Center and (B) shall be paid a stated dollar amount for each individual meal served. A contract that is automatically renewed at the end of each two (2) year period absent cancellation by either party satisfies the term limitation stated in clause (ii) of the first sentence of this paragraph.

9. To the extent not addressed by paragraphs 1. through 8. above, service contracts with a service provider under which (i) the service provider shall primarily provide services to third parties (*i.e.,* attendees of events at the Conference Center) rather than to Manager or an Affiliate of Manager, (ii) the service provider shall be paid compensation based on a specified fee (or percentage of the fee charged to third parties) for the service provided that is collected by Manager from the third party, and (iii) having a term not exceeding one (1) year.

10. Any contract that was specifically approved by Owner in connection with the Business Plan, FF&E Estimate, or otherwise.

EXHIBIT I

AGREED ALLOCATIONS

EXHIBIT J

REEDY LEASES

Kingsport
TENNESSEE

AGENDA ACTION FORM

Consideration of an Ordinance to Appropriate the Funds for a Materials Agreement with Danny Karst Related to the Edinburgh Phase 2 Section 2C Development

To: Board of Mayor and Aldermen
From: John G. Campbell, City Manager

Action Form No.:	AF-77-2012	Final Adoption:	April 3, 2012
Work Session:	March 19, 2012	Staff Work By:	R. McReynolds
First Reading:	March 20, 2012	Presentation By:	R. McReynolds

Recommendation: Approve the resolution and ordinance

Executive Summary:

In an effort to promote smart growth and infield development as well as encourage the new housing market within the Kingsport city limits, the City of Kingsport passed the Materials Agreement Policy as set forth in Resolution 2007-084. Developers have the opportunity to enter into an agreement with the City whereas the City furnishes the water and sewer materials for the developers use within the developer's proposed subdivision. The developer would be responsible for posting a cash bond covering the cost of the materials that would be available for refund (minus sales tax) once the project is completed and has been approved by the City Engineer and the Regional Planning Commission.

Pursuant to the policy, Danny Karst has requested that his proposed development, Edinburgh Phase 2 Section 2C Development be allowed to participate in the material agreement program. The total amount of the agreement is proposed at $20,128.29 for a new fourteen (14) lot development.

To date, including this development, the program has supported 720 new/proposed lots within the City of Kingsport. Of those lots, 118 Building Permits and 84 Certificates of Occupancy have been issued to date.

Attachments:
1. ~~Resolution~~
2. Ordinance
3. Agreement
4. Cost Table
5. Development Chart
6. Location Map

	Y	N	O
Clark			
Joh			
McIntire			
Parham			
Segelhorst			
Shupe			
Phillips			

Funding source appropriate and funds are available:_____

Kingsport
TENNESSEE

AGENDA ACTION FORM

Consideration of a Resolution to Authorize the Mayor to Sign all Documents Necessary to Enter into a Materials Agreement with Danny Karst Related to the Edinburgh Phase 2 Section 2C Development and an Ordinance to Appropriate the Funds

To: Board of Mayor and Aldermen
From: John G. Campbell, City Manager

Action Form No.:	AF-77-2012	Final Adoption:	April 3, 2012
Work Session:	March 19, 2012	Staff Work By:	R. McReynolds
First Reading:	March 20, 2012	Presentation By:	R. McReynolds

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To date, including this development, the program has supported 720 new/proposed lots within the City of Kingsport. Of those lots, 118 Building Permits and 84 Certificates of Occupancy have been issued to date.

Attachments:
1. Resolution
2. Ordinance
3. Agreement
4. Cost Table
5. Development Chart
6. Location Map

	Y	N	O
Clark			
Joh			
McIntire			
Parham			
Segelhorst			
Shupe			
Phillips			

Funding source appropriate and funds are available:_____

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A MATERIALS AGREEMENT WITH DANNY KARST FOR EDINBURGH PHASE 2 SECTION 2C AND AUTHORIZING THE MAYOR TO SIGN ALL DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE AGREEMENT

WHEREAS, pursuant to the Materials Agreement Policy as set forth in Resolution 2007-084, Danny Karst desires to enter into a Materials Agreement for the provision of certain water and sewer materials by the city for his proposed fourteen (14) lot development, Edinburgh Phase 2 Section 2C; and

WHEREAS, the total amount of the agreement as proposed is $20,128.29;

Now, therefore,

BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN AS FOLLOWS:

SECTION I. That the Mayor, or in his absence, incapacity, or failure to act, the Vice Mayor, is authorized to execute, in a form approved by the City Attorney, a Materials Agreement with Danny Karst to provide certain water and sewer materials by the city for his proposed development, the Edinburgh Phase 2 Section 2C in the amount of $20,128.29, and all documents necessary and proper to effectuate the purpose of the agreement.

SECTION II. That is resolution shall take effect from and after it adoption, the public welfare requiring it.

ADOPTED this the 20th day of March, 2012.

_____
DENNIS R. PHILLIPS, MAYOR

ATTEST:

_____
JAMES H. DEMMING, CITY RECORDER

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, CITY ATTORNEY

ORDINANCE NO. _____

AN ORDINANCE TO AMEND THE WATER AND SEWER PROJECT FUNDS BY TRANSFERRING FUNDS TO THE EDINBURGH PHASE 2 SECTION 2C MATERIALS AGREEMENT PROJECTS (WA1276 AND SW1276); AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

BE IT ORDAINED BY THE CITY OF KINGSPORT, as follows:

SECTION I. That the Water Fund project and the Sewer Fund project budgets be amended by transferring $8,992 from the Water Fund operating budget and by transferring $9,390 from the Sewer Fund operating budget to the Edinburgh Phase 2 Section 2C projects (WA1276 and SW1276) to fund the materials agreement.

Account Number/Description:	Budget	Incr/<Decr>	New Budget
Water Project Fund:451			
Edinburgh Phase 2 Sect 2C (WA1276)			
Revenues			
451-0000-391-4500 From the Water Fund	0	8,992	8,992
Totals:	**0**	**8,992**	**8,992**
Expenditures:			
451-0000-605-9003 Improvements	0	8,992	8,992
Totals:	**0**	**8,992**	**8,992**
Account Number/Description:			
Sewer Project Fund:452			
Edinburgh Phase 2 Sect 2C (SW1276)			
Revenues			
452-0000-391-4200 From the Sewer Fund	0	9,390	9,390
Totals:	**0**	**9,390**	**9,390**
Expenditures:			
452-0000-606-9003 Improvements	0	9,390	9,390
Totals:	**0**	**9,390**	**9,390**

SECTION II. That this Ordinance shall take effect from and after its date of passage, as the law direct, the welfare of the City of Kingsport, Tennessee requiring it.

_____
DENNIS R. PHILLIPS, Mayor

ATTEST:

_____
JAMES H. DEMMING
City Recorder

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, City Attorney

PASSED ON 1ST READING: _____

PASSED ON 2ND READING: _____

MATERIALS AGREEMENT

This AGREEMENT, made and entered into on this 3rd day of April, 2012, by and between Danny Karst, hereinafter "Developer", and the City of Kingsport, Tennessee, a municipal corporation, hereinafter "City".

WITNESSETH:

1. The Developer has subdivided a tract of land known as Edinburgh Phase 2 Section 2C, and preliminary approval having been heretofore granted by the Planning Commission.

2. The plans for the proposed water and sewer line improvement of the subdivided property have been submitted to and approved by the City of Kingsport, City Engineer and will require 320 LF of Waterline and 780 LF of Sewerline to construct.

3. The estimated cost of the materials listed in paragraph 2 above is approximately $20,128.29. The Developer will purchase this material from the City for use for construction pursuant to this contract only.

4. The Developer will install the lines according to City's specifications, and will pay all costs for installation of all mains, valves, hydrants and other appurtenances, and will furnish the City "as built" drawings showing the cost lists of all pipe fittings, as well as their exact location.

5. The Developer, upon completion of the work and acceptance by the City, will tender to the City an instrument conveying unencumbered ownership of the lines and easement over and under the land where said lines are laid. Once this conveyance has been made and all the permits needed have been issued, all the inspections completed and passed, and all the payments have been made to the City by the Developer, the City will cause the said line to be connected to the main distribution line of the City.

6. The Developer will reimburse the City for any materials or engineering work required not covered by this agreement.

7. Prior to any reimbursement by the City to the Developer, the Developer will cause the property to be completely annexed into the corporate limits of the City.

8. The Developer will save the City harmless from any and all responsibility for laying any lines, etc., on or across any private premises not dedicated to public use.

9. The Developer will pay the City for the materials listed above and supplied by the City, and upon completion of the laying of water and sewer lines according to specification of and the plans approved by the City, and upon the Developer fully performing all the requirements contained in this agreement the City will reimburse the Developer for the amount paid to the City for the pipe purchased and used in the subdivision, less state and local sales tax.

10. The purpose of this agreement is to reimburse the Developer for 100% of cost of the water and sewer material, less state and local sales tax, with said materials being purchased from the City, and reimbursement for the cost of the materials being made to the Developer subject to the satisfactory completion of all terms of this agreement including complete annexation of the property into the corporate limits of the City.

11. It is understood that the Developer will do any and all ditching, laying of the pipelines, and any and all other work that may be necessary to meet the specifications of the City.

12. Any unused materials acquired by the Developer from the City will be returned to the City and the costs of such material, if returned undamaged, will be credited to the Developer.

IN TESTIMONY WHEREOF, the parties hereto have unto set their hands and seal on this the day and year first above written.

_____
Developer

_____
Dennis R. Phillips, Mayor

Attest:

_____
James Demming, City Recorder

Approved as to form:

_____
J. Michael Billingsley, City Attorney

Materials Agreement

Project: Edinburgh Phase 2 Section 2C
Date: March 9, 2012
Developer: Danny Karst

Water line		Anticipated		Estimated	
Item #	Item description	Units	U/M	Price	Total
40835	8" joint restraint kit	14.00	ea	$37.00	$518.00
40845	6" joint restraint kit	2.00	ea	$30.00	$60.00
41864	8" x 18' DI push on pipe	18.00	jt	$245.00	$4,410.00
42115	3.6' bury hydrant	1.00	ea	$1,200.00	$1,200.00
42325	6" mj gate valve	1.00	ea	$395.00	$395.00
42335	8" mj gate valve	3.00	ea	$615.00	$1,845.00
42845	6" x 18" mj anchoring coupling	1.00	ea	$95.00	$95.00
41794	8" Plug w/2" tap	2.00	ea	$40.00	$80.00
43031	8"x8"x6" Anchoring Tee	1.00	ea	$120.00	$120.00
42209	8" Long Sleeve	1.00	ea	$85.00	$85.00
42129	8" Accessory kit	2.00	ea	$21.00	$42.00
41828	6" Accessory kit	2.00	ea	$16.00	$32.00
42100	8"x 8" MJ Tee	1.00	ea	$110.00	$110.00
Building code					
	Receipt To:				
Subtotal:	**451-0000-208-1250**				$8,992.00
Sales Tax:	**451-0000-207-0201**			9.50%	$854.24
Project #	**WA1276**			Water Total:	$9,846.24
	Expense To:				
Water acct. #	**451-0000-605-9003**				

Kingsport TENNESSEE

Materials Agreement

Sanitary sewer		Anticipated		Estimated	
Item #	Item description	Units	U/M	Price	Total
45003	8" x 14' sdr-35 gsktd sewer pipe	56.00	jt	$51.00	$2,856.00
45057	8" x 6" tee wye gsktd sewer	12.00	ea	$32.00	$384.00
45112	manhole covers v-1312-44	5.00	ea	$250.00	$1,250.00
	Manhole per vertical ft.	28.00	ft.	$175.00	$4,900.00
Building code					
	Receipt To:				
Subtotal:	**452-0000-208-1250**				$9,390.00
Sales Tax:	**452-0000-207-0201**			9.50%	$892.05
Project #	**SW1276**			Sewer Total:	$10,282.05
	Expense To:				
Sewer acct #	**452-0000-606-9003**				
				Grand Total:	$20,128.29

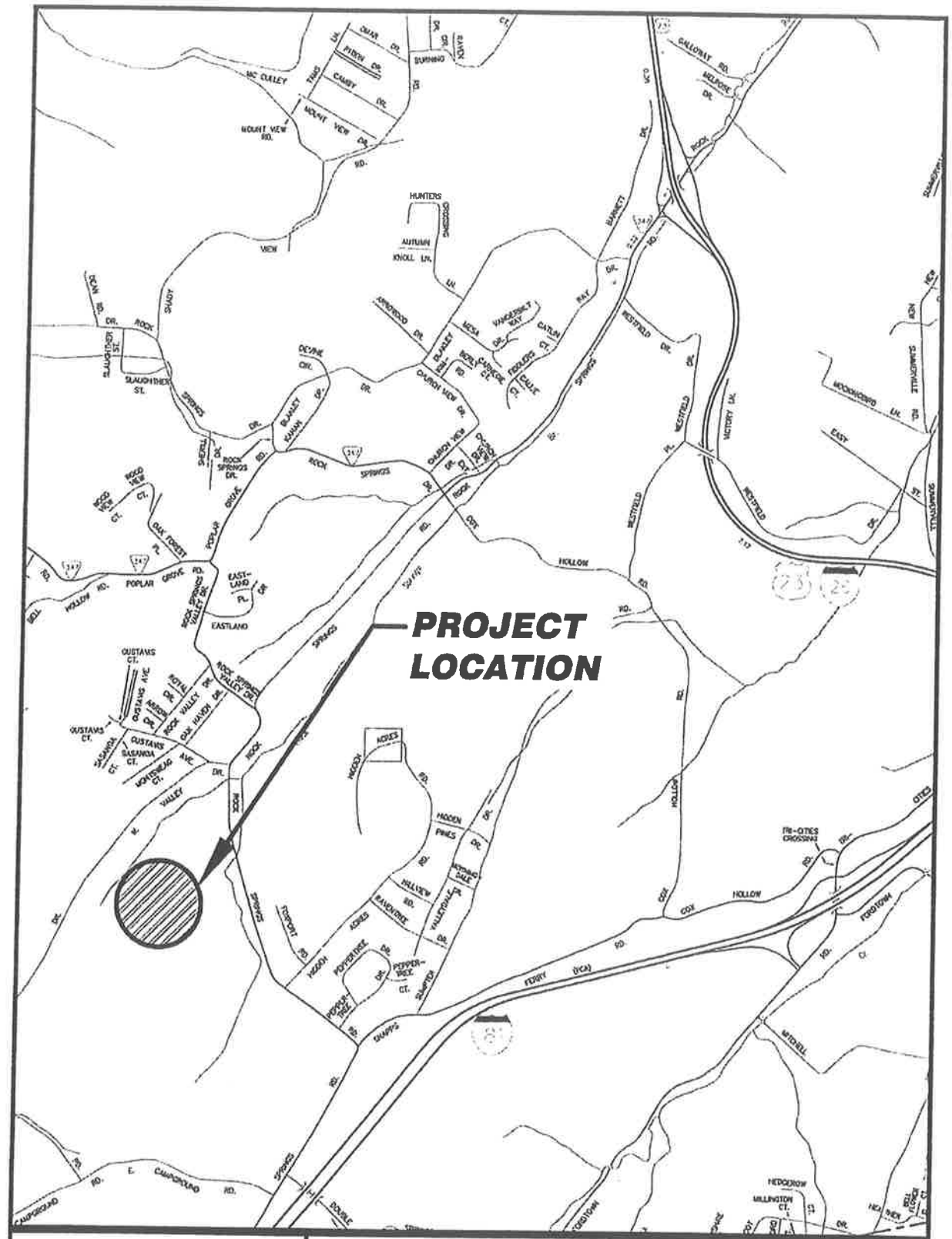
Kingsport TENNESSEE

MATERIALS AGREEMENT
Development Chart

Developer	Development	Proposed Lots/Development	Agreement Amt.	Date	Bldg. Permits	CO's	Status
Butch Rose	Hillcrest Heights	6	$5,140.09	06/19/07	3	3	Closed
	Windridge Phase IV	40	$92,202.29	04/15/08	0	0	Closed
Jeff McKee	Settler's Ridge Phase I	41	$45,344.29	03/20/07	Total of 7	1	Closed
	Settler's Ridge Phase II	7	$18,822.89	11/06/07		2	Closed
Edinburgh Group LLC	Edinburgh Phase I, Section 1	32	$42,867.62	02/19/07	Total of 26	19	Closed
	Edinburgh Phase I, Section 2	15	$25,205.92	04/17/07			Closed
	Edinburgh Phase II	Never Started	$36,122.45	10/02/07			
	Edinburgh Phase II Section 1A	Never Started	$2,852.48	01/12/10			
	Edinburgh Phase 2, Section 2	6	$11,976.02	11/16/10			Open
	Edinburgh Phase 2, Section 2B	11	$9,472.85	10/18/11			Open
	Edinburgh Phase 2, Section 2C	14	$20,128.29	04/03/12			Open
Jerry Petzoldt	Old Island Phase II	59	$118,027.86	05/06/08	7	6	Closed
Jim Nottingham	Riverwatch	29	$47,605.13	04/15/08	2	1	Closed
Harold Slemp & Jack McMurray	Villas at Andover	104	$76,522.72	08/0707	3	2	Closed
George Hunt	Hunts Crossing Phase II	22	$18,375.20	04/15/08	2	3	Closed
Rob McLean	Anchor Point	80	$72,552.51	07/15/08	4	1	Closed
	Anchor Point – Topsail Court	Included in Anchor Point	$3,816.08	08/05/08		0	Closed
	Stapleton Dr Phase I	7	$8,757.81	08/19/08	4	4	Closed
Ken Bates	Chase Meadows Phase I	15	$39,418.91	07/15/08	Total of 12	6	Closed
	Chase Meadows Phase II	87	$68,096.96	08/19/08		3	Closed
Terry Orth	Autumn Woods Phase I	19	$30,628.25	10/07/08	19	19	Closed
	Autumn Woods Phase II	51	$97,091.46	09/01/09	11	10	Closed
Gary Alexander	Riverbend Phase I	15	$65,938.71	02/03/09	10	0	Closed
	Riverbend - Epcon Phase II	9	$33,171.54	02/01/11			Open
Leonard & Cynthia Gerber	St. Andrew's Garth Phase I	40	$34,049.03	03/16/10	8	4	Open
Jane Karst	Jane Karst Subdivision	4	$4,100.78	09/20/11			Open
M & M Builders	Brookton Park Subdivision	7	$2,145.88	09/20/11	2		Open
	TOTAL	720	$1,030,434.02		118	84	

Revised 03/09/12

Kingsport
TENNESSEE



ALL BEARINGS KGRN (KINGSPORT GEODETIC REFERENCE NETWORK)

NORTH

MATERIALS AGREEMENT FOR EDINBURGH PHASE 2 SECT. 2C

NO SCALE

09 MARCH 2012

AGENDA ACTION FORM

Consideration of Approval of Offers for Easements and Right-of-Ways for the Tiffany Court Sanitary Sewer Extension Project

To: Board of Mayor and Aldermen
From: John G. Campbell, City Manager

Action Form No.: AF-78-2012
Work Session: April 2, 2012
First Reading: N/A

Final Adoption: April 3, 2012
Staff Work By: R. Trent, H. Clabaugh
Presentation By: R. McReynolds

Recommendation: Approve the offers.

Executive Summary:

In order to extend sanitary sewer services to Tiffany Court, the Public Works Department has requested right-of-ways and easements across affected properties for the Tiffany Court Sanitary Sewer Extension Project. Appraisals have been prepared in accordance with the City of Kingsport's Real Property Acquisition Policies & Procedures and indicate the fair market values as per the attached property owners.

This project is funded under #SW0804.

Attachments:

1. Tiffany Court Sanitary Sewer Extension Project Offers
2. Sanitary Sewer Location Map

Funding source appropriate and funds are available:_____

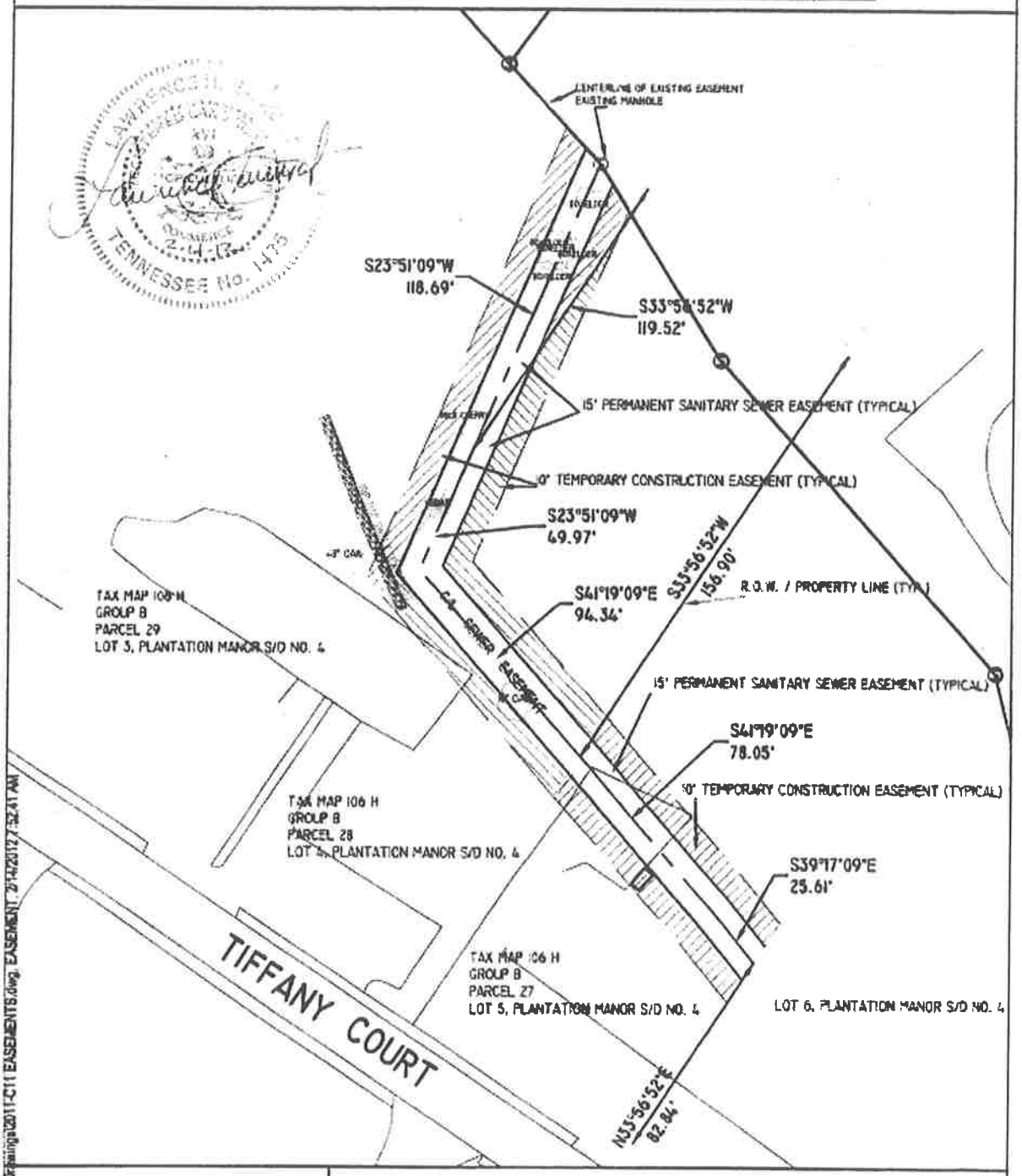
	Y	N	O
Clark	—	—	—
Joh	—	—	—
McIntire	—	—	—
Parham	—	—	—
Segelhorst	—	—	—
Shupe	—	—	—
Phillips	—	—	—

Tiffany Court Sanitary Sewer Extension Project Offers

Tax Map & Parcel	Property Owner	Easement Area	Appraised Value
106H; B-027.00	Chang Investment Group 1020 Norfolk Place Kingsport, TN 37660	Perm. 1,555 sq. ft. Temp. 2,073 sq. ft.	$821.00 $821.00
106H: B-028.00	Kingsport Housing & Redevelopment Authority 906 E. Sevier Avenue Kingsport, TN 37660	Perm. 2,165 sq. ft. Temp. 3,000 sq. ft.	$1,140.00 $1,180.00
106H: B-029.00	Kingsport Housing & Redevelopment Authority 906 E. Sevier Avenue Kingsport, TN 37660	Perm. 1,774 sq. ft. Temp. 2,231 sq. ft.	$935.00 $875.00

EASEMENT ACQUISTION TABLE

	TAX MAP 106 H GROUP B PARCEL 29	TAX MAP 106 H GROUP B PARCEL 28	TAX MAP 106 H GROUP B PARCEL 27
	LOT 3	LOT 4	LOT 5
PERMANENT SANITARY SEWER EASEMENT SQ. FT.	1,774	2,165	1,555
TEMPORARY CONSTRUCTION EASEMENT SQ. FT.	2,231	3,000	2,073



ALL BEARINGS KGRN (KINGSPORT GEODETIC REFERENCE NETWORK)

SANITARY SEWER EASEMENTS ACROSS LOTS 3 THRU 5, PLANTATION MANOR NO. 4

LOCATED IN THE 14TH CIVIL DISTRICT OF SULLIVAN CO., TN

DATE: 13 FEBRUARY 2012
SCALE: 1"=50'

N-2339

KINGSPORT, TN
OFFICE OF THE CITY ENGINEER