AGENDA

BOARD OF MAYOR AND ALDERMEN
WORK SESSION

Monday, May 6, 2019, 4:30 p.m.
City Hall, 225 W. Center St., Council Room, 2nd Floor

Board of Mayor and Aldermen

Mayor John Clark, Presiding
Vice Mayor Mike McIntire
Alderman Jennifer Adler
Alderman Joe Begley
Alderman Betsy Cooper
Alderman Colette George
Alderman Tommy Olterman

Leadership Team

Jeff Fleming, City Manager
Chris McCartt, Assistant City Manager for Administration
Ryan McReynolds, Assistant City Manager for Operations
J. Michael Billingsley, City Attorney
Sid Cox, City Recorder/Chief Financial Officer
Scott Boyd, Fire Chief
David Quillin, Police Chief
George DeCroes, Human Resources Director
Heather Cook, Marketing and Public Relations Director

1. Call to Order
2. Roll Call
3. City Manager Replacement
4. Review of Items on May 7, 2019 Business Meeting Agenda
5. Adjourn

Next Work Session, May 9 Budget, 2pm

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.

City of Kingsport

Project Status in Pictures

May 7, 2019

1 Bays Mountain Park: Parking Lot

The construction of a new asphalt parking lot located at the top of the access road is complete. New landscaping will add the final touch.

2 Bays Mountain Park: Ditch Repairs

Bays Mountain ditch repairs project included the cleaning and repairing of the ditches along Bays Mountain Road.

3 Bays Mountain Park: Sanitary Sewer

Ongoing work for this project includes saw cutting of the trench for the sanitary sewer force main and fiber conduit.

4 Bays Mountain Park: Access Road

Asphalt paving improvements to the access road to reach the new parking lot are complete.

Status Updates on Active Projects sorted by Cost

Estimated Cost	Project Owner	Project Name	Project Description	Completion Date	CurrentStatus
$7,500,000.00	Ryan McReynolds	**SR 347 (Rock Springs Road) [State &MTPO funded]**	TDOT Managed, joint funded reconstruction of the State portion of Rock Springs Road	12/31/2020	Preliminary plans expected Summer 2019.
$6,600,000.00	Niki Ensor	**Water & Wastewater Facilities SCADA/Telemetry Project**	Design and installation of SCADA/Telemetry system that will serve both water and sewer plants, sewer lift stations, water pump stations and boosters, along with monitoring in the distribution and collection systems.	4/1/2020	Received Bids on sewer portion of SCADA project on 2/19. Resolution to award bid to Frizzell Construction for $2,888,300 on 3/19/19
$4,400,000.00	Niki Ensor	**WWTP Electrical Improvements**	Design of wastewater treatment plant improvements. Project includes replacement of the Main Switchgear, Switchgear SB-1 and related equipment at the wastewater treatment plant.	5/1/2020	Finalizing plans. Tentaive bid set for April.
$4,186,000.00	Chris	**New KATS Transit Center**	Construction of a new KATS Transit Center on the former foundry property.	5/20/2019	Floor finishes complete; ceilings complete; casework installed; furniture delivered; landscaping continues.
$3,867,000.00	Chad Austin	**Border Regions Sewer Extensions**	Sewer extensions to serve the Border Regions Annexations in the vicinity of Tri-Cities Crossing and Fordtown Rd.	2/17/2020	Initial layout has been submitted to gas company and Stewart Taylor for review and comments.
$3,750,000.00	Niki Ensor	**Chemical Feed Design**	Design of WTP Chemical Feed improvements. Project will include new facilities for pre and post chemical feed and implementation of bulk bleach for disinfection.	11/1/2020	Awaiting proposal for final design and construction phase services. Funding included in FY20 CIP.
$3,740,000.00	Niki Ensor	**West Kingsport Forcemain and Pump Station Improvements**	Elimination of Pendragon SLS (#120) with gravity. Rehab of West Kingsport SLS (#119) and installation of new forcemain to the WWTP.	6/1/2020	Bid Advertisement - 3/24/18, Pre-Bid Conference - 4/3/19, Bid Opening - 4/25/19
$3,300,000.00	Michael Thompson	**Indian Trail Drive Extension**	The extension of Indian Trail Drive to Eastman Road at the current Reedy Creek Road / Eastman Road intersection. The project includes a bridge over Reedy Creek and realigning Reedy Creek Road to tie into the new Indian Trail Drive Extension.	6/30/2021	Still awaiting RPAI (East Stone Commons Owner) coordination with designer on access needs.
$2,380,000.00	Ryan McReynolds	**City Hall Relocation - Phase 1**	Renovations of floors 3 thru 6 for the consolidation of City offices to one location at 415 Broad Street.	12/31/2019	Plans have been submitted to City staff and the Building Department for review.
$2,300,000.00	Ryan McReynolds	**Justice Center Renovations**	Renovations and expansion of Justice Center that will accommodate court space and county offices currently residing in City Hall.	12/31/2020	Cain Rash West has been meeting with KPD to access current and future needs. Continue to work on layouts to best utilize space and maintain functionality.
$1,700,000.00	Michael Thompson	**Main Street Rebuild**	The reconstruction of Main Street from Sullivan Street to Clay Street. [City & MTPO Funded]	4/1/2020	MOU for AEP design and easements is being routed for signatures. Expect to have construction contract information for BMA consideration June 2019. Spring 2020 construction start anticipated.

Text in blue denotes changes in the past two weeks. Red box denotes past due, yellow box denotes due within 30 days, green denotes due more than 30 days

Estimated Cost	Project Owner	Project Name	Project Description	Completion Date	CurrentStatus
$1,074,738.00	Chad Austin	**Phase 4 Water Improvements**	Waterline replacement in Sullivan Gardens area on Ridge Road, Maplewood Street, Mill Creek Road, Clover Bottom Drive, Clearview Street, Creekmore Drive, and Rosemont Street.	2/16/2020	Work began 4/22 on Mill Creek Road.
$961,140.00	Michael Thompson	**Stone Drive - Phase 2 (SR 1, US 11W) Sidewalk Improvements**	Construction of sidewalk along Stone Drive from Stonebrook Place Pvt. Dr. to Lynn Garden Dr. [95% State Funded 5%]	8/31/2020	Working thru the requirements of the right of way process.
$937,442.00	Kitty Frazier	**Kingsport Greenbelt - Eastern Extension - Phase 1**	New 1 mile long Greenbelt section from the 0.4 mile marker (bottom of the hill from Exchange Place) to Cleek Road. [Fed. Grant & City funded]	11/1/2019	Project expected to begin during the week of April 1st.
$881,182.00	Schools	**J Fred Johnson Stadium - Turf Replacement**	The replacement of approximately 162,100 square feet of artificial grass surface at J Fred Johnson Stadium (football and baseball fields) and associated logos/markings. Work also includes the removal and offsite disposal of the existing artificial surfac	6/30/2019	The standard turf project is complete. Decals and custom color work will be completed after baseball season.
$697,475.00	Michael Thompson	**Stone Drive - Phase 1 (SR 1, US 11W) Sidewalk Improvements**	Construction of sidewalk along Stone Drive from Stonebrook Place Pvt. Dr. to American Way where current sidewalk gaps exist. Includes work to make existing driveways ADA accessible. [95% State Funded 5% City]	12/7/2019	Working to finalize the right of way phase of this project.
$577,000.00	Niki Ensor	**Tri-County Tank Replacement Project**	Replacement of 160,000 gallon steel water storage tank in Tri-County Pressure Zone, located on Big Ridge Rd.	7/1/2019	Eastern Tank completing roof panels. Progress meeting 4/25/19. Will begin painting of tank within next 10 days to 2 weeks weather permitting.
$468,001.00	Rob Cole	**Bays Mountain Parking Improvements**	Construction of new asphalt parking lot and asphalt paving improvements to the overflow parking lot and access road.	4/30/2019	The project is complete except the final landscaping.
$415,000.00	Chad Austin	**SR 93- Fall Branch section (TDOT)**	TDOT project to improve State Route 93 in the Fall Branch area. Impacted waterlines in this area will be are to be relocated as part of the TDOT project.	1/29/2021	TDOT Letting Date: 6/21/2019; Construction to begin mid- to late-July 2019
$391,711.50	David Edwards	**Bloomington Culvert Replacement**	Exist. double 7' x 7' box culvert is failing adjacent to Bloomington Dr. Project will be a replacement of the double box within the ROW and will create a separation from the private section of the culvert that extends downstream from Bloomington Dr.	6/1/2019	Contract signed with Summers Taylor. Notice to Proceed will be delayed approximately 60 days to account for bridge material fabrication.
$384,689.00		**Area 10 Concrete - Phase 1**	Concrete roadway and sidewalk repairs on Colfax Ave, Camden Dr, Clearwood Ave, and Broadwood Dr	4/25/2019	Substantially completed. Punchlist of items to be provided to contractor.
$373,871.00	Rob Cole	**Bays Mountain Septic System Upgrades**	Replacement of septic system at Bays Mountain Park with installation of sewer lift station and force main to base of park road to allow for more capacity.	5/31/2019	Contractor to start saw cutting of road during the wek of 4/15. Pipe to be delivered the week of 4/22. Construction to start soon thereafter

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$262,770.00	Chris McCart	**Lynn View Community Center Site Improvements Phase 2**	New metal bleachers and two new pre-Engineered metal buildng for Electrical Room and Storage Building.	4/19/2019	Concrete placed. Ready for bleacher construction.
	Niki Ensor	**SLS Rehab and Replacement**	Rehabilitation of SLS # 108 (Oak Glen Drive). Replacement of SLS #307 (Cooks Valley) and #308 (Lakeside Drive).	1/1/2020	Received drawings for review 12/21/18

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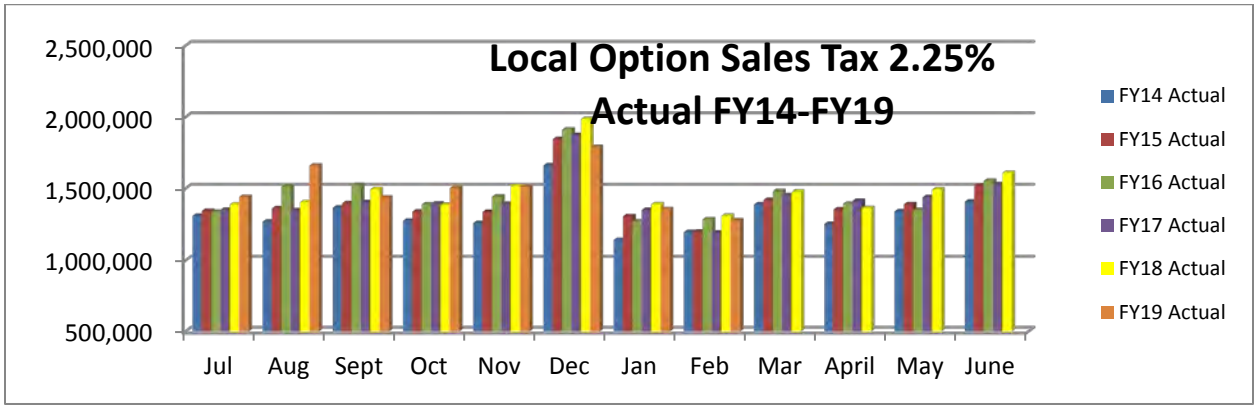
BMA Report, May 6, 2019

Financial Comments – Judy Smith

Local Option Sales Tax 2.25% - Five Year History

	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Actual	Adopted FY19 Budget	Variance FY19 Over/ Under Budget	Variance FY19 Over/Under Prev. Year Actual	% of Growth FY19 Over/Under Prev. Year Actual	% of Growth FY19 Over/ Under Budget
Jul	$ 1,312,286	$ 1,346,896	$ 1,341,027	$ 1,354,948	$ 1,392,147	$ 1,444,727	$ 1,432,701	$ 12,026	$ 52,580	3.78%	0.84%
Aug	$ 1,271,614	$ 1,365,262	$ 1,513,366	$ 1,351,703	$ 1,408,119	$ 1,660,189	$ 1,488,256	$ 171,933	$ 252,070	17.90%	11.55%
Sept	$ 1,369,878	$ 1,401,017	$ 1,523,474	$ 1,407,707	$ 1,493,952	$ 1,440,056	$ 1,517,534	$ (77,478)	$ (53,896)	-3.61%	-5.11%
Oct	$ 1,278,027	$ 1,342,308	$ 1,392,699	$ 1,397,511	$ 1,389,451	$ 1,503,032	$ 1,449,212	$ 53,820	$ 113,581	8.17%	3.71%
Nov	$ 1,261,963	$ 1,340,457	$ 1,446,687	$ 1,396,643	$ 1,515,210	$ 1,510,894	$ 1,495,411	$ 15,483	$ (4,316)	-0.28%	1.04%
Dec	$ 1,661,378	$ 1,845,794	$ 1,911,650	$ 1,873,531	$ 1,985,601	$ 1,788,766	$ 1,991,377	$ (202,611)	$ (196,835)	-9.91%	-10.17%
Jan	$ 1,143,685	$ 1,309,305	$ 1,274,292	$ 1,353,575	$ 1,392,917	$ 1,358,902	$ 1,377,116	$ (18,214)	$ (34,015)	-2.44%	-1.32%
Feb	$ 1,198,993	$ 1,201,182	$ 1,287,536	$ 1,194,890	$ 1,312,713	$ 1,280,154	$ 1,325,780	$ (45,626)	$ (32,559)	-2.48%	-3.44%
Mar	$ 1,392,759	$ 1,424,090	$ 1,481,645	$ 1,457,518	$ 1,477,699		$ 1,535,585				
April	$ 1,255,243	$ 1,357,635	$ 1,396,651	$ 1,416,452	$ 1,366,099		$ 1,457,999				
May	$ 1,343,786	$ 1,393,582	$ 1,353,162	$ 1,442,890	$ 1,492,028		$ 1,496,047				
June	$ 1,411,977	$ 1,520,599	$ 1,552,713	$ 1,529,681	$ 1,608,149		$ 1,567,722				
Total	**$ 15,901,589**	**$ 16,848,127**	**$ 17,474,902**	**$ 17,177,049**	**$ 17,834,085**	**$ 11,986,721**	**$ 18,134,740**	**$ (90,666)**	**$ 96,611**	**1.39%**	**-0.36%**



AGENDA

BOARD OF MAYOR AND ALDERMEN

BUSINESS MEETING

Tuesday, May 7, 2019, 7:00 p.m.
City Hall, 225 W. Center St., Courtroom, 2nd Floor

Board of Mayor and Aldermen

Mayor John Clark, Presiding
Vice Mayor Mike McIntire
Alderman Jennifer Adler
Alderman Joe Begley
Alderman Betsy Cooper
Alderman Colette George
Alderman Tommy Olterman

City Administration

Jeff Fleming, City Manager
Chris McCartt, Assistant City Manager for Administration
Ryan McReynolds, Assistant City Manager of Operations
J. Michael Billingsley, City Attorney
Sid Cox, City Recorder/Chief Financial Officer
David Quillin, Police Chief
Scott Boyd, Fire Chief
George DeCroes, Human Resources Director
Heather Cook, Marketing and Public Relations Director

I. CALL TO ORDER

II.A. PLEDGE OF ALLEGIANCE TO THE FLAG

II.B. INVOCATION – Rev. Jack Edwards, Serving United Methodist Churches

III. ROLL CALL

IV.A. RECOGNITIONS & PRESENTATIONS

1. Drinking Water Week (Alderman Begley)

IV.B. APPOINTMENTS

1. Reappointment to the Kingsport Housing and Redevelopment Authority (AF: 91-2019) (Mayor Clark)
    - Appointment

V. APPROVAL OF MINUTES

1. Work Session – April 15, 2019
2. Business Meeting – April 16, 2019
3. Called Work Session – April 29, 2019

VI. COMMUNITY INTEREST ITEMS

A. PUBLIC HEARINGS

1. Annual Action Plan for Community Development (AF: 92-2019) (Mark Haga)
    - Public Hearing
    - Action Plan
    - Resolution

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. Budget Ordinance to Appropriate $12,000.00 from the Tennessee Highway Safety Office (THSO) 2018-2019 Specialized Motorcycle Enforcement Grant (AF: 94-2019) (David Quillin)
    - Ordinance

2. Budget Ordinance and Enter into Agreement with TDOT for Island Road Improvements (AF: 97-2019) (Ryan McReynolds)
    - Ordinance

3. Budget Adjustment Ordinance for FY19 (AF: 96-2019) (Jeff Fleming)
    - Ordinance

4. Ordinance to Amend the FY 2019 the General Purpose School Fund and the General Project Fund Budgets (AF: 105-2019) (David Frye)
    - Ordinance

C. BUSINESS MATTERS REQUIRING FINAL ADOPTION

None

D. OTHER BUSINESS

1. Approval of Master Documents for the Flexible Spending Account and Section 125 Cafeteria Plan (AF: 79-2019) (George DeCroes)
    - Resolution

2. Execute an Agreement with BlueCross BlueShield of Tennessee, Inc. (AF: 75-2019) (George DeCroes)
    - Resolution

3. Awarding the Bid for the Purchase of One (1) Standard Cab Pickup Truck (AF: 98-2019) (Ryan McReynolds, Steve Hightower)
    - Resolution

4. Awarding the Bid for the Purchase of Copier Paper for FY20 (AF 99-2019) (Chris McCartt)
    - Resolution

5. Extending the Bid Award for Tire Recapping Services for FY20 (AF: 100-2019) (Ryan McReynolds, Steve Hightower)
    - Resolution

6. Enter into a Lease Agreement with Chris Bowen for the Use of City Owned Property Located at 151 East Main Street (AF: 102-2019) (Chris McCartt)
    - Resolution

7. Awarding the Bid for the Purchase of One (1) Compact Track Excavator – Water Department (AF: 103-2019) (Ryan McReynolds, Steve Hightower)
    - Resolution

8. Awarding the Bid for the Purchase of One (1) Compact Track Excavator – Stormwater Department (AF: 104-2019) (Ryan McReynolds, Steve Hightower)
    - Resolution

VII. CONSENT AGENDA

1. Contract Between the City of Kingsport and the Tennessee Department of Transportation for Maintenance Activities Performed on Designated State Highways and for Mowing and Litter on John B. Dennis and I-26 (AF: 90-2019) (Ryan McReynolds)
    - Resolution

2. Signature Authorization as Required by the Tennessee Highway Safety Office (THSO) for the Tennessee Highway Safety Office's 2018-2019 Specialized Motorcycle Enforcement Grant (AF: 93-2019) (David Quillin)
    - Resolution

3. Apply for and Receive a DOJ-Office of Justice Programs' Bureau of Justice Assistance Bulletproof Vest Partnership (BVP) Reimbursement Grant (AF: 95-2019) (David Quillin)
    - Resolution

4. Right-of-Way Easement with Kingsport Power Company (AF: 101-2019) (Ryan McReynolds)
    - Resolution

VIII. COMMUNICATIONS

A. City Manager
B. Mayor and Board Members
C. Visitors
D. Emergency Purchase for WWTP – Ryan McReynolds

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

AGENDA ACTION FORM

Reappointment to the Kingsport Housing and Redevelopment Authority

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-91-2019
Work Session: May 6, 2019
First Reading: N/A

Final Adoption: May 7, 2019
Staff Work By: Committee
Presentation By: Mayor Clark

Recommendation:
Approve appointment.

Executive Summary:
It is recommended to reappoint Larry Estepp to the Kingsport Housing and Redevelopment Authority. Larry brings a specific skillset the board needs and utilizes. If approved by the Board of Mayor and Aldermen the recommended table reflects term dates.

The board is composed of five (5) members who are residents within the jurisdictional area of the Kingsport Housing Authority. Terms are five years with no term limit.

Current Commission				
Member	Eligibility	Term Expires	Appointed	Terms Served
Larry Estepp	KHRA Jurisdiction	4/30/19	4/1/14	1
Linda Calvert	KHRA Jurisdiction	2/29/20	10/4/04	4
Esther Rodolphe	KHRA Jurisdiction	3/31/21	3/15/16	1
Seth Jervis	KHRA Jurisdiction	2/28/22	3/1/17	1
Tony Jennings	KHRA Jurisdiction	2/28/23	2/28/08	4

Recommended Commission				
Member	Eligibility	Term Expires	Appointed	Terms Served
Larry Estepp	KHRA Jurisdiction	4/30/24	4/1/14	2
Linda Calvert	KHRA Jurisdiction	2/29/20	10/4/04	4
Esther Rodolphe	KHRA Jurisdiction	3/31/21	3/15/16	1
Seth Jervis	KHRA Jurisdiction	2/28/22	3/1/17	1
Tony Jennings	KHRA Jurisdiction	2/28/23	2/28/08	4

Attachments:
None

	Y	N	O
Adler			
Begley			
Cooper			
George			
McIntire			
Olterman			
Clark			

Minutes of the Regular Work Session of the
Board of Mayor and Aldermen, City of Kingsport, Tennessee
Monday, April 15, 2019, 4:30 PM
Council Room – City Hall

PRESENT: Board of Mayor and Aldermen

Vice-Mayor Mike McIntire
Alderman Jennifer Adler
Alderman Joe Begley
Alderman Betsy Cooper
Alderman Colette George
Alderman Tommy Olterman

City Administration
Jeff Fleming, City Manager
J. Michael Billingsley, City Attorney
Sidney H. Cox, City Recorder

1. CALL TO ORDER: 4:30 p.m. by Vice-Mayor McIntire.

2. ROLL CALL: By Deputy City Recorder Marshall. Absent: Mayor John Clark

3. LYNN VIEW COMMUNITY CENTER. Kitty Frazier, Parks and Recreation Manager gave a presentation on this item and answered questions. Some discussion followed.

4. REVIEW OF AGENDA ITEMS ON THE APRIL 16, 2019 REGULAR BUSINESS MEETING AGENDA. City Manager Fleming and members of staff gave a summary or presentation for each item on the proposed agenda. The following items were discussed at greater length or received specific questions or concerns.

VI.D.6 Authorize Execution, Terms, Issuance, Sale and Payment of Not to Exceed $18,300,000 General Obligation Refunding Bonds, Series 2019, of the City of Kingsport, Tennessee (AF: 85-2019). City Recorder Cox provided details on this item, noting the bonds were from the Build America Bonds in 2009. He stated current market conditions were favorable but there is a tight window to act. He noted the city's debt policy requires at least a savings of three percent when refunding occurs and this will result in a savings of over four percent. The total savings over ten years would be approximately $780,000 with a $70,000 to $80,000 savings annually. Mr. Rick Dulaney from Raymond James provided further details and answered questions. There was some discussion.

Alderman Adler asked staff about producing and investment map for neighborhoods to allow the public to see what has been done in specific areas. Vice-Mayor McInitre stated the city had looked into that a few years ago, but there were some issues with keeping it up to date. City Manager Fleming stated he could possibly add a map element to the project report which would produce the results she was asking about. Alderman Cooper commented that Miss Barbara Brown had fallen which is why she hadn't been able to attend meetings recently. Chief Quillin noted this week was Telecommunications Week and they would be having a barbeque reception at the 911 center Wednesday and Thursday. He invited the BMA to attend.

Minutes of the Regular Work Session of the Board of Mayor and Aldermen of Kingsport, Tennessee, Monday, April 15, 2019

5. ADJOURN. Seeing no other matters presented for discussion at this work session, Mayor Clark adjourned the meeting at 5:12 p.m.

ANGELA MARSHALL	JOHN CLARK
Deputy City Recorder	Mayor

Minutes of the Regular Business Meeting of the
Board of Mayor and Aldermen of the City of Kingsport, Tennessee
Tuesday, April 16, 2019, 7:00 PM
Large Court Room – City Hall

PRESENT:

Board of Mayor and Aldermen

Mayor John Clark, Presiding
Vice Mayor Mike McIntire
Alderman Jennifer Adler
Alderman Joe Begley
Alderman Betsy Cooper
Alderman Colette George
Alderman Tommy Olterman

City Administration

Jeff Fleming, City Manager
J. Michael Billingsley, City Attorney
Sidney H. Cox, City Recorder/Chief Financial Officer

I. CALL TO ORDER: 7:00 p.m., by Mayor John Clark.

II.A. PLEDGE OF ALLEGIANCE TO THE FLAG: Led by Development Services Director Lynn Tully.

II.B. INVOCATION: Pastor Bart Fowler, Come As You Are Ministries.

III. ROLL CALL: By City Recorder Cox. All Present.

IV.A. RECOGNITIONS AND PRESENTATIONS.

1. GFOA Distinguished Budget Presentation Award (Judy Smith and John Morris). Vice-Mayor McIntire noted this was the 19th consecutive year the city has received this award.

IV.B. APPOINTMENTS/REAPPOINTMENTS.

1. Appointment to the Employee Dependent Scholarship Program (AF: 83-2019) (Mayor Clark).

Motion/Second: Adler/George, to approve:
APPOINTMENT OF MS. JENNIFER THACKER TO FILL THE UNEXPIRED TERM OF DR. JEFF MCCORD ON THE ***EMPLOYEE DEPENDENT SCHOLARSHIP PROGRAM*** EFFECTIVE IMMEDIATELY AND EXPIRING ON AUGUST 1, 2020.
Passed: All present voting "aye."

V. APPROVAL OF MINUTES.

Motion/Second: Adler/Cooper, to approve minutes for the following meetings:
A. April 1, 2019 Regular Work Session
B. April 2, 2019 Regular Business Meeting
Approved: All present voting "aye."

VI. COMMUNITY INTEREST ITEMS.

A. PUBLIC HEARINGS. None.

PUBLIC COMMENT. Mayor Clark invited citizens in attendance to speak about any of the remaining agenda items. There being no one coming forward to speak, the Mayor closed the public comment segment.

B. BUSINESS MATTERS REQUIRING FIRST READING. None.

C. BUSINESS MATTERS REQUIRING FINAL ADOPTION.

1. Amend Code of Ordinances Sections 2-591 and 98-596(a) to Include the Word "Responsible" Before "Compliant Bidder" (AF: 69-2019) (Mike Billingsley).

Motion/Second: McIntire/George, to pass:
ORDINANCE NO. 6787, AN ORDINANCE AMENDING THE CODE OF ORDINANCES, CITY OF KINGSPORT, TENNESSEE, SECTION 2-591 RELATING TO DEFINITIONS AND SECTION 98-596(a) RELATING TO AUTHORIZATION TO CONTRACT FOR TOWING SERVICES AND STORAGE; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE
Passed on second reading in a roll call vote: Clark, Adler, Begley, Cooper, George, McIntire and Olterman voting "aye."

D. OTHER BUSINESS.

1. Agreement with Omnia Partners for Cooperative Purchasing (AF: 80-2019) (Chris McCartt).

Motion/Second: George/Olterman, to pass:
Resolution No. 2019-148, A RESOLUTION APPROVING AN AGREEMENT WITH THE OMNIA PARTNERS PUBLIC SECTOR FOR COOPERATIVE PURCHASING AND AUTHORIZING THE MAYOR TO EXECUTE THE AGREEMENT AND ALL OTHER DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE AGREEMENT
Passed: All present voting "aye."

2. Execute a Release of Lien on 918 Dale Street (AF: 77-2019) (Mike Billingsley)

Motion/Second: McIntire/Adler, to pass:
Resolution No. 2019-149, A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A RELEASE OF A LIEN ON REAL PROPERTY AT 918 DALE STREET, KINGSPORT, TENNESSEE
Passed: All present voting "aye."

3. Renew Bid Award for Unleaded Gasoline and Ultra-Low Sulfur Diesel (AF: 81-2019) (Ryan McReynolds, Steve Hightower).

Motion/Second: McIntire/George, to pass:
Resolution No. 2019-150, A RESOLUTION RENEWING THE AWARD OF BID FOR PURCHASE OF UNLEADED GASOLINE FOR USE IN CITY EQUIPMENT AND VEHICLES TO MANSFIELD OIL COMPANY OF GAINESVILLE AND AUTHORIZING THE CITY MANAGER TO EXECUTE PURCHASE ORDERS FOR THE SAME
Passed: All present voting "aye."

Motion/Second: McIntire/George, to pass:
Resolution No. 2019-151, A RESOLUTION RENEWING THE AWARD OF BID FOR PURCHASE OF ULTRA LOW SULFUR DIESEL FUEL FOR USE IN CITY EQUIPMENT AND VEHICLES TO PETROLEUM TRADERS CORPORATION AND AUTHORIZING THE CITY MANAGER TO EXECUTE PURCHASE ORDERS FOR THE SAME
Passed: All present voting "aye."

4. Renew Bid Award for Propane and Propane Conversion Kits (AF: 82-2019) (Ryan McReynolds, Steve Hightower).

Motion/Second: George/Olterman, to pass:
Resolution No. 2019-152, A RESOLUTION RENEWING THE AWARD OF BID FOR PURCHASE OF PROPANE AUTO GAS AND PROPANE CONVERSION KITS FOR USE IN CITY EQUIPMENT FOR FISCAL YEAR 2020 TO BLOSSMAN GAS AND AUTHORIZING THE CITY MANAGER TO EXECUTE PURCHASE ORDERS FOR THE SAME
Passed: All present voting "aye."

5. Amend Contractual Agreement, TDOT Project No. 82-5307-S3-019, with the Tennessee Department of Transportation for Reimbursement of Capital Expenses (AF: 76-2019) (Chris McCartt).

Motion/Second: McIntire/Adler, to pass:
Resolution No. 2019-153, A RESOLUTION APPROVING AMENDMENT TWO TO TENNESSEE DEPARTMENT OF TRANSPORTATION CONTRACT NUMBER GG-17-

52819-00 FOR THE REIMBURSEMENT OF CAPITAL EXPENSES FOR THE NEW TRANSIT CENTER AND AUTHORIZING THE MAYOR TO EXECUTE THE AGREEMENT AND ALL OTHER DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE AGREEMENT
Passed: All present voting "aye."

6. Authorize Execution, Terms, Issuance, Sale and Payment of Not to Exceed $18,300,000 General Obligation Refunding Bonds, Series 2019, of the City of Kingsport, Tennessee (AF: 85-2019) (Sid Cox, Jeff Fleming).

Motion/Second: McIntire/Adler, to pass:
Resolution No. 2019-154, RESOLUTION AUTHORIZING THE EXECUTION, TERMS, ISSUANCE, SALE, AND PAYMENT OF NOT TO EXCEED $18,300,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019, OF THE CITY OF KINGSPORT, TENNESSEE, AND PROVIDING THE DETAILS THEREOF
Passed: All present voting "aye."

7. Bid Award for Purchase of Crushed Stone for FY20 (AF: 88-2019) (Ryan McReynolds).

Motion/Second: George/Olterman, to pass:
Resolution No. 2019-155, A RESOLUTION AWARDING THE BID FOR PURCHASE OF CRUSHED STONE TO VULCAN CONSTRUCTION MATERIALS, LP AND BLUE WATER INDUSTRIES AND AUTHORIZING THE CITY MANAGER TO EXECUTE BLANKET PURCHASE ORDERS FOR THE SAME
Passed: All present voting "aye."

8. Bid Award for Purchase of Asphalt for FY20 (AF: 86-2019) (Ryan McReynolds).

Motion/Second: Adler/Cooper, to pass:
Resolution No. 2019-156, A RESOLUTION AWARDING THE BID FOR PURCHASE OF ASPHALT TO W-L CONSTRUCTION AND PAVING COMPANY, INC., PAVEWELL PAVING COMPANY, INC., AND SUMMERS-TAYLOR, AND AUTHORIZING THE CITY MANAGER TO EXECUTE PURCHASE ORDERS FOR THE SAME
Passed: All present voting "aye."

9. Bid Award for Purchase of Concrete for FY20 (AF: 87-2019) (Ryan McReynolds).

Motion/Second: McIntire/Cooper, to pass:
Resolution No. 2019-157, A RESOLUTION AWARDING THE BID FOR PURCHASE OF CONCRETE TO KINGSPORT CONCRETE, TRANSIT MIX CONCRETE, READY MIX USA, AND SUMMERS-TAYLOR MATERIALS AND AUTHORIZING THE CITY

MANAGER TO EXECUTE PURCHASE ORDERS FOR THE SAME
Passed: All present voting "aye."

VII. CONSENT AGENDA. ***(These items are considered under one motion.)***

Motion/Second: McIntire/Adler, to adopt:

1. Right-of-Way Easement with Kingsport Power Company (AF: 84-2019) (Ryan McReynolds).

Pass:
Resolution No. 2019-158, A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A RIGHT-OF-WAY EASEMENT WITH KINGSPORT POWER COMPANY
Passed in a roll call vote: Clark, Adler, Begley, Cooper, George, McIntire and Olterman voting "aye."

2. Approve a Lease with the United States Post Office (AF: 70-2019) (Mike Billingsley).

Pass:
Resolution No. 2019-159, A RESOLUTION APPROVING AN LEASE WITH UNITED STATES POST OFFICE AND AUTHORIZING THE MAYOR TO EXECUTE THE LEASE AND ALL OTHER DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE LEASE
Passed in a roll call vote: Clark, Adler, Begley, Cooper, George, McIntire and Olterman voting "aye."

3. Designate Officials Authorized to Execute Banking Transactions for the City of Kingsport (AF: 78-2019) (Lisa Winkle).

Pass:
Resolution No. 2019-160, A RESOLUTION AUTHORIZING OFFICIAL SIGNATURES FOR ACCOUNTS ON DEPOSIT WITH CAPITAL BANK/FIRST TENNESSEE BANK NATIONAL ASSOCIATION
Passed in a roll call vote: Clark, Adler, Begley, Cooper, George, McIntire and Olterman voting "aye."

Pass:
Resolution No. 2019-161, A RESOLUTION AUTHORIZING OFFICIAL SIGNATURES FOR ACCOUNTS ON DEPOSIT WITH HOMETRUST BANK
Passed in a roll call vote: Clark, Adler, Begley, Cooper, George, McIntire and Olterman voting "aye."

Pass:
Resolution No. 2019-162, A RESOLUTION AUTHORIZING OFFICIAL SIGNATURES FOR ACCOUNTS ON DEPOSIT WITH REGIONS BANK
Passed in a roll call vote: Clark, Adler, Begley, Cooper, George, McIntire and Olterman voting "aye."

Pass:
Resolution No. 2019-163, A RESOLUTION AUTHORIZING OFFICIAL SIGNATURES FOR ACCOUNTS ON DEPOSIT WITH BB&T BANK
Passed in a roll call vote: Clark, Adler, Begley, Cooper, George, McIntire and Olterman voting "aye."

Pass:
Resolution No. 2019-164, A RESOLUTION AUTHORIZING OFFICIAL SIGNATURES FOR ACCOUNTS ON DEPOSIT WITH STATE OF TENNESSEE LOCAL GOVERNMENT INVESTMENT POOL
Passed in a roll call vote: Clark, Adler, Begley, Cooper, George, McIntire and Olterman voting "aye."

Pass:
Resolution No. 2019-165, A RESOLUTION AUTHORIZING OFFICIAL SIGNATURES FOR ACCOUNTS ON DEPOSIT WITH BANK OF TENNESSEE
Passed in a roll call vote: Clark, Adler, Begley, Cooper, George, McIntire and Olterman voting "aye."

Pass:
Resolution No. 2019-166, A RESOLUTION AUTHORIZING OFFICIAL SIGNATURES FOR ACCOUNTS ON DEPOSIT WITH CITIZENS BANK
Passed in a roll call vote: Clark, Adler, Begley, Cooper, George, McIntire and Olterman voting "aye."

Pass:
Resolution No. 2019-167, A RESOLUTION AUTHORIZING OFFICIAL SIGNATURES FOR ACCOUNTS ON DEPOSIT WITH SUNTRUST BANK
Passed in a roll call vote: Clark, Adler, Begley, Cooper, George, McIntire and Olterman voting "aye."

Pass:
Resolution No. 2019-168, A RESOLUTION AUTHORIZING OFFICIAL SIGNATURES FOR ACCOUNTS ON DEPOSIT WITH FIRST BANK & TRUST
Passed in a roll call vote: Clark, Adler, Begley, Cooper, George, McIntire and Olterman voting "aye."

Pass:
Resolution No. 2019-169, A RESOLUTION AUTHORIZING OFFICIAL SIGNATURES FOR ACCOUNTS ON DEPOSIT WITH FIRST COMMUNITY BANK
Passed in a roll call vote: Clark, Adler, Begley, Cooper, George, McIntire and Olterman voting "aye."

Pass:
Resolution No. 2019-170, A RESOLUTION AUTHORIZING OFFICIAL SIGNATURES FOR ACCOUNTS ON DEPOSIT WITH BANK OF AMERICA
Passed in a roll call vote: Clark, Adler, Begley, Cooper, George, McIntire and Olterman voting "aye."

Pass:
Resolution No. 2019-171, A RESOLUTION AUTHORIZING OFFICIAL SIGNATURES FOR ACCOUNTS ON DEPOSIT WITH RENASANT BANK
Passed in a roll call vote: Clark, Adler, Begley, Cooper, George, McIntire and Olterman voting "aye."

VIII. COMMUNICATIONS.

A. CITY MANAGER. Mr. Fleming stated April 26 would be Lynn Tully's last day with the city. He reported she would still remain in Kingsport however, working for the state and covering eight counties.

At this time, Lindy White, CEO of Ballad Health's Kingsport Market Operations, gave a presentation on Ballad's commitment to the community in an effort to clear up misconceptions on social media. Chief Medical Officer Dr. Herb Ladley provided further details. Both answered questions from board members but were not prepared to answer questions from the public. Ms. White stated they would stay to speak with citizens afterwards.

B. MAYOR AND BOARD MEMBERS. Alderman Adler addressed Pastor Fowler's earlier remark regarding the Tri-Pride Parade scheduled later this year in Kingsport. She noted that to prohibit this event would be a violation of freedom of speech and commented on diversity in the community. Vice-Mayor McIntire recognized the awards given to teachers last week by the Board of Education. He congratulated Lynn Tully on her new position and wished everyone a happy Easter. Alderman Olterman encouraged citizens to support their local baseball and track teams. Alderman George invited folks to participate in Clean Sweep Saturday coming up this weekend at various locations across the city.

C. VISITORS. Several citizens in the audience commented with their concerns about Ballad Health.

Minutes of the Regular Business Meeting of the Board of Mayor and Aldermen of the City of Kingsport, Tennessee, Tuesday, April 16, 2019

IX. ADJOURN. Seeing no other business for consideration at this meeting, Mayor Clark adjourned the meeting at 9:20 p.m.

ANGELA MARSHALL	JOHN CLARK
Deputy City Recorder	Mayor

Minutes of the CALLED Work Session of the
Board of Mayor and Aldermen, City of Kingsport, Tennessee
Monday, April 29, 2019, 4:00 PM
Council Room – City Hall

PRESENT: Board of Mayor and Aldermen

Vice-Mayor Mike McIntire
Alderman Jennifer Adler
Alderman Joe Begley
Alderman Betsy Cooper
Alderman Colette George
Alderman Tommy Olterman

City Administration
Jeff Fleming, City Manager
J. Michael Billingsley, City Attorney
Sidney H. Cox, City Recorder

1. CALL TO ORDER: 4:00 p.m. by Mayor Clark.

2. ROLL CALL: By Deputy City Recorder Marshall. Absent: Mayor John Clark

3. CITY MANAGER REPLACEMENT.

City Manager Fleming opened the discussion with some background information on the previous process. He noted that Assistant City Manager for Administration Chris McCartt would like to be considered for the position, which is why he was not in attendance. Assistanct City Manager for Operations Ryan McReynolds was present. Mr. Fleming pointed out this position is the only that serves at the pleasure of the board and therefore any process they choose is acceptable as they are not bound by precedent. Former City Manager John Campbell then provided a history of the city manager hiring process over the years noting there is usually a six month gap in between each time. He recommended getting a team in place as soon as possible to move forward,.

Alderman George stated she was involved with the procedure last time to hire Mr. Fleming and it was a lengthy experience. She further stated that in light of the recent vacancies on the management team she was comfortable with Mr. McCartt. Alderman Begley stated he felt the board should go through the normal process with the hope that Mr. McCartt would still come out on top. Alderman Cooper pointed out there has been an ongoing interview process for the last five years. Vice-Mayor McIntire explained that he has been observing for twenty years and had high confidence in both assistant city managers, pointing out they were very effective working together. He suggested the BMA members spend some one on one time with Mr. McCartt and have him present his vision and answer questions in a public setting at the next work session. Alderman Olterman stated he agreed with everyone and that although a search for other candidates is a good idea, he believed Mr. McCartt to be the best one. Alderman Adler commented that she would like to have an open and transparent process that involved other candidates. She also pointed out the consideration of filling Mr. McCartt's current position if he moved up. Mayor Clark stated that the during the last process, it was hard to choose based on a resume and an interview. He noted each board member had already spent lots of time with Mr. McCartt and that it was not fair to leave a decision like this to a new board.

Minutes of the Regular Work Session of the Board of Mayor and Aldermen of Kingsport, Tennessee, Monday, April 29, 2019

Former Mayor Dennis Phillips stated he was involved with hiring Mr. Fleming and stated that looking back it was a mistake to use a search when there was a strong internal candidate. He further stated that if the current BMA did not go with Mr. McCartt at this time, then the decision would not be made by this board at all. Former Mayor Jeanette Blazier also commented on the difficulty of hiring a city manager with four new board members. She stated a succession plan would have greatly benefited them at that time, noting Mr. Fleming has successfully developed such a plan.

Mr. Fleming concluded that based on the discussion, he would have Mr. McCartt be prepared to speak at the work session on Monday and the board members could ask specific questions.

4. ADJOURN. Seeing no other matters presented for discussion at this work session, Mayor Clark adjourned the meeting at 5:12 p.m.

ANGELA MARSHALL	JOHN CLARK
Deputy City Recorder	Mayor

KINGSPORT
TENNESSEE

AGENDA ACTION FORM

Annual Action Plan for Community Development

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-92-2019
Work Session: May 6, 2019
First Reading: N/A

Final Adoption: May 7, 2019
Staff Work By: Haga
Presentation By: Mark Haga

Recommendation:

- Conduct Public Hearing
- Approve 2019 Annual Action Plan
- Approve Authorizing Resolution

Executive Summary:

To receive Community Development Block Grant, the City of Kingsport must submit an Annual Action Plan which describes the strategies, objectives, projects and activities for funding under the program. For Fiscal Year 2019/20, the City of Kingsport must approve an Action Plan utilizing $391,364 CDBG funds. Attached to this action form is a summary of proposed activities of the 2019 Annual Action Plan, including recommendations for funding under the CDBG program.

The attached plan represents the fifth year of the 5-year Consolidated Plan for Housing and Community Development (Con Plan) and was developed to provide funding for the various projects outlined in the 2015 Con Plan. The projects and funding recommendations address the goals and priorities of the Con Plan. The projects and activities also comply with the CDBG program requirements outlined in Department of Housing and Urban Development (HUD) regulations. The 2019 Annual Action Plan will be submitted to HUD by May 15, 2019.

Also attached is a resolution authorizing the Mayor to execute all necessary documents to receive CDBG funding.

Attachments:

1. Public Hearing Notice
2. Annual Action Plan Summary
3. Resolution

	Y	N	O
Adler			
Begley			
Cooper			
George			
McIntire			
Olterman			
Clark			

NOTICE

The Kingsport Board of Mayor and Aldermen will conduct a Public Hearing to receive citizen input concerning the City's 2019 Annual Action Plan for Housing and Community Development. The 2019 Annual Action Plan describes proposed activities of the City's Community Development Program for the period of July 1, 2019 through June 30, 2020 utilizing Community Development Block Grant funds. This Public Hearing will be held at the Regular Meeting of the Board of Mayor and Aldermen at 7:00 p.m. on Tuesday, May 7, 2019 in the Large Courtroom of City Hall, 225 W. Center Street. All citizens are invited to participate in this meeting. A draft of the proposed 2019 Annual Action Plan is available for review at the Community Development Office, 201 W. Market Street.

Angie Marshall, City Clerk
P1T: 4/21/19

Legals

INVITATION TO BID

Sealed bids for the following will be received by the Procurement Manager until 4:00 P.M., Eastern Time, **May 6, 2019** and at that time publicly opened in the Council Room, City Hall located at 225 W. Center St., Kingsport, TN. All bids will be considered for award on [illegible]

PRODUCE PRODUCTS FOR CITY OF KINGSPORT SCHOOL NUTRITION SERVICES PROGRAM

The documents for the above referenced items are available on-line at www.kingsporttn.gov/city-services/purchasing/. Interested parties may contact the Procurement Department at 423-378-2134.

By submission of a signed bid, the bidder certifies total compliance with Title VI and Title VII of the Civil Rights Act of 1964, as amended, and all regulations promulgated thereunder.

No submitted bids may be withdrawn for a period of sixty (60) days after the scheduled closing time of the receipt of bids. All bids shall be signed, sealed and addressed to the Procurement Manager, City of Kingsport, 225 W. Center St., Kingsport, TN 37660 and marked "PRODUCE PRODUCTS FOR CITY OF KINGSPORT SCHOOL NUTRITION SERVICES PROGRAM". The City by its governing authorities reserves the right to accept or reject any or all bids received, to waive any informalities in bidding and to re-advertise.

PUB: 1T 04/21/2019 [illegible], City Manager

Legals

Rogersville City School is currently accepting bids on the following...

BID # 1 – Repair and painting of the exterior [illegible] [illegible]

BID # 2 – [illegible] 2019

BID # 3 – Replacement windows at the [illegible] [illegible] 2019

All work is to be completed on or before August 5, 2019.

Bid Deadline will be May 1, 2019. Rogersville City School will have a bid opening for the above mentioned bids on May 2nd at 10:00 am located at 116 Broadway Rogersville, TN 37857. You may submit bids to:
Tina Bray
Rogersville City School
116 Broadway
Rogersville, TN 37857

For questions regarding the scope of work you may contact James Gaines at 423-327-0575.

PUB5T 4/7/2019, 4/14/2019, 4/17/2019, 4/21/2019 & 4/24/2019

Legals

ADVERTISEMENT FOR BIDS

LEE COUNTY PUBLIC SERVICE AUTHORITY
FROG LEVEL COMMUNITY WATER PROJECT – PHASE II

Separate sealed Bids for the construction of the Frog Level Community Water Project – Phase II will be received by Tracy Puckett, Executive Director, at the office of the Lee County Public Service Authority, 397 Park Street, Jonesville, Virginia 24263 until 2:00 p.m. local time on May 15, 2019, at which time the Bids received will be publicly opened and read aloud.

The Projects consists of two (2) separate Divisions:

Division No. 1 consists of approximately 16,794 linear feet (lf) of 8-inch, 7,800 lf of 6-inch, 5,050 lf of 3-inch, 788 lf of 2-inch, 1,000 lf of 1-inch and 5,084 lf of 3/4-inch waterline, 25 gate valves, 16 fire hydrants, 34 service connections and associated appurtenances.

Division No. 2 consists of approximately 2,578 linear feet (lf) of 8-inch, site grading and construction of one (1) 75,000-gallon water storage tank, 2,150 square yards (sy) of tank access road [illegible] gate valves and associated appurtenances.

Bids shall be on a unit price and lump sum basis. The Project is funded through the **Virginia Department of Health, Virginia Department of Housing and Community Development and Appalachian Regional Commission.**

MBE/WBE firms are encouraged to submit bids. Bidders must comply with the following: the President's Executive Order # 11246 prohibiting discrimination in employment regarding race, color, creed, sex, or national origin, the President's Executive Orders # 12138 and 11625 regarding utilization of MBE/WBE firms, the Civil Rights Act of 1964, the Davis-Bacon Act, and Section 436 of P.L. 113-76 American Iron and Steel. Bidders must certify that they do not or will not maintain or provide for their employees any facilities that are segregated on the basis of race, color, creed or national origin.

The Issuing Office for the Bidding Documents is: The Lane Group, Inc., 316 East 5th Street South, PO Box 152, Big Stone Gap, Virginia 24219, Phone: 276.523.3771, email: [illegible]@lanegroupinc.com. Prospective Bidders may examine and obtain the Bidding Documents at the Issuing Office on Monday through Thursday between the hours of 7:30 am – 5:30 pm and Friday between the hours of 8:00 am – 12:00 pm. Prospective Bidders may also examine copies of the Bidding Documents provided by the Issuing Office at the locations identified below:

- Lee County Public Service Authority, 397 Park Street, Jonesville, Virginia 24263

Online at:

- Builders Exchange of Tennessee, (subscription required)
- Construct Connect, (subscription required)
- Valley Construction News, (subscription required)
- The Blue Book, (subscription required)

Printed copies of the Bidding Documents may be obtained from the Issuing Office, during the hours indicated above, upon payment of $275.00 (non-refundable) for each set. Contractors have the option to purchase an electronic set of bidding documents (Adobe PDF Format) for a $50.00 non-refundable fee. Checks for Bidding Documents shall be payable to The Lane Group, Inc. Upon request, and receipt of the document deposit indicated above plus a non-refundable shipping charge, the Issuing Office will transmit the Bidding Documents via delivery service. The shipping charge amount will depend on the shipping method selected by the prospective Bidder. The date that the Bidding Documents are transmitted by the Issuing Office will be considered the Bidder's date of receipt of the Bidding Documents. Partial sets of Bidding Documents will not be available from the Issuing Office. Neither Owner nor Engineer will be responsible for full or partial sets of Bidding Documents, including Addenda if any, obtained from sources other than the Issuing Office.

A Pre-bid Conference will be held at 10:00 a.m. local time on May 2, 2019 at the Lee County Public Service Authority office, 397 Park Street, Jonesville, Virginia 24263. Attendance at the pre-bid conference is highly encouraged, however, is not mandatory.

Bid security shall be furnished in accordance with the Instructions to Bidders.

Owner: Lee County Public Service Authority
By: Tracy Puckett
Title: Executive Director
Date: April 14, 2019

PUB2T 04/14/19 & 04/21/19

490 Sports Equipment

GUN SHOW
APRIL 27-28
SAT 9-5 & SUN. 9-4
KNOXVILLE EXPO CENTER
(5441 CLINTON HWY)
EXIT 108 OFF I-75N
INFO: (563) 927-8176
www.rkshows.com

KPT Set of Knight Diablo Left Handed Golf Clubs with Bag $50
KPT-Set of Kids Golf Clubs with Callaway Bag $30
For Pictures & More info Call 423-109-9754

Lead Shot for shotshell reloading size 7 1/2 $30
Lead Shot for shotshell reloading size 9 $30
Call 423-117-6651

Model 88 Winchester 308 lever action $800.00

77 Ruger 22 mag Bolt Action $700.00

187 Remington Super Mag 3 1/2" $700.00

Model 101 Winchester 12 gauge over and under $900.00

Browning Silver Camo 3 1/2" $850.00

Call 423-471-2777

R E N GUNSMITHING
General Gun Repair & Maintenance Since 2014
Church Hill, TN 423-276-5340

Used ProV1 dozen golf balls $12
Pro Line Fishing Line 10, 20, 30 lb test $14.00 retails for over $21
901-776-0067

510 Bicycles

A 10 speed 26in woman's bicycle for sale. Bought brand new rode very little. Needs minor repair. Asking only $25.00 firm for it, a great deal. Call 276-701-5580

BICYCLE CARRIER for 2 bicycles with locking mechanism. Made by Hollywood. $175. Call 245-[illegible]

520 Boats & Marine Equipment

FISHER BASS BOAT 10 ft. 10HP Mercury, trolling motor, 2 depth finders, garage kept. $8,500. 423-341-716[illegible]

The "Grey Ghost" is a one of a kind 1967 Chris Craft Cruiser [illegible] [illegible] Call 423-[illegible] between 9am & 5pm. If no answer, leave a message. O/O

FISHER LIFT JOHN BOAT with trailer, 9.9 Johnson motor, trolling motor and Eagle 2 Fish Finder. Very Good Condition $1,500. Call 423-279-0025 or 423-340-0377

TWO youth Tasteful jackets 70-90 lbs. Like New. [illegible] Both for $12. 423-247-6651

540 Musical Merchandise

A very nice Hamilton antique piano for sale for only $50.00 firm. It sounds great, just needs a little tuning. It's over 100 years old, restored would bring a lot of money. Call 276-701-5580

550 Fuel

FREE SEASONED FIRE WOOD. YOU HAUL. CALL 423-[illegible]

560 Lawn & Garden Equipment

1-Ryobi Weedeater $35.00
1-Toro Weedeater $35.00
1-Murray Weedeater $35.00
1-Poulan Chainsaw 20 inch $60.00
1-Pioneer Chainsaw 18 inch $50.00
Please call 423-725-3170 after 11:00A.M. All are used and rebuilt.

A 2006 [illegible] $1,000. FIRM. 423-[illegible]

A 2015 Husqvarna [illegible], 23 hp, 48" deck, 25 hrs. Good clean [illegible] $1,300 OBO.
A 2012 Cub Cadet [illegible] $1,150 OBO.
A 2015 [illegible] $600 OBO.
Call 423-[illegible]

Battery Powered Weed Eater (Toro) $50. 423-[illegible]

Husqvarna Blower with all attachments. Cost $200 at Lowes. I will take $125.00 for it. It is New. Call or Text for more information. Call or Text 423-677-[illegible]

Lawn mower Blades: Like new. Two 20 inch mower blades, one regular and one "Gator" (mulching) blade - $12 for both [illegible] those blades $1. 423-677-9895

Smart Pot Container Gardening Variety Pack breathable fabric planter pots. Includes 5 10,& 15 gallon sizes (normally sells for $30), now $15. 423-677-9895

THE YARD MACHINE [illegible] $600 423-239-9929

570 Store & Office Equipment

HP Officejet Pro 6820 Wireless Printer. This Printer does it all. Connects to Smartphone, Laptop or Desktop. Prints, Scans, Fax and it has all ink [illegible] [illegible] New. [illegible] $200 will take $75.00. Call or Text 423-677-2466

581 Health Equipment

Quantum Edge Q6 Electric Wheel Chair. For someone who must stay in chair for long periods at a time. [illegible] $3,000.00. 423-239-6401

Legals

PUBLIC NOTICE

PURSUANT to the Tennessee Self-Service Storage Facility Act the contents of the following Occupant's Leased Space shall be sold to satisfy the Owner's Lien:

1. Barbara Avent (E-09)
2. Mary Palmer (D-05)
3. Kara Nichols (D-14)
4. Debbie Edwards (A-12)
5. Amanda Hurd (E-32)

The sale shall be held at 10 a.m. on Saturday, May 4, 2019 for cash to the highest bidder at Owner's facility:

AMERICAN STORAGE CENTER
1305 East Stone Drive
Kingsport, TN 37660

PUB2 4/21/19 & 4/28/19

Legals

INVITATION TO BID

The Sullivan County Purchasing Agent is soliciting the following: RFP #[illegible] Propane Tank, 5/2/19, 2 pm; ITB #[illegible] 50 Ton Gooseneck Trailer, 5/3/19, 11 am. Call 423-323-6400 for additional information or visit our website at: www.sullivancountytn.gov KRISTINA DAVIS. By submission of this RFP the responding vendor certifies compliance with Title VI and Title VII of the Civil Rights Act of 1964, as amended and all regulations promulgated thereunder.

PUB1T 4/21/2019

Legals

PUBLIC NOTICE

The East Tennessee Regional Agribusiness Marketing Authority (ETRAMA) is accepting bids for: Fire Sprinkler System

The Fire Sprinkler System is to be installed in the 41,000 square foot facility located at 1715 Gordon Village Drive, White Pine, TN 37890 [illegible] [illegible] Deadline to submit bids will be 1:00 p.m. on May 7, 2019.

To receive a bid packet, please contact Derrick Collins at [illegible]

All bids must be mailed to PO Box 505, White Pine, TN 37890 and clearly marked in a sealed bid.

A public opening of the bids will be held on Thursday, April 18, 2019, at 2:00 p.m.

ETRAMA reserves the right to refuse any or all bids.

Any questions should be directed to the ETRAMA Office at 865-[illegible]

PUB3T 4/14/2019, 4/21/2019 & 4/28/2019

IT'S AS Easy as picking up your telephone. Call us with your classified ad now!

Sudoku Pacific

Complete the grid so that every row, column and 3x3 box contains every digit from 1 to 9 inclusively.

		9			5			6
8				1	7			
				2		1		8
	9			6			5	7
5								2
2	7			5			4	
7		8		9				
			2	7				4
6			1			3		

DIFFICULTY RATING: ★★★★★

Previous Puzzle Answer

6	7	5	1	4	8	9	3	2
1	4	3	9	2	5	6	7	8
8	9	2	6	3	7	1	5	4
3	2	6	5	1	4	7	8	9
4	5	8	7	6	9	3	2	1
9	1	7	3	8	2	4	6	5
2	6	1	4	5	3	8	9	7
5	3	9	8	7	1	2	4	6
7	8	4	2	9	6	5	1	3

Rentals

610 Vacation & Resort Property

Look!
BEACH SPECIAL
Myrtle Beach, SC
Condo for rent, 2 Br, 2 Ba, Ocean front, All Amenities. May 11th-18th. $850 no hidden charges, & no taxes. Serious inquires only. Call 423-349-7536

Wyndham Smoky Mountain, Sevierville, TN near Walmart & Chick-fil-a. 2BR deluxe condo sleeps 8. Full size kitchen, 2 Baths, private balcony & 3 TV's. Indoor/Outdoor pools, miniature golf. Ideal for family/friends/couples. 2 night weekends, price for both nights, no additional charges. $300.00. Available weekends 4/26 & 27; 5-3 & 4; 05-10 & 11; $400.00 available weekends 5-17 & 18; 05-24 & 25; 5-31 & 6-01; 6-07 & 08; 6-14 & 15

Call or text 423-306-1797

630 Furnished Apartments

A1-BEDROOM, Extra Clean, Extra Quiet, Furnished Duplex. Smoke Free. Utilities Paid. NO PETS. Call (423)306-4518

INCL UTILITIES
MOVE-IN
EXTRA $100 OFF
THIS MONTH
KITCHEN
REFRIGERATOR & MICROWAVE
CABLE, WI-FI
$199 FIRST WEEK
$599 FIRST MONTH
CALL 423-245-0271

630 Furnished Apartments

THE GARDENS EFFICIENCIES
1535 Fort Henry Drive
Kingsport, TN
Telephone and all utilities are included.
$550.00 furnished & $500.00 for unfurnished. Across from Dobyns Bennett High School. Call (423)246-[illegible]

640 Unfurnished Apartments

Look!
A 2BR/1BA APT in Colonial Heights. Hot & Cold water, & Trash pickup included. Section 8 OK. $575/mo + dep. Call 423-335-5871 or 423-484-9000

A PINECREST APTS.
Sunny Terrace Apts. 1 & 2 BR from $425 to $545. Water furnished. No pets. Ed Leeper Jr. 247-8051 or 765-2515

Aspen Ridge Properties
Apartments & Houses
423-392-4737
Studio & One BDR from $400-$500
2 BDs with W/D from $600
2BD Townhouse w/Garage from $695
Ask about houses

BRADLEY HILLS APTS
1401 University Blvd., Kpt
Luxury 2 & 3 BR 246-4355

CHURCH HILL VILLAGE
NOW Reduced rates. Avail now, 1,2 & 3 BR Townhouses & ground level units avail. Sec 8 OK. Info 423-276-5368

IMPERIAL TERRACE
1565 Fort Henry Dr
1BR, 1 Bath $465 per mo
2 BR, 2 Bath $625 per mo
3 BR, 2 Bath $715 per mo
Central Heat & AC, Dishwasher, W/D conn across from D-B High School. Carport available. MOVE IN SPECIAL $299
423-246-4021

Show & Sell Your Home
$150.00 Photo Ad Package
with our without photo
includes your twenty line classified real estate listing with photo for thirty days! Must be prepaid, no refunds.

TimesNews
Call 423-392-1311 or email classifieds@timesnews.net today!

RESOLUTION NO. 2019-_____

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE ALL DOCUMENTS NECESSARY AND PROPER TO RECEIVE COMMUNITY DEVELOPMENT BLOCK GRANT FUNDING FOR FISCAL YEAR 2020 FROM THE UNITED STATES OF DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WHEREAS, Community Development Block Grant funding, for fiscal year 2020, is available through the U. S. Department of Housing and Urban Development; and

WHEREAS, certain documents must be completed and executed to receive the funds.

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, all documents necessary and proper to receive Community Development Block Grant funding, for fiscal year 2020, through the U. S. Department of Housing and Urban Development.

SECTION II. That the board finds that the actions authorized by this resolution are for a public purpose and will promote the health, comfort and prosperity of the citizens of the city.

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

ADOPTED this the 7th day of May, 2019.

_____
JOHN CLARK, MAYOR

ATTEST:

_____
SIDNEY H. COX, CITY RECORDER

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, CITY ATTORNEY

Community Development Action Plan
FY 2019/2020

Proposed Project Descriptions

Housing

- *KAHR Program* – In FY 2019/2020, Community Development proposes to utilize $158,092 in the KAHR program. KAHR provides emergency repair of low and moderate income housing city-wide. This program utilizes volunteer labor provided by Carpenter's Helpers (FBSUMC) to offer emergency repair services to low and moderate income households. CDBG funds are used to purchase materials for repair projects.

  Also as part of the KAHR program, CDBG funds could be used to purchase dilapidated, vacant properties identified through the City's Codes Enforcement program.

Community Programs – For 2019/2020, Community Development proposes to fund the Community Programs line item at $35,000. These programs provide services including literacy, tutoring, employment readiness and community enrichment programs, targeted to low and moderate income persons and families. These grants are administered through subrecipient agreements prescribed by the U. S. Department of Housing and Urban Development (HUD) and monitored by the Community Development office. Upon approval of the overall funding allocation by the Board of Mayor and Aldermen, the Community Development Advisory Committee will review applications from various agencies and recommend funding agreements to the BMA. These agreements will be presented to the BMA after approval of CDBG funding by HUD.

Code Enforcement – In 2018, the Mayor's One Kingsport Summit recommended several action plan emphases to improve the Kingsport community in various target themes. Among these themes was the area of housing. The housing study committee has put forward a number of priorities for housing in the city, which spans the spectrum from affordable housing to up-scale market rate housing. One emphasis involved in housing is strengthening the City's Code Enforcement program. Since a substantial amount of code enforcement effort for the City is relative to lower income housing, the Advisory Committee recommended allocating $50,000 for the City's Code Enforcement program. Funds would be used to bolster the City's code enforcement inspections and review activities.

HOPE VI – For Program Year 2019, Community Development proposes to allocate $70,000 for repayment of a Section 108 Loan in support of the HOPE VI Riverview/Sherwood/Hiwassee Improvement project. In 2007 the City applied for $856,000 Section 108 Loan to fund acquisition or real property, demolition of existing

structures and/or infrastructure improvements in the Riverview Neighborhood as part of the HOPE VI project. Section 108 requires that the local jurisdiction utilize its current and future CDBG funds as collateral for the loan. Community Development has calculated that the City would need to set aside approximately $70,000 CDBG funds per year for 20 years to support this proposal.

Administration – For Program Year 2019, Community Development proposes an administration budget of $78,272. These funds provide staffing and necessary office expenses for the overall administration of the CDBG program, including the addition of shared costs of a Grants Accountant in the Finance Department. Administration funds are also utilized for Fair Housing Activities.

2019 COMMUNITY DEVELOPMENT BLOCK GRANT

Housing	
KAHR Program	**$158,092**
Community Programs	**$ 35,000**
Code Enforcement	**$ 50,000**
HOPE VI Project	**$ 70,000**
Administration	**$ 78,272**
TOTAL	**$391,364**

2018 COMMUNITY DEVELOPMENT BLOCK GRANT

Housing	
KAHR Program	**$158,642**
Community Programs	**$ 35,000**
Code Enforcement	**$ 50,000**
HOPE VI Project	**$ 70,000**
Administration	**$ 78,410**
TOTAL	**$392,052**

KINGSPORT
TENNESSEE

AGENDA ACTION FORM

Budget Ordinance to Appropriate $12,000.00 from the Tennessee Highway Safety Office (THSO) 2018-2019 Specialized Motorcycle Enforcement Grant

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-94-2019
Work Session: May 6, 2019
First Reading: May 7, 2019

Final Adoption: May 21, 2019
Staff Work By: Capt. Randall Gore
Presentation By: Chief David Quillin

Recommendation:
Approve the Budget Ordinance.

Executive Summary:
On April 2, 2019 via AF-63-2019, the Board of Mayor and Aldermen approved the Mayor executing any and all documents necessary to apply for and receive a Tennessee Highway Safety Office (THSO) specialized motorcycle enforcement grant. We have been notified that we were approved for $12,000.00 in grant funds. The grant will be utilized to enforce motorcycle law violations through saturation patrols.

There are no matching fund requirements.

Attachments:
1. Budget Ordinance

	Y	N	O
Adler			
Begley			
Cooper			
George			
McIntire			
Olterman			
Clark			

PRE-FILED
CITY RECORDER

ORDINANCE NO. _____

AN ORDINANCE TO AMEND THE GENERAL PROJECT/SPECIAL REVENUE FUND BUDGET BY APPROPRIATING GRANT FUNDS RECEIVED FROM THE TENNESSEE HIGHWAY SAFETY OFFICE (THSO) FOR THE YEAR ENDING JUNE 30, 2019; 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 funds received from the Tennessee Highway Safety Office in the amount of $12,000 to the TN Highway Safety Motorcycle Enforcement Grant project (NC1907) to enforce motorcycle law violations through saturation patrols. No matching funds are required.

Account Number/Description:		**Budget**	**Incr/<Decr>**	**New Budget**
Fund 111: General Project/Special Rev Fund				
TN Highway Safety Motorcycle Enf. Grant (NC1907)				
Revenues:		$	$	$
111-0000-337-6010	Safety/Homeland Security	0	12,000	12,000
	Totals:	**0**	**12,000**	**12,000**

Expenditures:		$	$	$
111-0000-601-1011	Overtime	0	8,482	8,482
111-0000-601-1020	Social Security	0	918	918
111-0000-601-1030	Health Insurance	0	200	200
111-0000-601-1040	Retirement	0	2,000	2,000
111-0000-601-1050	Life Insurance	0	50	50
111-0000-601-1052	Long Term Disability	0	50	50
111-0000-601-1060	Workmen's Comp	0	200	200
111-0000-601-1061	Unemployment Ins.	0	100	100
	Totals:	**0**	**12,000**	**12,000**

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.

_____
JOHN CLARK, Mayor

ATTEST:

_____
ANGIE MARSHALL
Deputy City Recorder

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, City Attorney

PASSED ON 1ST READING: _____

PASSED ON 2ND READING: _____

KINGSPORT
TENNESSEE

AGENDA ACTION FORM

Budget Ordinance and Enter into Agreement with TDOT for Island Road Improvements

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-97-2019
Work Session: May 6, 2019
First Reading: May 7, 2019

Final Adoption: May 21, 2019
Staff Work By: Michael Thompson
Presentation By: Ryan McReynolds

Recommendation: Approve the Budget Ordinance.

Executive Summary:
Island Road improvements involves the portion of Island Road from SR-126 (Memorial Boulevard) to the Kingsport City Limits. This project will realign Island Road to the southeast to improve vertical and horizontal roadway geometry for better traffic management and safety. The remaining unused portion of Island Road will be converted into a separated buffered multi use path connecting residential and commercial properties along the former roadway.

The estimated total cost for all phases of this project is $3,500,000, which will be funded 80% through KMTPO STBG funding source (Federal funds); and the local government is responsible for the 20% matching share (estimated amount of $700,000).

Therefore we request to enter into a Local Agency Project Agreement with TDOT for Island Road Improvements, and to also establish and fund MPO19A for this project. It is requested, at this time, to fund this project in the amount of $300,000; transferring funds from GP1615 311 0000 601 9001 to GP1926 311 0000 601 2023. This transfer will include funding for NEPA, Design, Right-of-Way, CEI, and TDOT ES phases. Local government construction phase funding will be at a later date through the Local Roads Capital Improvement Plan.

Project Data: TDOT Agreement #: 190070; PIN: 128742.00; Federal Project #: STP-M-9108(49); State Project #: 82LPLM-F3-088.

Attachments:
1. Budget Ordinance
2. Agreement (23 pages)
3. Location Map

Funding source appropriate and funds are available: _____

	Y	N	O
Adler			
Begley			
Cooper			
George			
McIntire			
Olterman			
Clark			

PRE-FILED
CITY RECORDER

ORDINANCE NO. _____

AN ORDINANCE TO AMEND THE GENERAL PROJECT FUND BUDGET FOR THE YEAR ENDING JUNE 30, 2019; 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 Fund budgets be amended by appropriating $2,800,000 KMTPO STBG Federal funds 80% and by transferring $300,000 from Indian Trail Dr. Ext. (GP1615) to the Island Road Improvements Project (GP1926) for the design phase. The local government construction phase funding will be transferred at a later date through the Local Roads Capital Improvement Plan.

Account Number/Description:		**Budget**	**Incr/<Decr>**	**New Budget**
Fund 311: General Project Fund				
Indian Trail Dr. Ext. (GP1615)				
Revenues:		$	$	$
311-0000-368-1040	Series 2011 GO Pub Imp	254,796	0	254,796
311-0000-368-1046	Series 2013B GO Pub Imp.	45,000	0	45,000
311-0000-368-1047	Series 2014A GO Bonds	7,741		7,741
311-0000-368-1054	Series 2016 GO (Nov 4)	2,558,464	(300,000)	2,258,464
311-0000-368-2101	Premium From Bond Sale	250,188	0	250,188
311-0000-391-0100	From General Fund	550,845	0	550,845
	Totals:	**3,667,034**	**(300,000)**	**3,367,034**
Expenditures:		$	$	$
311-0000-601-2023	Arch/Eng/Landscaping	397,221	5,165	402,386
311-0000-601-4041	Bond Sale Expense	34,346	0	34,346
311-0000-601-9001	Land	761,161	(300,000)	461,161
311-0000-601-9003	Improvements	2,474,306	(5,165)	2,469,141
	Totals:	**3,667,034**	**(300,000)**	**3,367,034**

Fund 311: General Project Fund				
Island Road Improvements (GP1926)				
Revenues:		$	$	$
311-0000-337-9010	FTA/TN Section 5303 80%	0	2,800,000	2,800,000
311-0000-368-1054	Series 2016 GO (Nov 4)	0	300,000	300,000
	Totals:	**0**	**3,100,000**	**3,100,000**
Expenditures:		$	$	$
311-0000-601-2023	Ach/Eng/Landscaping	0	550,000	550,000
311-0000-601-9001	Land	0	700,000	700,000

311-0000-601-9003	Improvement	0	1,850,000	1,850,000
	Totals:	**0**	**3,100,000**	**3,100,000**

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.

_____
JOHN CLARK, Mayor

ATTEST:

_____
SIDNEY H. COX, City Recorder

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, City Attorney

PASSED ON 1ST READING:
PASSED ON 2ND READING:

Agreement Number: 190070

Project Identification Number: 128742.00

Federal Project Number: STP-M-9108(49)

State Project Number: 82LPLM-F3-088

State of Tennessee Department of Transportation

LOCAL AGENCY PROJECT AGREEMENT

THIS AGREEMENT, made and entered into this _____ day of _____, 20___ by and between the STATE OF TENNESSEE DEPARTMENT OF TRANSPORTATION, an agency of the State of Tennessee (hereinafter called the "Department") and the CITY OF KINGSPORT (hereinafter called the "Agency") for the purpose of providing an understanding between the parties of their respective obligations related to the management of the project described as:

"Island Road, From SR-126 (Memorial Boulevard) to the Kingsport City Limits"

A. PURPOSE OF AGREEMENT

A.1 Purpose:

a) The purpose of this Agreement is to provide for the Department's participation in the project as further described in Exhibit A attached hereto and by this reference made a part hereof (hereinafter called the "Project") and state the terms and conditions as to the manner in which the Project will be undertaken and completed.

A.2 Modifications and Additions:

a) Exhibit(s) are attached hereto and by this reference made a part hereof.

B. ACCOMPLISHMENT OF PROJECT

B.1 General Requirements:

a)

	Responsible Party	Funding Provided by Agency or Project.
Environmental Clearance by:	**AGENCY**	**PROJECT**
Preliminary Engineering by:	**AGENCY**	**PROJECT**
Right-of-Way by:	**AGENCY**	**PROJECT**
Utility Coordination by:	**AGENCY**	**PROJECT**
Construction by:	**AGENCY**	**PROJECT**

b) After receiving authorization for a phase, the Agency shall commence and complete the phases as assigned above of the Project as described in Exhibit A with all practical dispatch, in a sound, economical, and efficient manner, and in accordance with the provisions herein, and all applicable laws. The Project will be performed in accordance with all latest applicable Department procedures, guidelines, manuals, standards, and directives as described in the Department's Local Government Guidelines, available in electronic format, which by this reference is made a part hereof as if fully set forth herein.

c) A full time employee of the Agency shall supervise the herein described phases of the Project. Said full time employee of the Agency shall be qualified to and shall ensure that the Project will be performed in accordance with the terms of this Agreement and all latest applicable Department procedures, guidelines, manuals, standards, and directives as described in the Department's Local Government Guidelines and this Agreement.

B.2 Completion Date:

a) The Agency agrees to complete the herein assigned phases of the Project on or before **April 30, 2024**. If the Agency does not complete the herein described phases of the Project within this time period, this Agreement will expire on the last day of scheduled completion as provided in this paragraph unless an extension of the time period is requested by the Agency and granted in writing by the Department prior to the expiration of the Agreement. An extension of the term of this Agreement will be effected through an amendment to the Agreement. Expiration of this Agreement will be considered termination of the Project. The cost of any work performed after the expiration date of the Agreement will not be reimbursed by the Department.

B.3 Environmental Regulations:

a) The Department will review environmental documents and require any appropriate changes for approval as described in the Department's Local Government Guidelines.

b) In the event the Agency is made responsible for the Environmental Clearances in Section B.1(a) of this Agreement, the Agency will be solely responsible for compliance with all applicable environmental regulations and for any liability arising from non-compliance with these regulations and will reimburse the Department of any loss incurred in connection therewith to the extent permitted by Tennessee Law. The Agency will be responsible for securing any applicable permits as described in the Department's Local Government Guidelines.

c) In the event the Agency is made responsible for the Environmental Clearances in section B.1.(a) of this Agreement, then the Agency must complete environmental clearances before it begins final design and understands that a separate Notice to Proceed will be submitted for final design. Any work on final design performed ahead of this Notice to Proceed will not be reimbursable.

B.4 Plans and Specifications

a) In the event that the Agency is made responsible for the Preliminary Engineering in Section B.1.(a) of this Agreement and federal and/or state funding is providing reimbursement, except as otherwise authorized in writing by the Department, the Agency shall not execute an agreement for the Preliminary Engineering phase of the Project without the written approval of the Department. Failure to obtain such written approval shall be sufficient cause for nonpayment by the Department.

b) In the event that this Agreement involves constructing and equipping of facilities on the State Highway System and/or is a Project with Federal participation and the Agency is made responsible for Preliminary Engineering in section B.1.(a) of this Agreement, the Agency shall submit to the Department for approval all appropriate plans and specifications covering the Project. The Department will review all plans and specifications and will issue to the Agency written approval with any approved portions of the Project and comments or recommendations covering any remainder of the Project deemed appropriate.

    1) After resolution of these comments and recommendations to the Department's satisfaction, the Department will issue to the Agency written approval and authorization to proceed with the next assigned phase of the Project. Failure to obtain this written approval and authorization to proceed shall be sufficient cause for nonpayment by the Department.

c) In the event that this Agreement involves the use of State Highway Right-of-Way, the Agency shall submit a set of plans to the TDOT Traffic Engineer responsible for

the land in question. These plans shall be sufficient to establish the proposed Project and its impact on the State Highway Right-of-Way.

B.5 Right-of-Way

a) The Agency shall, without cost to the Department, provide all land owned by the Agency or by any of its instrumentalities as may be required for the Project right-of-way or easement purposes.

b) The Agency understands that if it is made responsible for the Right-of-Way phase in section B.1(a) hereof and federal and/or state funds are providing the reimbursement, any activities initiated for the appraisal or the acquisition of land prior to authorization from the Department will not be reimbursed and that failure to follow applicable Federal and State law in this regard may make the Project ineligible for federal and/or state funding.

c) The Department will review the processes the Agency used for the acquisition of land and other right-of-way activities. If those processes are found to be in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (Public Law 91-646, 84 Stat. 1894), the Department will certify that the acquisition phase was completed appropriately. The Agency understands that the Project cannot proceed to the Construction phase until this certification of the acquisition phase has been provided. It further understands that if the processes used for acquisition are such that certification is impossible, federal and/or state funds will be withdrawn from the Project. If such withdrawal does occur, the Agency hereby agrees to reimburse the Department for all federal and/or state funds expended at the time of such withdrawal.

d) If the Agency is responsible for the Construction phase, it agrees to correct any damage or disturbance caused by its work within the State Highway Right-of-Way, including but not limited to the replacement of any control access fence removed by the Agency or its Contractor or agent during the Construction phase of the Project.

B.6 Approval of the Construction Phase

a) In the event that the Agency is made responsible for the Construction phase in section B.1.(a) of this Agreement, except as otherwise authorized in writing by the Department, the Agency shall not execute an agreement for the Construction phase of the Project without the written approval of the Department. Failure to obtain such approval shall be sufficient cause for nonpayment by the Department.

b) In the event that the Department is made responsible for the Construction phase in section B.1.(a) of this Agreement, when the construction phase begins, the Agency may make such periodic visits to the Project site as necessary to familiarize itself generally with the progress and quality of the work and to determine in general if

the work is proceeding in accordance with the Construction Agreement. If there is any perceived failure, the Agency shall give prompt written notification to the Department's Resident Engineer in charge.

c) If the Project includes State Highway Right-of-Way and the Agency is responsible for the Construction phase, the Agency shall follow all requirements imposed by the TDOT Traffic Engineer.

d) In the event that the Project includes State Highway Right-of-Way and the Agency is performing any construction work on this project, such work shall be performed to the satisfaction of the Department. If the Agency is being compensated for any construction work under this Agreement, any remedial work deemed necessary by the Department shall be done at the Agency's sole expense.

e) The Agency understands that all contractors allowed to bid hereunder must be included on the Department's pre-qualified contractor list. Under Federal law, however, no contractor shall be required by law, regulation, or practice to obtain a license before submitting a bid or before a bid may be considered for an award of a contract; provided, however, that this is not intended to preclude requirements for the licensing of a contractor upon or subsequent to the award of the contract if such requirements are consistent with competitive bidding.

B.7 Detours

a) If the Agency deems a detour to be necessary to maintain traffic during a road closure, then the Agency shall select, sign, and maintain the detour route in strict accordance with the Departments Final Construction Plan Notes and the Manual on Uniform Traffic Control Devices.

B.8 Utilities

a) In the event that the Department is made responsible for the Construction phase in Section B.1(a) of this Agreement, the Department shall also be responsible for the Utilities phase.

b) In the event that the Agency is made responsible for the Utilities Phase in section B.1.(a) of this Agreement, the following applies:

1) The Agency shall assist and ensure that all utility relocation plans are submitted by the utilities and received by the Regional TDOT Utility Office per TDOT's coordination instructions for approval prior to the Project advertisement for bids.

2) The Agency agrees to provide for and have accomplished all utility connections within the right-of-way and easements prior to the paving stage of the Construction phase.

B.9 Railroad

a) In the event that a railroad is involved, Project costs may be increased by federally required improvements. The Agency agrees to provide such services as necessary to realize these improvements. The Agency understands it may have to enter into additional agreements to accomplish these improvements.

C. PAYMENT TERMS AND CONDITIONS

C.1 Total Cost:

In the event that the Agency shall receive reimbursement for Project expenditures with federal and/or state funds for any portion of the herein described Project, this provision shall apply.

a) The Department agrees to reimburse the Agency for eligible and appropriate Project expenditures as detailed in the Department's Local Government Guidelines with federal and/or state funds made available and anticipated to become available to the Agency, provided that the maximum liability of the Department shall be as set forth in Exhibit A.

C.2 Eligible Costs:

In the event that the Agency shall receive federal and/or state funds for any portion of the herein described Project, this provision shall apply.

a) Only Project costs incurred after the issuance of the Notice to Proceed for each phase as detailed in the Department's Local Government Guidelines are eligible for Department reimbursement.

C.3 Limits on Federal and State Participation:

a) Federal and/or state funds shall not participate in any cost which is not incurred in conformity with applicable federal and state law, the regulations in 23 C.F.R. and 49 C.F.R., and policies and procedures prescribed by the Federal Highway Administration (FHWA). Federal funds shall not be paid on account of any cost incurred prior to authorization by the FHWA to the Department to proceed with the Project or part thereof involving such cost. (23 CFR 1.9 (a)). If FHWA and/or the Department determines that any amount claimed is not eligible, federal and/or state participation may be approved in the amount determined to be adequately supported. The Department shall notify the Agency in writing citing the reasons why items and amounts are not eligible for federal and/or state participation. Where correctable non-compliance with provisions of law or FHWA requirements exists, federal and/or state funds may be withheld until compliance is obtained. Where non-compliance is not correctable, FHWA and/or the Department may deny participation in Project costs in part or in total.

b) For any amounts determined to be ineligible for federal and/or state reimbursement for which the Department has made payment, the Agency shall promptly reimburse the Department for all such amounts within ninety (90) days of written notice.

c) The Agency agrees to pay all costs of any part of this project which are not eligible for federal and/or state funding. These funds shall be provided upon written request therefore by either (a) check, or (b) deposit to the Local Government Investment Pool, whenever requested.

C.4 Payment Methodology:

In the event that the Agency shall receive federal and/or state funds for any portion of the herein described Project, this provision shall apply.

a) The Agency shall submit invoices, in a form outlined in the Local Government Guidelines with all necessary supporting documentation, prior to any reimbursement of allowable costs. Such invoices shall be submitted no more often than monthly but at least quarterly and indicate, at a minimum, the amount charged by allowable cost line-item for the period invoiced, the amount charged by line-item to date, the total amounts charged for the period invoiced, and the total amount charged under this agreement to date. Each invoice shall be accompanied by proof of payment in the form of a canceled check or other means acceptable to the Department.

b) The payment of an invoice by the Department shall not prejudice the Department's right to object to or question any invoice or matter in relation thereto. Such payment by the Department shall neither be construed as acceptance of any part of the work or service provided nor as final approval of any of the costs invoiced therein. The Agency's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the Department not to constitute allowable costs. Any payment may be reduced for overpayments or increased for under-payments on subsequent invoices.

c) Should a dispute arise concerning payments due and owing to the Agency under this Agreement, the Department reserves the right to withhold said disputed amounts pending final resolution of the dispute.

C.5 The Department's Obligations:

In the event that the Department is managing all phases of the Project herein described, this provision C.5 does not apply.

a) Subject to other provisions hereof, the Department will honor requests for reimbursement to the Agency in amounts and at times deemed by the Department

to be proper to ensure the carrying out of the Project and payment of the eligible costs. However, notwithstanding any other provision of this Agreement, the Department may elect not to make a payment if:

1) **Misrepresentation:**
The Agency shall have made misrepresentation of a material nature in its application, or any supplement thereto or amendment thereof, or in or with respect to any document or data furnished therewith or pursuant hereto;

2) **Litigation:**
There is then pending litigation with respect to the performance by the Agency of any of its duties or obligations which may jeopardize or adversely affect the Project, this Agreement or payments to the Project;

3) **Approval by Department:**
The Agency shall have taken any action pertaining to the Project, which under this Agreement requires the approval of the Department or has made related expenditure or incurred related obligations without having been advised by the Department that same are approved;

4) **Conflict of Interests:**
There has been any violation of the conflict of interest provisions contained herein in D.16; or

5) **Default:**
The Agency has been determined by the Department to be in default under any of the provisions of the Agreement.

C.6 Final Invoices:

In the event that the Agency shall receive federal and/or state funds for any portion of the herein described Project, this provision shall apply.

a) The Agency must submit the final invoice on the Project to the Department within one hundred twenty (120) days after the completion of the Project. Invoices submitted after the one hundred twenty (120) day time period may not be paid.

C.7 Offset:

In the event that the Agency shall receive federal and/or state funds for any portion of the herein described Project, this provision shall apply.

a) If, after Project completion, any claim is made by the Department resulting from an audit or for work or services performed pursuant to this Agreement, the Department may offset such amount from payments due for work or services done under any agreement which it has with the Agency owing such amount if, upon

demand, payment of the amount is not made within sixty (60) days to the Department. Offsetting any amount pursuant to this section shall not be considered a breach of agreement by the Department.

C.8 Travel Compensation

a) If the Project provided for herein includes travel compensation, reimbursement to the Agency for travel, meals, or lodging shall be subject to amounts and limitations specified in the "State Comprehensive Travel Regulations," as they are amended from time to time and subject to the Agreement Budget.

D. STANDARD TERMS AND CONDITIONS

D.1 Governing Law:

a) This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee. The Agency agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Agreement. The Agency acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under Tennessee Code Annotated, Sections 9-8-101 through 9-8-407.

D.2 General Compliance with Federal, State, and Local Law:

a) The Agency is assumed to be familiar with and observe and comply with those Federal, State, and local laws, ordinances, and regulations in any manner affecting the conduct of the work and those instructions and prohibitive orders issued by the State and Federal Government regarding fortifications, military and naval establishments and other areas. The Agency shall observe and comply with those laws, ordinances, regulations, instructions, and orders in effect as of the date of this Agreement.

b) The parties hereby agree that failure of the Agency to comply with this provision shall constitute a material breach of this Agreement and subject the Agency to the repayment of all damages suffered by the State and/or the Department as a result of said breach.

D.3 State Law:

a) Nothing in the Agreement shall require the Agency to observe or enforce compliance with any provision thereof, perform any other act or do any other thing in contravention of any applicable state law, provided, that if any of the provisions of the Agreement violate any applicable state law, the Agency will at once notify the Department in writing in order that appropriate changes and modifications may be

made by the Department and the Agency to the end that the Agency may proceed as soon as possible with the Project.

D.4 Submission of the Proceedings, Agreements, and Other Documents:

a) The Agency shall submit to the Department such data, reports, records, agreements, and other documents relating to the Project as the Department and the Federal Highway Administration may require.

D.5 Appropriations of Funds:

a) This Agreement is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the Department reserves the right to terminate the Agreement upon thirty (30) days written notice to the Agency. Said termination shall not be deemed a breach of agreement by the Department. Upon receipt of the written notice, the Agency shall cease all work associated with the Agreement. Should such an event occur, the Agency shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Agency shall have no right to recover from the Department any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

D.6 Rights and Remedies Not Waived:

a) In no event shall the making by the Department of any payment to the Agency constitute or be construed as a waiver by the Department of any breach of covenant or any default which may then exist on the part of the Agency and the making of such payment by the Department, while any such breach or default shall exist, shall in no way impair or prejudice any right or remedy available to the Department with respect to such breach or default.

b) Nothing in this agreement shall be construed to limit the Department's right at any time to enter upon its highway right-of-way, including the area occupied by the Project, for the purpose of maintaining or reconstructing its highway facilities.

D.7 Department and Agency Not Obligated to Third Parties:

a) The Department and Agency shall not be obligated hereunder to any party other than the parties to this Agreement.

D.8 Independent Contractor:

a) The parties hereto, in the performance of this Agreement, shall not act as agents, employees, partners, joint ventures, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting

entities and that nothing in this Agreement shall be construed to create a principal/agent relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

b) The Agency, being a political subdivision of the State, is governed by the provisions of the Tennessee Government Tort Liability Act, Tennessee Code Annotated, Sections 29-20-101, et seq, and all other applicable laws.

D.9 Maintenance:

a) Nothing contained herein shall be construed as changing the maintenance responsibility of either party for any part of the referenced project that lies on its system of highways. If the project funded hereunder results in the installation of any traffic signal, lighting or other electrically operated device(s), then the Agency shall be solely responsible for and pay all costs associated with maintenance and operation of all electrically operated devices together with the related equipment, wiring and other necessary appurtenances, and the Agency shall furnish electrical current to all such devices which may be installed as part of the project. Additionally, the Agency shall be solely responsible for and pay all costs associated with the maintenance and operation of solar-powered devices, including, but not limited to, replacement of solar panels, batteries, lights and lenses.

b) In the event that the Department is made responsible for the Construction phase in section B.1.(a) of this Agreement and to the extent that the Department is responsible for accomplishing the construction of the project, the Department will notify the Agency when Construction phase of the project has been completed; provided however, that failure to notify the Agency shall not relieve the Agency of its maintenance responsibilities.

D.10 Disadvantaged Business Enterprise (DBE) Policy and Obligation:

In the event that the herein-described project is funded with federal funds, the following shall apply:

a) **DBE Policy:**
It is the policy of the Department that Disadvantaged Business Enterprises, as defined in 49 C.F.R., Part 26, as amended, shall have the opportunity to participate in the performance of agreements financed in whole or in part with Department funds under this Agreement. The DBE requirements of applicable federal and state regulations apply to this Agreement; including but not limited to project goals and good faith effort requirements.

b) **DBE Obligation:**

The Agency and its Contractors agree to ensure that Disadvantaged Business Enterprises, as defined in applicable federal and state regulations, have the opportunity to participate in the performance of agreements and this Agreement. In this regard, all recipients and Contractors shall take all necessary and reasonable steps in accordance with applicable federal and state regulations, to ensure that the Disadvantaged Business Enterprises have the opportunity to compete for and perform agreements. The Agency shall not discriminate on the basis of race, color, national origin or sex in the award and performance of Department-assisted agreements.

D.11 Tennessee Department of Transportation Debarment and Suspension:

a) In accordance with the Tennessee Department of Transportation regulations governing Contractor Debarment and Suspension, Chapter 1680-5-1, the Agency shall not permit any suspended, debarred or excluded business organizations or individual persons appearing on the Tennessee Department of Transportation Excluded Parties List to participate or act as a principal of any participant in any covered transaction related to this Project. Covered transactions include submitting a bid or proposal, entering into an agreement, or participating at any level as a subContractor.

D.12 Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion (applies to federal aid projects):

a) **Instructions for Certification - Primary Covered Transactions:**

By signing and submitting this Agreement, the Agency is providing the certification set out below.

1) The inability of a person to provide the certification set out below will not necessarily result in denial of participation in this covered transaction. The Agency shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the Department's determination whether to enter into this transaction. However, failure of the Agency to furnish a certification or an explanation shall disqualify such a person from participation in this transaction.

2) The certification in this clause is a material representation of fact upon which reliance was placed when the Department determined to enter into this transaction. If it is later determined that the Agency knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the Department may terminate this transaction for cause or default.

3) The Agency shall provide immediate written notice to the Department if at any time the Agency learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

4) The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the Department for assistance in obtaining a copy of those regulations.

5) The Agency agrees by entering into this Agreement that it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the Department.

6) The Agency further agrees by entering into this Agreement that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," provided by the Department, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7) An Agency may rely upon a certification of a prospective participant in a lower tier covered transaction that is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Non-procurement portion of the "Lists of Parties Excluded From Federal Procurement or Non-procurement Programs" (Non-procurement List) which is compiled by the General Services Administration.

8) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9) Except for transactions authorized under these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the Department may terminate this transaction for cause or default.

b) **Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion--Primary Covered Transactions:**

The prospective participant in a covered transaction certifies to the best of its knowledge and belief, that it and its principals:

1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal, State or local department or agency;

2) Have not within a 3-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or agreement under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

3) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in this certification; and

4) Have not within a 3-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

5) Where the prospective participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

D.13 Equal Employment Opportunity:

a) In connection with the performance of any Project, the Agency shall not discriminate against any employee or applicant for employment because of race, age, religion, color, sex, national origin, disability or marital status. The Agency will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, age, religion, color, gender, national origin, disability or marital status. Such action shall include, but not be limited to, the following: employment upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

b) The Agency shall insert the foregoing provision in all agreements modified only to show the particular contractual relationship in all its agreements in connection with the development of operation of the Project, except agreements for the standard commercial supplies or raw materials, and shall require all such Contractors to

insert a similar provision in all subcontracts, except subcontracts for standard commercial supplies or raw materials. When the Project involves installation, construction, demolition, removal, site improvement, or similar work, the Agency shall post, in conspicuous places available to employees and applicants for employment for Project work, notices to be provided by the Department setting forth the provisions of the nondiscrimination clause.

D.14 Title VI – Civil Rights Act of 1964:

a) The Agency shall comply with all the requirements imposed by Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), 49 C.F.R., Part 21, and related statutes and regulations. The Agency shall include provisions in all agreements with third parties that ensure compliance with Title VI of the Civil Rights Act of 1964, 49 C.F.R., Part 21, and related statutes and regulations.

D.15 Americans with Disabilities Act of 1990 (ADA):

a) The Agency will comply with all the requirements as imposed by the ADA and the regulations of the federal government issued thereunder.

D.16 Conflicts of Interest:

a) The Agency warrants that no amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subContractor, or consultant to the Agency in connection with any work contemplated or performed relative to this Agreement.

b) The Agency shall insert in all agreements entered into in connection with the Project or any property included or planned to be included in any Project, and shall require its Contractors to insert in each of it's subcontracts, the following provision:

1) "No amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subContractor, or consultant to the Agency in connection with any work contemplated or performed relative to this Agreement."

D.17 Interest of Members of or Delegates to, Congress (applies to federal aid projects):

a) No member of or delegate to the Congress of the United States shall be admitted to any share or part of the Agreement or any benefit arising therefrom.

D.18 Restrictions on Lobbying (applies to federal aid projects):

The Agency certifies, to the best of its knowledge and belief, that:

a) No federally appropriated funds have been paid or will be paid, by or on behalf of the Agency, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal agreement, the making of any federal grant, the making of any federal loan, and entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal agreement, grant, loan, or cooperative agreement.

b) If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this grant, loan, or cooperative agreement, the Agency shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

c) The Agency shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and agreements under grants, loans, and cooperative agreements) and that all sub-recipients of federally appropriated funds shall certify and disclose accordingly.

D.19 Records:

a) The Agency shall maintain documentation for all charges against the Department under this Agreement. All costs charged to the Project, including any approved services contributed by the Agency or others, shall be supported by properly executed payrolls, time records, invoices, agreements or vouchers evidencing in proper detail and in a form acceptable to the Department the nature and propriety of the charges. The books, records, and documents of the Agency, insofar as they relate to work performed or money received under this Agreement, shall be maintained and made available upon request to the Department at all times during the period of this Agreement and for at least three (3) years after final payment is made.

b) Copies of these documents and records shall be furnished to the Department, the Comptroller of the Treasury, or their duly appointed representatives, upon request. Records of costs incurred includes the Agency's general accounting records and the Project records, together with supporting documents and records, of the Agency and all subContractors performing work on the Project and all other records of the Agency and subContractors considered necessary by the Department for a proper audit of costs. If any litigation, claim, or audit is started before the expiration of the three (3) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved.

c) The aforesaid requirements to make records available to the Department shall be a continuing obligation of the Agency and shall survive a termination of the Agreement.

D.20 Inspection:

a) The Agency shall permit, and shall require its Contractor, subContractor or materials vendor to permit, the Department's authorized representatives and authorized agents of the Federal Highway Administration to inspect all work, workmanship, materials, payrolls, records and to audit the books, records and accounts pertaining to the financing and development of the Project.

b) The Department reserves the right to terminate this Agreement for refusal by the Agency or any Contractor, subContractor or materials vendor to allow public access to all documents, papers, letters or other material made or received in conjunction with this Agreement.

D.21 Annual Report and Audit:

a) In the event that an Agency expends $500,000 or more in federal awards in its fiscal year, the Agency must have a single or program specific audit conducted in accordance with the United States Office of Management and Budget (OMB) Circular A-133.

b) All books of account and financial records shall be subject to annual audit by the Tennessee Comptroller of the Treasury or the Comptroller's duly appointed representative. When an audit is required, the Agency may, with the prior approval of the Comptroller, engage a licensed independent public accountant to perform the audit. The audit agreement between the Agency and the licensed independent public accountant shall be on an agreement form prescribed by the Tennessee Comptroller of the Treasury. Any such audit shall be performed in accordance with generally accepted government auditing standards, the provisions of OMB Circular A-133, if applicable, and the Audit Manual for Governmental Units and Recipients of Grant Funds published by the Tennessee Comptroller of the Treasury.

c) The Agency shall be responsible for reimbursement of the cost of the audit prepared by the Tennessee Comptroller of the Treasury, and payment of fees for the audit prepared by the licensed independent public accountant. Payment of the audit fees of the licensed independent public accountant by the Agency shall be subject to the provisions relating to such fees contained in the prescribed agreement form noted above. Copies of such audits shall be provided to the designated cognizant state agency, the Department, the Tennessee Comptroller of the Treasury, and the

Department of Finance and Administration and shall be made available to the public.

D.22 Termination for Convenience:

a) The Department may terminate this agreement without cause for any reason. Said termination shall not be deemed a breach of agreement by the Department. The Department shall give the Agency at least thirty (30) days written notice before the effective termination date. The Agency shall be entitled to compensation for authorized expenditures and satisfactory services completed as of the termination date, but in no event shall the Department be liable to the Agency for compensation for any service which has not been rendered. The final decision as to the amount for which the Department is liable shall be determined by the Department. Should the Department exercise this provision, the Agency shall not have any right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

D.23 Termination for Cause:

a) If the Agency fails to properly perform its obligations under this Agreement in a timely or proper manner, or if the Agency violates any terms of this Agreement, the Department shall have the right to immediately terminate the Agreement and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Agency shall not be relieved of liability to the Department for damages sustained by virtue of any breach of this Agreement by the Agency.

b) In the event that the Project herein described includes Federal funds, the Agency understands that if the Federal Highway Administration (FHWA) determines that some or all of the cost of this project is ineligible for federal funds participation because of failure by the Agency to adhere to federal laws and regulations, the Agency shall be obligated to repay to the Department any federal funds received by the Agency under this agreement for any costs determined by the FHWA to be ineligible.

c) If the Project herein described lies on the state highway system and the Agency fails to perform any obligation under this section of this agreement, the Department shall have the right to cause the Agency, by giving written notice to the Agency, to close the Project to public use and to remove the Project at its own expense and restore the premises to the satisfaction of the Department within ninety (90) days thereafter.

D.24 How Agreement is Affected by Provisions Being Held Invalid:

a) If any provision of this Agreement is held invalid, the remainder of this Agreement shall not be affected. In such an instance the remainder would then continue to conform to the terms and requirements of applicable law.

D.25 Agreement Format:

a) All words used herein in the singular form shall extend to and include the plural. All words used in the plural form shall extend to and include the singular. All words used in any gender shall extend to and include all genders.

D.26 Certification Regarding Third Party Contracts:

a) The Agency certifies by its signature hereunder that it has no understanding or contract with a third party that will conflict with or negate this Agreement in any manner whatsoever.

b) The Agency further certifies by its signature hereunder that it has disclosed and provided to the Department a copy of any and all contracts with any third party that relate to the Project or any work funded under this Agreement.

c) The Agency further certifies by its signature hereunder that it will not enter into any contract with a third party that relates to this project or to any work funded under this Agreement without prior disclosure of such proposed contract to the Department.

d) The Agency hereby agrees that failure to comply with these provisions shall be a material breach of this Agreement and may subject the Agency to the repayment of funds received from or through the Department under this Agreement and to the payment of all damages suffered by the Department as a result of said breach.

D.27 Amendment:

a) This Agreement may be modified only by a written amendment, which has been executed and approved by the appropriate parties as indicated on the signature page of this Agreement.

D.28 State Liability:

a) The Department shall have no liability except as specifically provided in this Agreement.

D.29 Force Majeure:

a) The obligations of the parties to this Agreement are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.

D.30 Required Approvals:

a) The Department is not bound by this Agreement until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.

D.31 Estimated Cost:

a) The parties recognize that the estimated costs contained herein are provided for planning purposes only. They have not been derived from any data such as actual bids, etc

b) In the event that the Department is made responsible in section B.1.(a) of this Agreement for the management of the herein described Project, the parties understand that more definite cost estimates will be produced during project development. These more reliable estimates will be provided to the Agency by the Department as they become available.

D.32 Third Party Liability:

a) The Agency shall assume all liability for third-party claims and damages arising from the construction, maintenance, existence and use of the Project to the extent provided by Tennessee Law and subject to the provisions, terms and liability limits of the Governmental Tort Liability Act, T.C.A. Section 29-20-101, et seq, and all applicable laws.

D.33 Deposits:

a) Required deposits and any other costs for which the Agency is liable shall be made available to the Department, whenever requested.

D.34 Department Activities:

a) Where the Agency is managing any phase of the project the Department shall provide various activities necessary for project development. The estimated cost for these activities are included in the funds shown herein.

D.35 Congestion Mitigation and Air Quality Requirement:

a) If the herein described project is funded with Congestion Mitigation Air Quality (CMAQ) funds, this section D.35 shall apply.

1) Whereas the Agency understands and agrees that the funding provided hereunder must be obligated with the Federal Highway Administration within three years from the date of this agreement. It is further agreed that once all requirements have been met for development of the project, the Agency will expend the funds in a manner to insure its expenditure on a continuous basis until the funds are exhausted. Failure to follow this process may result in a loss of funds.

D.36 Investment of Public Funds:

a) The facility on which this project is being developed shall remain open to the public and vehicular traffic for a sufficient time to recoup the public investment therein as shown below:

Amount		**Open to Public and Vehicular Traffic**
$1.00 - $200,000	=	5 Years
>$200,000 - $500,000	=	10 Years
>$500,000 - $1,000,000	=	20 Years

b) Projects over $1,000,000 carry a minimum 25 years open to public and vehicular traffic requirement and will be subject to individual review.

D.37 Federal Funding Accountability and Transparency Act:

a) **If the Project is funded with federal funds the following shall apply:** The Agency shall comply with the Federal Funding Accountability and Transparency Act of 2006 (Pub.L. 109-282), as amended by section 6202 of Public Law 110-252 ("the Transparency Act") and the regulations and requirements of the federal government issued thereunder, including, but not limited to, 2 CFR Part 170. The Agency shall submit the information needed for the Transparency Act in accordance with the forms and processes identified by the Department.

IN WITNESS WHEREOF, the parties have caused this instrument to be executed by their respective authorized officials on the date first above written.

CITY OF KINGSPORT

By: _____ _____
John Clark **Date**
Mayor

STATE OF TENNESSEE
DEPARTMENT OF TRANSPORTATION

By: _____ _____
Clay Bright **Date**
Commissioner

APPROVED AS TO
FORM AND LEGALITY

By: _____ _____
J. Michael Billingsley **Date**
Attorney

APPROVED AS TO
FORM AND LEGALITY

By: _____ _____
John Reinbold **Date**
General Counsel

EXHIBIT "A"

AGREEMENT #: 190070

PROJECT IDENTIFICATION #: 128742.00

FEDERAL PROJECT #: STP-M-9108(49)

STATE PROJECT #: 82LPLM-F3-088

PROJECT DESCRIPTION: Island Road, From SR-126 (Memorial Boulevard) to the Kingsport City Limits. This project will realign Island Road to the southeast to improve vertical and horizontal roadway geometry for better traffic management and safety. The remaining now unused portion of Island Road will be converted into a separated buffered multi use path connecting residential and commercial properties along the former roadway.

CHANGE IN COST: Cost hereunder is controlled by the Surface Transportation Block Grant Program funding available to or allocable to the Agency.

TYPE OF WORK: Realignment

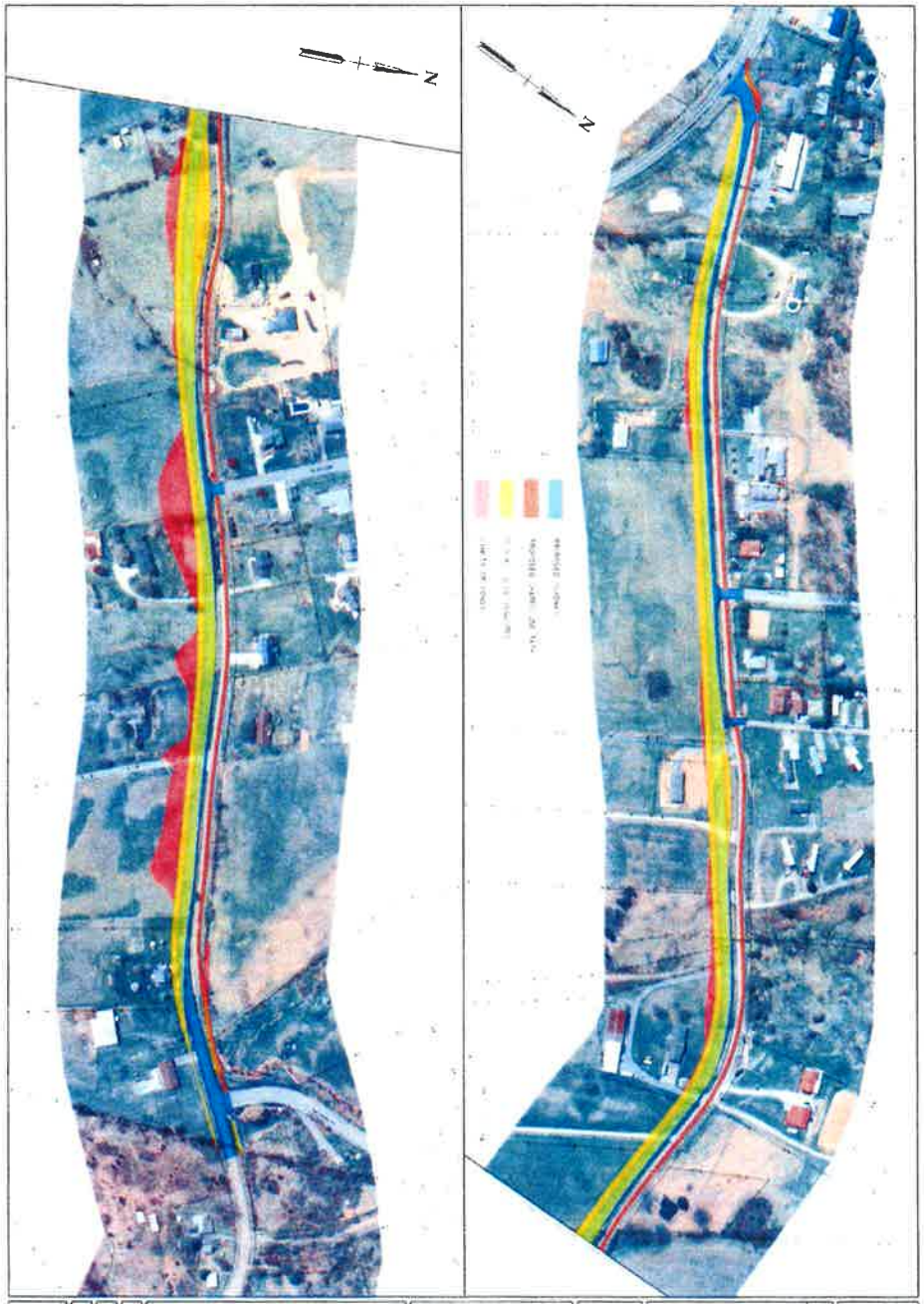
PHASE	FUNDING SOURCE	FED %	STATE %	LOCAL %	ESTIMATED COST
PE-NEPA	STBG	80	0	20	**$150,000.00**
PE-DESIGN	STBG	80	0	20	**$150,000.00**
RIGHT-OF-WAY	STBG	80	0	20	**$700,000.00**
CONSTRUCTION	STBG	80	0	20	**$2,225,000.00**
CEI	STBG	80	0	20	**$250,000.00**
TDOT ES	STBG	80	0	20	**$25,000.00**

INELIGIBLE COST: One hundred percent (100%) of the actual cost will be paid from Agency funds following expenditure of the most recently approved TIP cost or if the use of said federal funds is ruled ineligible at any time by the Federal Highway Administration.

TDOT ENGINEERING SERVICES (TDOT ES): In order to comply with all federal and state laws, rules, and regulations, the TDOT Engineering Services line item in Exhibit A is placed there to ensure that TDOT's expenses associated with the project during construction are covered. The anticipated TDOT expenses include but are not necessarily limited to Construction Inspection and Material and Testing Expenses (Quality Assurance Testing).

LEGISLATIVE AUTHORITY: STBG: 23 U.S.C.A, Section 133, Surface Transportation Block Grant Program funds allocated or subject to allocation to the Agency.

For federal funds included in this contract, the CFDA Number is 20.205, Highway Planning and Construction funding provided through an allocation from the US Department of Transportation.



3

CITY OF KINGSPORT
PROPOSED LAYOUT
ALTERNATE 3
KINGSPORT, TN

Mattern & Craig

KINGSPORT
TENNESSEE

AGENDA ACTION FORM

Budget Adjustment Ordinance for FY19

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-96-2019
Work Session: May 6, 2019
First Reading: May 7, 2019

Final Adoption: May 21, 2019
Staff Work By: Judy Smith
Presentation By: Jeff Fleming

Recommendation:
Approve the Ordinance.

Executive Summary:
The budget adjustment ordinance will transfer $100,000 to the Satellite Salt Shed project from the Snow Removal project.

It will appropriate $2,408 received from the Friends of the Library to the Library Governing Board Fund to purchase program supplies.

The budget adjustment will transfer $50,000 to the Sewer Pump Station O & M project for repairs.

Attachments:
1. Ordinance

Funding source appropriate and funds are available:

	Y	N	O
Adler			
Begley			
Cooper			
George			
McIntire			
Olterman			
Clark			

PRE-FILED
CITY RECORDER

ORDINANCE NO. _____

AN ORDINANCE TO AMEND VARIOUS PROJECTS FOR THE YEAR ENDING JUNE 30, 2019; 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 Fund budgets be amended by transferring $100,000 from the Snow Removal project (GP1741) to the Satellite Salt Shed project (GP1810), transferring $21,000 from the Renaissance Sky Light project (GP1806) to the Facility Maintenance and Improvements project (GP1903) and by appropriating $800 to the Police Storage Lot project (GP1925). Close project GP1806.

SECTION II. That the Library Governing Board Fund be amended by appropriating $2,408 received from the Friends of the Library for program supplies.

SECTION III. That the Sewer Project Fund budgets be amended by transferring $221,561 WWTP Improvements (SW1700) to the Sewer Fund operating budget for pump station repairs and by transferring $50,000 from the Sewer Lift Station Improvement Project (ST1702) to the Sewer Pump Station O & M project (SW1903).

Account Number/Description:		**Budget**	**Incr/<Decr>**	**New Budget**
Fund 311: General Project Fund				
Snow Removal (GP1741)				
Revenues:		$	$	$
311-0000-391-0100	From General Fund	190,000	(100,000)	90,000
	Totals:	**190,000**	**(100,000)**	**90,000**
Expenditures:		$	$	$
311-0000-601-2022	Construction Contracts	190,000	(100,000)	90,000
	Totals:	**190,000**	**(100,000)**	**90,000**
Fund 311: General Project Fund				
Satellite Salt Shed (GP1810)				
Revenues:		$	$	$
311-0000-368-1055	Series 2017A GO Bonds	96,889	0	96,889
311-0000-368-2101	Premium From Bond Sale	4,429	0	4,429
311-0000-391-0100	From General Fund	0	100,000	100,000
	Totals:	**101,318**	**100,000**	**201,318**

Expenditures:		$	$	$
311-0000-601-4041	Bond Sale Expense	1,318	0	1,318
311-0000-601-9001	Land	47,000	0	47,000
311-0000-601-9006	Purchases Over $5,000	53,000	100,000	153,000
	Totals:	**101,318**	**100,000**	**201,318**

Fund 311: General Project Fund
Renaissance Sky Light (GP1806)

Revenues:		$	$	$
311-0000-368-1055	Series 2017 A GO Bonds	356,553	(21,000)	335,553
311-0000-368-2101	Premium From Bond Sale	16,296	0	16,296
	Totals:	**372,849**	**(21,000)**	**351,849**

Expenditures:		$	$	$
311-0000-601-4041	Bond Sale Expense	4,849	0	4,849
311-0000-601-9003	Improvements	368,000	(21,000)	347,000
	Totals:	**372,849**	**(21,000)**	**351,849**

Fund 311: General Project Fund
Facility Maint & Improve. (GP1903)

Revenues:		$	$	$
311-0000-368-1055	Series 2017 A GO Bonds	0	21,000	21,000
311-0000-368-1056	Series 2018A GO Bonds	421,097	0	421,097
311-0000-368-2101	Premium From Bond Sale	15,634	0	15,634
	Totals:	**436,731**	**21,000**	**457,731**

Expenditures:		$	$	$
311-0000-601-4041	Bond Sale Expense	9,774	0	9,774
311-0000-601-9003	Improvements	426,957	21,000	447,957
	Totals:	**436,731**	**21,000**	**457,731**

Fund 137: Library Governing Board

Revenues:		$	$	$
137-0000-364-3000	From Non-Profit Groups	0	2,408	2,408
	Totals:	**0**	**2,408**	**2,408**

Expenditures:		$	$	$
137-4540-474-3039	Library Programs Supplies	2,360	2,408	4,768
	Totals:	**2,360**	**2,408**	**4,768**

Fund 311: General Project Fund
Police Storage Lot (GP1925)

Revenues:		$	$	$
311-0000-391-0100	From General Fund	0	800	800
	Totals:	**0**	**800**	**800**

Expenditures:		$	$	$
311-0000-601-9003	Improvements	0	800	800
	Totals:	**0**	**800**	**800**

Fund 110: General Fund

Expenditures:		$	$	$
110-3001-441-2055	Repairs & Maintenance	5,800	(800)	5,000
110-4804-481-7036	General Project Fund	5,961,155	800	5,961,955
	Totals:	**5,966,955**	**0**	**5,966,955**

Fund 452: Sewer Project Fund
WWTP Imp. (SW1700)

Revenues:		$	$	$
452-0000-391-0531	Series 2014B GO Bonds	228,768	0	228,768
452-0000-391-4500	From Sewer Fund	377,971	(221,561)	156,410
	Totals:	**606,739**	**(221,561)**	**385,178**

Expenditures:		$	$	$
452-0000-606-2023	Arch/Eng/Landscaping	177,510	0	177,510
452-0000-606-9003	Improvements	429,229	(221,561)	207,668
	Totals:	**606,739**	**(221,561)**	**385,178**

Fund 412: Sewer Fund

Expenditures:		$	$	$
412-6996-696-7602	Sewer Project Fund	1,245,000	(221,561)	1,023,439
412-5003-501-3020	Operating Supplies & Tools	358,908	221,561	580,469
	Totals:	**1,603,908**	**0**	**1,603,908**

Fund 452: Sewer Project Fund
Sewer Lift Station Imp. (SW1702)

Revenues:		$	$	$
452-0000-391-0529	Series 2013B GO Pub Imp	47,490	0	47,490
452-0000-391-4200	From Sewer Fund	612,171	(50,000)	562,171
	Totals:	**659,661**	**(50,000)**	**609,661**

Expenditures:		$	$	$
452-0000-606-2023	Arch/Eng/Landscaping	70,000	0	70,000
452-0000-606-9001	Land	14,500	0	14,500

452-0000-606-9003	Improvements	260,000	0	260,000
452-0000-606-9019	Pump Stations	315,161	(50,000)	265,161
	Totals:	**659,661**	**(50,000)**	**609,661**

Fund 452: Sewer Project Fund
SW Pump Station O & M (SW1903)

Revenues:		**$**	**$**	**$**
452-0000-391-4200	From Sewer Fund	246,852	50,000	296,852
	Totals:	**246,852**	**50,000**	**296,852**

Expenditures:		**$**	**$**	**$**
452-0000-606-9019	Pump Stations	246,852	50,000	296,852
	Totals:	**246,852**	**50,000**	**296,852**

SECTION III. 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.

_____
JOHN CLARK, Mayor

ATTEST:

_____
SIDNEY H. COX, City Recorder

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, City Attorney

PASSED ON 1ST READING:
PASSED ON 2ND READING:

KINGSPORT
TENNESSEE

AGENDA ACTION FORM

Ordinance to Amend the FY 2019 the General Purpose School Fund and the General Project Fund Budgets

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-105-2019
Work Session: May 6, 2019
First Reading: May 7, 2019

Final Adoption: May 21, 2019
Staff Work By: David Frye
Presentation By: David Frye

Recommendation:
Approve the Ordinance.

Executive Summary:
The Board of Education approved fiscal year 2019 budget amendment number three at their meeting on May 7, 2019. This amendment transfers funds from the General Purpose School Fund Unreserved Fund Balance, in the amount of $352,044 to the General Project Fund. These funds are being transferred to the General Project Fund to fund paving repairs to the lower portion (former driver education range) of the Dobyns-Bennett parking lot.

Attachments:
1. Ordinance
2. BOE Budget Amendment Number Three – FY 2019

Funding source appropriate and funds are available:_____

	Y	N	O
Alder			
Begley			
Cooper			
George			
McIntire			
Olterman			
Clark			

PRE-FILED
CITY RECORDER

ORDINANCE NO. _____

AN ORDINANCE TO AMEND the GENERAL PURPOSE SCHOOL FUND AND THE GENERAL PROJECTS FUND BUDGETS FOR THE FISCAL YEAR ENDING JUNE 30, 2019; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

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

SECTION I. That the General Purpose School Fund Budget be amended by increasing the estimated revenue for Fund Balance Appropriations by $ and by increasing the appropriation for Fund Transfers by $. That the General Project Fund Budget be amended by increasing the estimated revenue for the Dobyns-Bennett Science and Technology project (GP1620) – Transfers from School Fund by $ and by increasing the appropriations for Arch/Engineering Fees by $; Construction Contracts $;

Fund 141: General Purpose School Fund

Revenues:		**$**	**$**	**$**
141-0000-392-0100	Fund Balance Appropriations	1,167,861	352,044	1,519,905
	Total:	**1,167,861**	**352,044**	**1,519,905**
Expenditures:				
141-7950-881-0590	Fund Transfers	676,943	352,044	1,028,987
	Total:	**676,943**	**352,044**	**1,028,987**

Fund 311: General Project Fund
DB Science and Tech Center Project (GP1620)

Revenues:		**$**	**$**	**$**
311-0000-368-1041	2012C GO Bonds	200,000	0	200,000
311-0000-368-1047	2014A GO Bonds	100,000	0	100,000
311-0000-391-2100	Transfer from School Fund	0	352,044	352,044
311-0000-391-2150	Sullivan Co School Bonds	22,875,000	0	22,875,000
	Total:	**23,175,000**	**352,044**	**23,527,044**
Expenditures:				
311-0000-601-2022	Construction Contracts	21,002,000	331,999	21,333,999
311-0000-601-2023	Arch/Eng/Landscaping Serv	1,395,000	20,045	1,415,045
311-0000-601-9004	Equipment	778,000	0	778,000
	Total:	**23,175,000**	**352,044**	**23,527,044**

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.

_____
JOHN CLARK, Mayor

ATTEST:

_____
SIDNEY H. COX
City Recorder

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, City Attorney

PASSED ON 1ST READING: _____

PASSED ON 2ND READING: _____

May 7, 2019

KINGSPORT CITY SCHOOLS
FISCAL YEAR 2018-2019
BUDGET AMENDMENT NUMBER THREE

GENERAL PURPOSE SCHOOL FUND

FUND BALANCE APPROPRIATION

The audited Unreserved Fund Balance at June 30, 2018, was $6,127,644. This amount is almost eight percent of the FY 2019 General Purpose School Fund budget. During FY 2019 there have been Fund Balance appropriations as listing below:

1. Prior year purchase orders	$ 177,192
2. FY 2019 operating budget	267,600
3. Safe Safety and Safe Schools grants local match	99,480
4. E-rate local match	186,271
5. Kennedy playground	437,318
Total	$1,167,861

The amount of funding required to repair the lower portion of the Dobyns-Bennett parking lot is $352,044. If this amount is funded from the Fund Balance account, the new balance would be $4,607,739. This is 6.0% of the FY 2019 operating budget.

It is recommended that the estimate for Fund Balance Appropriations and that the appropriation Fund Transfers be increased by $352,044. It is further recommended that these funds be transferred to the General Project Fund for the Dobyns-Bennett Science and Technology Center.

GENERAL PROJECTS FUND

DOBYNS-BENNETT SCIENCE AND TECHNOLOGY CENTER

The current budget for the Science and Technology Center is $23,175,000. With the additional funding the repair the parking lot the new total will be $23,527,044. It is recommended that the estimated revenue for Transfers from the School Fund be increased by $352,044 and that the appropriations for Arch/Engineering Fees and Construction Contracts increased by $352,044.

KINGSPORT
TENNESSEE

AGENDA ACTION FORM

Approval of Master Documents for the Flexible Spending Account and Section 125 Cafeteria Plan

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-79-2019
Work Session: May 6, 2019
First Reading: N/A

Final Adoption: May 7, 2019
Staff Work By: G. DeCroes
Presentation By: G. DeCroes

Recommendation:
Approve the Resolution.

Executive Summary:
Effective January 1, 2006, the city adopted and restated the amended Section 125 Cafeteria Plan, which is an employee benefit insurance plan. The plan document is a formal, written, legal statement listing the provisions of the insurance plan. It is the master description of benefits under which the employer's health and welfare plan is administered.

Since that time, there have been changes to the city's insurance plan, including the flexible spending account, changes to the reimbursement limits and needs to be updated to include vision insurance.

There are now two Master Documents; a Section 125 Cafeteria Plan, which will be updated to add vision insurance; and a Master Document for the Flexible Spending Account (Medical Reimbursement & Dependent Care Reimbursement).

Attachments:
1. Resolution
2. Master Plan

	Y	N	O
Adler			
Begley			
Cooper			
George			
McIntire			
Olterman			
Clark			

RESOLUTION NO. _____

A RESOLUTION ADOPTING A CITY OF KINGSPORT MASTER DOCUMENT FOR THE SECTION 125 CAFETERIA PLAN AND A CITY OF KINGSPORT MASTER DOCUMENT FOR THE CITY OF KINGSPORT FLEXIBLE SPENDING ACCOUNT FOR THE MEDICAL REIMBURSEMENT AND DEPENDENT CARE REIMBURSEMENT AND AUTHORIZING THE MAYOR TO SIGN BOTH DOCUMENTS AND ALL OTHER DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE ADOPTION

WHEREAS, Effective January 1, 2006, the city adopted and restated the amended Section 125 Cafeteria Plan, which is an employee benefit insurance plan, which is the master description of benefits under which the employer's health and welfare plan is administered.

WHEREAS, since that time, there have been changes to the city's insurance plan, including the flexible spending account, changes to the reimbursement limits and needs to be updated to include vision insurance.

WHEREAS, staff recommends adopting the Master Document for the Section 125 Cafeteria Plan, which will be updated to add vision insurance and also adopting the Master Document for the Flexible Spending Account (Medical Reimbursement & Dependent Care Reimbursement).

Now therefore,

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

SECTION I. That the Master Document for the Section 125 Cafeteria Plan, a copy of which is attached hereto as Exhibit A, is adopted.

SECTION II. 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, and subject to the requirements of Article X, Section 10 of the Charter of the City of Kingsport, the Master Document for the Section 125 Cafeteria Plan and any and all documents necessary and proper to effectuate the purpose of the Plan.

SECTION III. That the Master Document for the Flexible Spending Account (Medical Reimbursement & Dependent Care Reimbursement), a copy of which is attached hereto as Exhibit B, is adopted.

SECTION IV. 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, and subject to the requirements of Article X, Section 10 of the Charter of the City of Kingsport, the Master Document for the Flexible Spending Account (Medical Reimbursement & Dependent Care Reimbursement) and any and all documents necessary and proper to effectuate the purpose of the Plan.

SECTION V. That the mayor is further authorized to make such changes approved by the mayor and the city attorney to the Plans that do not substantially alter the material provisions of the Plans, and the execution thereof by the mayor and the city attorney is conclusive evidence of the approval of such changes.

SECTION VI. That the board finds that the actions authorized by this resolution are for a public purpose and will promote the health, comfort and prosperity of the citizens of the city.

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

ADOPTED this the 7th day of May, 2019.

_____
JOHN CLARK, MAYOR

ATTEST:

_____
SIDNEY H. COX, CITY RECORDER

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, CITY ATTORNEY

MASTER DOCUMENT

City of Kingsport

FLEXIBLE SPENDING ACCOUNT PLAN

Medical Reimbursement Account: Carryover

Dependent Care Reimbursement Account: Standard

Effective January 1, 2019

City of Kingsport

FLEXIBLE SPENDING ACCOUNT PLAN

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INTRODUCTION

Effective January 1, 2019, City of Kingsport (the "Company"), hereby adopts the City of Kingsport Flexible Spending Account Plan (hereinafter referred to as the "Plan").

The purpose of this Plan is to offer the eligible Employees of the Employer the ability to receive certain reimbursement of medical expenses not reimbursed through other sources and to receive reimbursement of certain dependent care expenses. This Plan shall operate in conjunction with the Section 125 Cafeteria Plan so that such reimbursement is provided in part or in whole through pre-tax reduction of the Employee's compensation. The Plan is intended to comply with the requirements of Section 105, 106, and 129 of the Internal Revenue Code of 1986, where applicable, as amended from time to time.

ARTICLE I

DEFINITIONS

The following terms when used herein shall have the following meanings, unless a different meaning is plainly required by the context. Capitalized terms are used throughout the Plan text for terms defined by this and other sections.

1.01 Change in Status means any of the events described under Code Section 125 and the regulations issued thereunder, as well as any subsequent changes to the Code or such regulations and interpretations thereof, that the Plan Administrator, in its sole discretion, recognizes on a uniform and consistent basis, and as set forth in the accompanying Section 125 Cafeteria Plan.

1.02 Code means the Internal Revenue Code of 1986, as amended from time to time. Any reference to any section of the Code shall be deemed to include any applicable regulations and rulings pertaining to such section and shall also be deemed a reference to comparable provisions of future laws.

1.03 Committee means the individual or individuals appointed by the Company to carry out the administration of the Plan. In the event the Committee has not been appointed, or resigns from a prior appointment, the Company shall be deemed to be the Committee.

1.04 Company means City of Kingsport and/or any successor thereto. The Company is the plan sponsor, the plan administrator for purposes of ERISA (if applicable), and the named Fiduciary.

1.05 Compensation means the total cash remuneration received by the Participant by the Employer during a Coverage Period prior to any reductions pursuant to an Enrollment Form authorized hereunder and prior to any Salary Reduction pursuant to Code Section 401(k), 403(b), 408(k), 457(b), 132(f), or 125, as applicable.

1.06 Coverage Period means the Plan Year during which a Participant elects to receive benefits under the Plan, provided that, for any Employee who becomes a Participant after the start of a Plan Year, the initial Coverage Period shall mean the period commencing on the effective date of such Participant's participation and extending through the remainder of the Plan Year.

1.07 Dependent means a Participant's Spouse, a Participant's child(ren) who meet the definition of dependent at Internal Revenue Code ("IRC") Section 152, or any other person meeting the definition of dependent at IRC Section 152, who is eligible to receive benefits hereunder in accordance with the Enrollment Form for purposes of receiving reimbursements. Notwithstanding the above, effective as of January 1, 2005, and as allowed by IRC Section 105, as amended by the Working Families Tax Relief Act of 2004, for purposes of the Medical Reimbursement Account, Dependent is determined without regard to Section 152(b)(1) (generally having to do with the inability of a person claimed as a dependent, to claim others as the person's dependent; i.e., dependent cannot have dependents), Section 152(b)(2) (generally having to do with joint returns by spouses), and Section 152(d)(1)(B) (generally having to do with gross income limitations for a qualifying relative). Further, any child to whom IRC Section 152(e) applies (having to do with special rules for divorced parents) shall be treated as a Dependent of both parents for purposes of the Medical Reimbursement Account. For dependent care expenses, Dependents shall have the meaning as defined in Code Section 152, except that in the case of such a Dependent who is a qualifying relative, or in the case of a Spouse, such Dependent or Spouse must be physically or mentally incapable of caring for himself or herself, and such Dependent or Spouse must have the same principal place of abode as the taxpayer for more than one-half of the taxable year. In the case of a Participant who has been divorced, the Dependent child shall be defined as provided in Code Section 21(e)(5). Further, in the event that the IRC is amended, such as a technical correction to address a potentially unintended impact of the Working Families Tax Relief Act of 2004 on the definition of "dependent" for purposes of IRC Section 129 for Dependent Care Assistance Programs, including IRC Section 21, or for any other purpose, the definition of Dependent herein shall automatically change along with such IRC amendment, without additional action to this Plan, to conform with such IRC amendment. Effective March 30, 2010 and in addition to the foregoing, the term Dependent shall include a Participant's children who are adult children until the individual child attains 26 years of age, as required by Section 2714 of the Public Health Services Act.

Under the Medical Reimbursement Account, benefits will be provided in accordance with the applicable requirements of any qualified medical child support order, as defined in ERISA Section 609 (if applicable). Further, under the Medical Reimbursement Account, the term "child" may include, in connection with any adoption, or placement for adoption, of the child, an individual who has not attained age 18 as of the date of such adoption or placement for adoption, provided that other requirements of IRC Section 152 are satisfied with respect to the child. The term "placement for adoption" means the assumption and retention by such person of a legal obligation for total or partial support

of such child in anticipation of adoption of such child. The child's placement with such person terminates upon the termination of such legal obligation.

1.08 Dependent Care Account means the bookkeeping account established for each Participant to reflect the transactions of the Plan in providing Dependent Care Account benefits to Participants in accordance with Article VI and the Company election in Appendix I.

1.09 Effective Date of this amended and restated plan means January 1, 2019, or such later date as of which an adopting Employer adopts the Plan for its Employees.

1.10 Election Period means the period designated by the Company, and communicated to Employees in advance, preceding each Coverage Period, during which Participants may make elections to participate in the Plan pursuant to the terms of the Section 125 Cafeteria Plan. For any Employee who first becomes eligible to become a Participant during a Coverage Period, his or her Election Period shall begin following employment. Such Election Period shall be for a period of not less than two weeks.

1.11 Employee means any person employed by the Employer as a common-law employee of the Employer. The term shall specifically exclude self-employed individuals as described in Code Section 401(c) or Employees who are members of a collective bargaining unit for which benefits under this Plan have not been provided pursuant to a collective bargaining agreement with the Employer.

1.12 Employer means the Company and any other Employer that adopts this Plan pursuant to Section 8.01 and consented to by the Company from time to time, and included in Appendix II to this Plan.

1.13 Employer Credit Contribution means any amount which the Employer, in its sole discretion, may contribute on behalf of Participants toward benefits, as provided under Section 125 Cafeteria Plan. The amount of the Employer Credit Contribution, if any, will be disclosed in Participant enrollment materials. The Employer Credit Contribution will be limited as designated in the enrollment materials. Except as otherwise provided in the enrollment materials, no Employer Credit Contribution will be disbursed to a Participant in cash, and any unused contributions shall be returned to the Employer.

1.14 Enrollment Form means an agreement between the Participant and the Employer under which the Participant agrees to reduce his Compensation or to forego increases in such Compensation and to have an equivalent amount contributed by the Employer to the Plan on the Participant's behalf. The Enrollment Form shall apply only to Compensation that has not been actually or constructively received by the Participant as of the date of the Enrollment Form (after taking this Plan into account) and subsequently does not become currently available to the Participant.

1.15 Fiduciary means the Company, Employer, Committee, any Insurance Company, and any other individual, Company, firm or other entity, to the extent that any of the above

exercises discretionary authority or control over Plan management, disposition of any plan assets, or administration of the Plan.

1.16 Flexible Spending Account means the bookkeeping account established for each Participant to reflect the transactions of the Plan in accordance with Section 3.03. The Flexible Spending Account may consist of either or both a Medical Reimbursement Account and a Dependent Care Account maintained pursuant to this Plan in accordance with Appendix I.

1.17 Flexible Spending Account Expenses means the Participant's cost for the benefit(s) described in Section 4.01, plus any Employer Credit Contribution that may made toward the benefit(s) pursuant to the terms of the Section 125 Cafeteria Plan.

1.18 Grace Period means, with respect to any Plan Year, two months and fifteen days after the end of such Plan Year, during which Dependent Care Expenses may be incurred pursuant to Section 6.03 of the Plan, and be attributed to benefits or contributions remaining unused in the Participant's Dependent Care Reimbursement Account at the end of the Plan Year that immediately precedes the Grace Period.

1.19 Health Care Plan means the group health care plan maintained by an Employer to provide health and welfare benefits to its employees.

1.19 Medical Expense means expenses for medical care (except for qualified long-term care services and eligible long-term care insurance premiums) as defined in Code Section 213(d).

Notwithstanding the foregoing, effective for expenses incurred on and after January 1, 2011 for a medicine or a drug, such expenses shall be treated as eligible for tax-free reimbursement under this Plan as a Medical Expense only if the individual obtains a prescription with the meaning of IRS Notice 2010-59, as amended or superseded from time to time, for such medicine or drug (determined without regard to whether such drug is available without a prescription) or is Insulin. Thus, Medical Expenses incurred on or after January 1, 2011 for medicines or drugs may be reimbursed by this Plan only if (1) the medicine or drug requires a prescription, (2) is available without a prescription (an over-the-counter medicine or drug) and the individual obtains a prescription, or (3) is Insulin.

1.20 Medical Reimbursement Account means the bookkeeping account established for each Participant to reflect the transactions of the Plan in providing Medical Reimbursement Account benefits to Participants in accordance with Article V and the Company election in Appendix I.

1.21 Participant means, in accordance with Article II, any Employee who is eligible to participate in this Plan, elects and receives Medical Reimbursement Account or Dependent Care Account benefits, and whose participation in the Plan is not terminated.

1.22 Plan means the City of Kingsport Flexible Spending Account Plan, including any successor plan.

1.23 Plan Administrator means City of Kingsport.

1.24 Plan Year means the twelve (12) month period commencing January 1 and ending December 31

1.25 Salary Reduction means the amount by which a Participant's Compensation shall be reduced on a pre-tax basis pursuant to the terms of the Section 125 Cafeteria Plan to cover all or a portion of the Flexible Spending Account Expenses attributable to the benefit(s) elected pursuant to Article IV.

1.26 Spouse means the legally married husband or wife of a Participant. The terms "husband" and "wife" shall be interpreted in accordance with Code Section 7701(a)(17) and Revenue Ruling 2013-17, 2013-38 I.R.B. 201, and shall be subject to such retroactive application as may be determined by the Internal Revenue Service through subsequent guidance.

ARTICLE II

PARTICIPATION

2.01 Eligibility

Each Employee who normally performs services for the Employer of at least 30 hours per week may elect to participate in the Plan as of the beginning of the next following Coverage Period. Any Employee whose employment begins after the beginning of a Coverage Period may begin participation on the first day of the month after completing 0 months of service with the Employer.

2.02 Enrollment

Each eligible Employee shall, during the applicable Election Period, complete an Enrollment Form approved by the Employer. An election made on the Enrollment Form to participate in the Plan shall be irrevocable until the end of the applicable Coverage Period unless the eligible Employee is entitled to change his election pursuant to Section 4.04 hereof. The Enrollment Form is hereby made a part of and incorporated by reference into this Plan.

A Participant shall be required to execute a new Enrollment Form during the Election Period preceding each Coverage Period during which he wishes to participate in this Plan. A Participant shall have the right to revoke any prior Enrollment Form during an Election Period effective the first day of the next Coverage Period.

In the event an eligible Employee or a Participant shall not complete an Enrollment Form, such shall be deemed to be an election of cash as may be represented by the Participant's ongoing Compensation.

2.03 Termination of Participation

(a) Participation in this Plan shall terminate on (a) the date on which a Participant is no longer eligible for benefits hereunder, or (b) the termination of this Plan. When a Participant ceases to be a Participant under this Plan, the Participant's Salary Reductions will cease, as will the Participant's election to receive reimbursements under the Plan. The Participant will not be able to receive reimbursements for expenses incurred after participation terminates. However, the Participant (or the Participant's estate as applicable) may file a claim for reimbursement for any expenses incurred during the Coverage Period prior to termination in accordance with the appropriate procedures for submitting a claim.

(b) If the Company is subject to the requirements of COBRA, and if termination of participation in the Plan is a COBRA qualifying event, then COBRA continuation coverage will be offered from the Medical Reimbursement Account through the end of the Plan Year in which the qualifying event occurred. However, COBRA will be offered only to qualified beneficiaries who can become entitled to receive, during the remainder of the Plan Year following the qualifying event, a benefit that exceeds the maximum amount that the law permits as payment for COBRA continuation coverage for the remainder of the Plan Year. Specifically, such Participants will be eligible for COBRA continuation coverage only if they have a positive Medical Reimbursement Account balance at the time of a COBRA qualifying event, taking into account all claims submitted before the date of the qualifying event. The intent of this section is that COBRA will not be offered to participants who have "overspent" their Medical Reimbursement Account. If a Participant elects COBRA, coverage will be available on a self-pay basis for the same coverage that the Participant had under the Medical Reimbursement Account on the day before the qualifying event and only for the remainder of the Plan Year in which the qualifying event occurs. Such COBRA coverage for the Medical Reimbursement Account will cease at the end of the Plan Year and cannot be continued for the next Plan Year. This section will be interpreted according to regulations that have been issued under COBRA.

ARTICLE III

CONTRIBUTIONS

3.01 Salary Reduction

If an eligible Employee elects one or more of the benefits described in Section 4.01, pursuant to the applicable election procedure in Article IV, his Compensation shall be reduced through Salary Reduction in an amount equal to his Flexible Spending Account election. However, the amount of the Salary Reduction shall not include any Employer Credit Contribution that may be provided for the elected benefit pursuant to the terms of the Section 125 Cafeteria Plan. The Salary Reduction amount shall be deducted ratably during the Plan Year from the Participant's Compensation.

3.02 Employer Credit Contributions

The Employer may make a nonelective Employer Credit Contribution toward benefits, as allowed by the Section 125 Cafeteria Plan. The amount of the Employer Credit Contribution, if any, will be disclosed in Participant enrollment materials and will be limited as designated in the enrollment materials. Any unused Employer Credit Contribution will not be disbursed to a Participant in cash and shall be returned to the Employer, unless otherwise provided in the enrollment materials.

3.03 Application of Contributions

An account shall be maintained for each Participant electing to participate in this Plan in an amount equal to aggregate Salary Reduction elected by the affected Participant plus any applicable Employer Credit Contribution. In the event that a Participant elects to participate in both the Medical Reimbursement Account and the Dependent Care Account, if permitted in accordance with Appendix I, a separate account will be maintained for each benefit.

ARTICLE IV

ELECTION OF BENEFITS

4.01 Benefits

Each eligible Employee may elect to enroll in a Flexible Spending Account as set forth in Appendix I. Such election(s) shall be evidenced on forms provided by the Employer.

The Employer in no way guarantees, pursuant to this Plan, a Participant's eligibility for any benefit provided under this Section.

4.02 Annual Elections

During the Election Period, each eligible Employee shall be given the opportunity to elect, on an Enrollment Form provided by the Employer, benefits as set forth in Section 4.01. Any such election shall be effective for expenses incurred during the Coverage Period beginning on the date following the end of the Election Period.

4.03 Elections by New Employees

An Employee whose employment begins after the beginning of a Coverage Period may not receive benefits under the Plan until after the period during which the Employee becomes a Participant in the Plan in accordance with Article II.

4.04 Change of Elections

Any Participant may change a previous election made pursuant to the Plan after the Coverage Period (to which such election relates) has commenced and make a new election with respect to the remainder of such Coverage Period if the change is provided for in the corresponding Section 125 Cafeteria Plan. An authorized change must be made in a timely manner as provided in the Section 125 Cafeteria Plan.

4.05 Failure to Elect

Any eligible Employee or Participant failing to complete an Enrollment Form pursuant to Section 4.02 by the end of an applicable Election Period shall not be allowed to participate in the Plan for the Coverage Period to which the Election Period applies.

ARTICLE V

MEDICAL REIMBURSEMENT ACCOUNTS

5.01 Medical Reimbursement Accounts

(a) Medical Reimbursement Account benefits, if any, shall be provided to the extent permitted in Appendix I.

(b) The Medical Reimbursement Account shall be used to reimburse eligible Participants for all Medical Expenses at convenient intervals, up to the maximum amount of such account elected on the Participant's Enrollment Form, which maximum amount shall include any available Employer Credit Contribution. Such expense reimbursement must be attributable to the Employee, paid for himself or herself, or for his or her Spouse, or his or her Dependents, in excess of any payments or other reimbursements under any health plan which may be sponsored by the Employer, any governmental agency on behalf of said eligible Participants and their Spouses and Dependents or carried personally by said eligible Participants and covering themselves and/or their Dependents.

In order to be reimbursed under this account, a Participant shall provide a reimbursement claim form, along with a copy of the invoice stating that the Medical Expense has been incurred and the amount of such expense. An expense is incurred when the Participant is provided with the care that gives rise to the medical expenses, and not when the participant is formally billed or charged for, or pays for the medical care. Further, the Participant shall provide a written statement that the Medical Expense has not been reimbursed or is not reimbursable under any other health plan coverage.

Benefits provided hereunder shall be used to pay claims directly to the Participant. The general classes of covered expenses under the account will be:

-- Nursing care,
-- Hospital bills,
-- Doctors' and dentists' bills,
-- Psychiatric care,
-- Drugs and prescriptions, and
-- Medical-related transportation.

Included in the foregoing, but not by way of limitation, will be all medical and dental expenses, including hospital expenses, both room and board and special hospital services; surgical expenses; diagnostic x-rays; prenatal and maternity expenses; infant care in hospital; services of physicians, surgeons and specialists, in or out of hospital; rental of iron lung or other equipment for therapeutic appliances; diagnostic laboratory procedures; drugs and medicine requiring prescriptions; oxygen; anesthesia; blood and plasma; x-ray and radium treatments;

local professional ambulance services; psychiatric treatment; dental care; surgery and appliances; eye glasses; hearing aids and examination thereof. However, expenses for qualified long-term care benefits shall not be considered covered expenses under the Plan.

Effective January 1, 2011 expenses incurred for a medicine or a drug shall be treated as eligible for tax-free reimbursement under this Plan as a Medical Expense only if such medicine or drug is a prescribed drug (determined without regard to whether such drug is available without a prescription) or is Insulin. Thus on or after January 1, 2011, Medical Expenses incurred for medicines or drugs may be reimbursed by this Plan only if (1) the medicine or drug requires a prescription, (2) is available without a prescription (an over-the-counter medicine or drug) and the individual obtains a prescription, or (3) is Insulin.

In addition to the requirements above, effective for expenses incurred on and after January 1, 2011 for over-the-counter drugs or medicine, the Participant must submit the prescription or a copy of the prescription or other documentation that a prescription has been issued. If the above required documentation is not provided for over-the counter drugs or products, such expenses will not be reimbursed under the Plan.

Notwithstanding anything herein to the contrary, all elections of coverage hereunder and the Employee's commitment to provide Medical Reimbursement Account expenses shall be made by an annual election and shall be based on the annual Coverage Period determined pursuant to the Enrollment Form.

Further, the amount of any Salary Reduction Medical Reimbursement Account expenses agreed to by the Participant shall be collected by the Employer per pay period pursuant to the Enrollment Form.

The maximum benefit payable to or on behalf of a Participant from the Medical Reimbursement Account for the Coverage Period shall not exceed the amount elected on the Enrollment Form which is attributable to the Medical Reimbursement Account, including any applicable Employer Credit Contribution. The Participant has other coverage available under a Health Care Plan of the Employer for the Coverage Period, and such other coverage is not limited to benefits that are excepted benefits under the Health Insurance Portability and Accountability Act.

5.02 Amount of Benefits

The maximum amount that may be elected to a Medical Reimbursement Account shall be the maximum amount identified in Appendix I. In addition, any amounts contributed to the Participant's Medical Reimbursement Account shall be subject to the following requirements:

(a) no interest shall be credited to such accounts;

(b) reimbursements shall be paid to the Participant following the submission of eligible expenses;

(c) funds may not be transferred between this and any other account;

(d) a Participant may submit eligible expenses incurred during the Coverage Period up to February 28 following the end of the Coverage Period; and

(e) any balance in the Participant's account as of the last day of the Coverage Period which is not used to provide reimbursement for Medical Expenses incurred during the Coverage Period shall be forfeited by the Participant and used by the Company to offset any losses of the Company under the Medical Reimbursement Account program, or to reduce costs of administration. Any further excess shall be used in any manner authorized by relevant law.

However, effective January 1, 2014, and subject to the conditions contained in this paragraph, Participants may carry over to the subsequent Coverage Period an amount, up to $500, in Participant's Medical Reimbursement Account remaining unreimbursed as of the end of the period for submitting eligible expenses (February 28). The amount carried over may be used only to pay or reimburse Medical Expenses incurred during the entire Coverage Period to which the amount is carried over. For purposes of this Section, the amount remaining unused shall be calculated after all Medical Expenses have been reimbursed as soon as administratively feasible after the end of the period for submitting eligible expenses. Notwithstanding the foregoing, this paragraph shall not apply for a given Coverage Period, and thus no carryover will be available, if the Plan also provides for a Grace Period as of the last day of the Plan Year from which amounts would be carried over, during which benefits or contributions remaining in a Participant's Medical Reimbursement Account as of the end of a Plan Year are available to pay or reimburse the Participant for Medical Expenses incurred after that Plan Year.

With respect to the carryover allowance described above, the amount that may be carried over to the following Coverage Period is equal to the lesser of (1) any unused amounts from the immediately preceding Coverage Period or (2) $500. Any unused amount in excess of $500 that remains unused as of the end of period

for submitting eligible expenses is forfeited. For ease of administration, reimbursements of all claims for expenses that are incurred in the current Coverage Period shall be treated as reimbursed first from unused amounts credited for the current Coverage Period and, only after exhausting these current Coverage Period amounts, as then reimbursed from unused amounts carried over from the preceding Coverage Period. Any unused amounts from the prior Coverage Period that are used to reimburse a current Coverage Period expense (a) reduce the amounts available to pay prior Coverage Period expenses during the period for submitting eligible expenses, (b) must be counted against the permitted carryover of up to $500, and (c) cannot exceed the permitted carryover.

5.03 Qualified Reservist Distributions (Optional)

Effective June 17, 2008, a Participant may request a Qualified Reservist Distribution of any unused balance in the Participant's Medical Reimbursement Account. For purposes of this provision a "Qualified Reservist Distribution" means any distribution to a Participant of all or a portion of the balance in the Participant's Medical Reimbursement Account if:

(a) such Participant was (by reason of being a member of a reserve component (as defined in Section 101 of Title 37, United States Code)) ordered or called to active duty for a period in excess of 179 days or for an indefinite period; and

(b) such distribution is made during the period beginning on the date of such order or call and ending on the last date that reimbursements could otherwise be made under such an arrangement for the plan year which includes the date of such order or call.

5.04 Qualified HSA Distributions

Qualified HSA Distributions, as defined by Code Section 106, are allowed, as provided in subsection (a), (b), and (c) below.

(a) Plan-Year-End Rollovers from Medical Reimbursement Account to HSA. A Participant with a balance in a Medical Reimbursement Account with a grace period at the end of the Medical Reimbursement Account Plan Year is treated as an eligible individual for HSA purposes as of the first day of the first month in the immediately following Plan Year that the individual has high deductible heath plan (HDHP) coverage on the first day of the month if:

(i) A Qualified HSA Distribution from the Medical Reimbursement Account has not been previously made on behalf of the Participant with respect to that particular Medical Reimbursement Account,

(ii) The Participant has HDHP coverage as of the first day of the month during which the Qualified HSA Distribution occurs, and is otherwise an eligible individual,

(iii) The Participant elects by the last day of the Plan Year to have the employer make a Qualified HSA Distribution from the Medical Reimbursement Account to the HSA of the Participant,

(iv) The Medical Reimbursement Account makes no reimbursements to the Participant after the last day of the Plan Year,

(v) The employer makes the Qualified HSA Distribution directly to the HSA trustee by the fifteenth day of the third calendar month following the end of the immediately preceding Plan Year, but after the Participant becomes HSA eligible,

(vi) The Qualified HSA Distribution from the Medical Reimbursement Account does not exceed the lesser of the balance of the Medical Reimbursement Account on (a) September 21, 2006, or (b) the date of such Distribution, and

(vii) Either (a) after the Qualified HSA Distribution there is a zero balance in the Medical Reimbursement Account, and the Participant is no longer a participant in any non-HSA compatible health plan or (b) effective on or before the date of the first Qualified HSA Distribution the Medical Reimbursement Account is converted to an HSA-compatible health FSA, as described in Rev. Rul. 2004-45, for all participants.

(b) Other HSA Rules. This Plan is amended (i) to eliminate any provision that ties the allowable HSA contribution amount to the HDHP deductible, so that the maximum HSA contribution becomes tied solely to the statutory maximum, (ii) to eliminate any contribution restriction applicable to an individual who enrolls in a HDHP mid-year, so that the individual may be HSA-eligible for the entire year, provided that certain limitations (which limitations do not apply to situations involving disability and death) are met with respect to the applicable 12-month testing, and (iii) to eliminate any negative impact of a Medical Reimbursement Account grace period on HSA eligibility for a Medical Reimbursement Account participant who has a zero balance as of the end of the Plan Year to which the grace period applies.

(c) December 31, 2011 Sunset. As required by Code Section 106(e)(2)(B), any and all Qualified HSA Distributions must be contributed by the Employer directly to a Participant's HSA before January 1, 2012.

ARTICLE VI

DEPENDENT CARE ACCOUNTS

6.01 Dependent Care Accounts

(a) Dependent Care Account benefits, if any, shall be provided to the extent permitted in Appendix I.

(b) The Dependent Care Accounts shall be used to reimburse each eligible Participant for dependent care expenses, as defined in Code Section 129, up to the maximum amount of such Dependent Care Account expenses elected on the Participant's Enrollment Form (which maximum amount shall include any available Employer Credit Contribution) and credited to the Participant's Dependent Care Account. A Participant may not be reimbursed for the amount of any dependent care expenses that have not yet been credited to the Participant's Dependent Care Account through Salary Reduction or through any Employer Credit Contribution.

(c) The amount contributed to this account shall be used to pay employment-related dependent care expenses for a Dependent child or children under the age of thirteen (13) or for the expenses of any other Dependent, which are necessary to enable the Participant to remain gainfully employed. Employment-related dependent care expenses shall include the amounts paid for expenses of a Participant for household services or for the care of an eligible Dependent, to the extent that such expenses are incurred to enable the Participant to be gainfully employed for any period for which there are one or more eligible Dependents with respect to such Participant, provided that:

(i) if such amounts are incurred outside the Participant's home at a facility that provides care for a fee, payment or grant for more than six individuals who do not usually reside at the facility, the facility must comply with all applicable state and local laws and regulations including licensing requirements, if any;

(ii) if such amounts are incurred outside the Participant's home for a Dependent who is not a Dependent child, such expenses must be incurred for the care of a Dependent who regularly spends at least 8 hours each day in the Participant's household; and

(iii) employment-related dependent care expenses of a Participant shall not include amounts paid to or incurred by a child of such Participant who is under the age of nineteen (19), or to an individual for whom the Participant or the Participant's Spouse is allowed a personal exemption under IRC Section 151(c).

In order to be reimbursed under this account, a Participant shall complete a reimbursement form and submit a statement of the amount of the expenses that have been incurred. An expense shall be considered as incurred when the Participant is provided with the care that gives rise to the expense, and not when the Participant is formally billed or charged for, or pays for the care.

6.02 Amount of Benefits

The maximum amount that may be elected to a Dependent Care Account shall be the amount identified in Appendix I, but in no event shall a Participant's election exceed the lesser of:

(a) five thousand dollars ($5,000.00) (or twenty-five hundred dollars ($2,500.00) in the case of a separate return filed by a married Participant);

(b) in the case of an Employee who is not married at the close of the Employee's taxable year, the earned income of such Employee for such taxable year; or

(c) in the case of an Employee who is married at the close of such taxable year, the lesser of:

(i) the earned income [as defined in Code Section 32(c)(2)] of such Employee for such taxable year, or

(ii) the earned income of the Spouse of such Employee for such taxable year.

Amounts contributed to the Participant's Dependent Care Account shall be subject to the following requirements:

(a) no interest shall be credited to such accounts;

(b) reimbursements shall be paid to the Participant following the submission of eligible expenses;

(c) funds may not be transferred between this and any other accounts;

(d) a Participant may submit eligible expenses incurred during the Coverage Period up to February 28 following the end of the Coverage Period; and

(e) any balance in the Participant's account as of the last day of the Coverage Period which is not used to provide reimbursement for dependent care expenses incurred during the Coverage Period shall be forfeited by the Participant and used by the Company to reduce costs of administration. Any excess shall be used in any manner authorized by relevant law.

ARTICLE VII

ADMINISTRATION

7.01 Plan Administration

The operation of the Plan shall be under the supervision and control of the Committee. It shall be a principal duty of the Committee to see that the Plan is carried out in accordance with its terms, and for the exclusive benefit of Participants in the Plan. The Committee shall have full power and discretion to administer the Plan in all of its details; subject, however, to the pertinent provisions of the Code and other controlling law. The Committee's discretionary powers, in addition to all other powers, provided by this Plan, shall include, but shall not be limited to, the following authority:

(a) to make and enforce such rules and regulations as the Committee deems necessary or proper for the efficient administration of the Plan;

(b) to interpret the Plan; the Committee's interpretations thereof rendered in good faith shall be final and conclusive on all persons claiming benefits under the Plan;

(c) to decide all questions of fact and/or law concerning the Plan and the eligibility of any person to participate in the Plan and to receive benefits provided under the Plan; and

(d) to appoint such agents, counsel, accountants, consultants and actuaries as may be required to assist in administering the Plan.

Further, the Committee is empowered to limit or modify the elections of highly compensated employees, highly compensated individuals or key employees to the extent necessary to comply with any applicable non-discrimination requirements of the Code, however, any such limitation or modification shall be made in a uniform and consistent manner and shall not have the effect of circumventing any provision of the Code or other applicable law.

The Committee shall have the authority to allocate among its members or employees any of its duties and responsibilities under the Plan or may designate persons other than members or employees to carry out any of its duties and responsibilities. Any such designation shall carry with it the discretionary power of the Committee as set forth above, as to those duties and responsibilities that are so designated.

7.02 Fiduciaries

Each Fiduciary who is allocated specific duties or responsibilities under this Plan, or any Fiduciary who assumes such a position with this Plan shall discharge his duties for the exclusive benefit of the Participants and Dependents and for the exclusive purpose of providing such benefits as stipulated in such Plan to such Participants and Dependents or

defraying reasonable expenses of administering the Plan. Each Fiduciary, in carrying out such duties and responsibilities, shall act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in exercising such authority or duties.

A Fiduciary may serve in more than one Fiduciary capacity and may employ one or more persons to render advice with regard to his Fiduciary responsibilities. If the Fiduciary is serving as such without compensation, all expenses reasonably incurred by such Fiduciary shall be reimbursed by the Company or by another Employer.

7.03 Insurance and Plans of Benefits

This Plan shall not affect the benefits provided through any contract of insurance nor shall it affect the terms of any insurance contract. An insurance company shall continue to have exclusive authority and discretion to interpret its contract and to manage and control any funds held by it to the extent permitted under the terms of any insurance contract with the Employer. Further, this Plan shall not affect the terms of any other programs of benefits, whether insured or self-funded.

7.04 Examination of Records

The Committee shall make available to each Participant such records as they pertain to the Participant, for examination at reasonable times during normal business hours.

7.05 Claims for Benefits and Appeal Process

Claims for Benefits

Any claim for benefits under this Plan is to be submitted to the entity that has been retained to provide claims administration, hereafter the Claims Administrator. Within 30 days after receipt by the Claims Administrator of a claim for reimbursement, the Plan will make reimbursement for Medical Care Expenses that are payable by the Plan. If the expense submitted is not reimbursable by the Plan, the Participant will be notified within 30 days that his or her claim has been denied.

The 30-day period described above may be extended for up to 15 days if necessary due to matters beyond the control of the Plan, including situations where a reimbursement claim is incomplete. A written notice of any 15-day extension will be provided prior to the expiration of the initial 30-day period. An extension notice will describe the reasons for the extension and the date a decision on the claim is expected to be made. If the extension is necessary due to failure of the claimant to submit information necessary to decide the claim, the notice of extension will describe the required information and will allow the Participant 45 days from receipt of the notice in which to provide the required information. In the meantime, any decision on the claim will be suspended.

If a claim is denied, the Participant will be provided with a written or electronic notification identifying (1) the specific reason or reasons for the denial, (2) reference to the specific plan provisions on which the denial is based, (3) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary, (4) a description of the plan's review procedures and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA (if applicable), following a denial on review; and (5) if an internal rule, guideline, protocol, or similar criteria was relied on in making the determination, you will be provided either the specific rule, guideline, protocol, or other similar criteria, or you will be given a statement that such a rule, guideline, etc., was relied on and that a copy of the rule, guideline, etc., will be provided free of charge upon request. If the denial is based on a medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the plan to the claimant's medical circumstances, or a statement that such explanation will be provided free of charge on request.

Appeal Process

In the event a claim for benefits is denied, the claimant or his or her duly authorized representative, may appeal the denial to the Committee within 180 days after receipt of written notice of the denial. If the claimant has had no response to the initial filed claim within 30 days (including a notice indicating that an extension to decide the claim is necessary), then the claim shall be deemed denied, and an appeal should be filed within 180 days of the deemed denial, in accordance with this paragraph. The appeal process described here must be followed, or the Participant will lose the right to appeal the denial and the right to file a civil action in court as provided by ERISA (if applicable). In pursuing an appeal, the claimant or the duly authorized representative:

a. must request in writing that the Committee review the denial;

b. may review (on request and free of charge) all documents, records, and other information relevant to the claim; and

c. may submit written issues and comments, documents, records, and other information regarding the claim.

The appeal will be reviewed by the Committee, and written comments, documents, records, and other information submitted by the Participant will be taken into account. The review will not defer to the initial adverse determination, will not be conducted by the individual(s) who made the initial adverse determination, and will not be conducted by a subordinate of that individual(s). In deciding an appeal that is based in whole or in part on a medical judgment, the Committee shall consult with a health care professional who has appropriate training and experience in the field of medicine involved in the medical judgment. This professional will be someone who was not involved with the initial denial, nor the subordinate of anyone who was involved with the initial denial. On

request, the identification of the medical expert whose advice was obtained will be provided, without regard to whether the advice was relied upon.

The decision on review shall be made in writing within 60 days after receipt of the appeal. If the decision on review is adverse to the claimant, the written decision will be written in a manner calculated to be understood by the claimant, and will include (1) the specific reason or reasons for the adverse determination; (2) references to the specific plan provisions on which the denial is based; and (3) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim. If an internal rule, guideline, protocol, or other similar criteria was relied upon in making the decision, the claimant will be provided either the specific rule, guideline, protocol, or other similar criterion, or will be given a statement that such rule, guideline, etc., was relied upon and that a copy of the rule, guideline, etc. will be provided free of charge upon request. If the adverse decision is based on a medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the plan to the claimant's medical circumstances, or a statement that such explanation will be provided free of charge upon request.

If the decision on review is not furnished within the time specified above, the claim shall be deemed denied on review, and the Participant will have the right to pursue his or her claim under ERISA (if applicable), including the right to file a lawsuit.

The claim and appeal procedures explained above will be interpreted consistent with regulations issued by the U.S. Department of Labor.

Notwithstanding the foregoing, any claim which arises under any insurance contract(s) or Health Care Plan or other employee benefit plan that is not a Flexible Spending Account covered by this Plan shall not be subject to review under this Plan.

ARTICLE VIII

PARTICIPATION BY OTHER EMPLOYERS

8.01 Adoption of Plan

With the consent of the Company, any Employer which is treated as a single employer with the Company under subsections (b), (c) or (m) of Section 414 of the Code, or a successor company thereto, may become a participating Employer under the Plan by

(a) taking such action as shall be necessary to adopt the Plan,

(b) filing with the Committee a copy of an executed adoption agreement in a form specified by the Company and attached to this Plan in Appendix II, and

(c) taking such other action as may be necessary or desirable to put the Plan into effect with respect to such Employer.

8.02 Withdrawal from Participation

Any Employer may withdraw from participating in the Plan at any time by filing with the Committee a copy of a resolution of its board of directors to that effect and giving notice of its intended withdrawal to the Company prior to the effective date of withdrawal. Notwithstanding the above, the Company may prohibit the withdrawal of an Employer if such withdrawal would cause the Plan satisfy any applicable requirement under the Code.

8.03 Company Authorized to Act for Employers

Each Employer which shall become a participating Employer pursuant to Section 8.01 shall be deemed to have appointed the Company to exercise on its behalf all of the powers and authorities hereby conferred upon the Company by the terms of the Plan, including, but not by way of limitation, the power to amend and terminate the Plan. The authority of the Company to act as such shall continue until such Employer shall withdraw from the Plan. Notwithstanding the foregoing, the Company shall not have the authority to amend the Adoption Agreement executed by another Employer.

ARTICLE IX

AMENDMENT OR TERMINATION OF PLAN

9.01 Amendment or Termination

The Company reserves the right to amend, modify, revoke or terminate the Plan at any time, in whole or in part, without the consent of any Participant or Dependent. The authority to make any such changes to the Plan rests with the Committee or the appropriate authorized officers or other representatives of the Company. An amendment shall be in writing. If terminated, so further Salary Reductions shall be made.

ARTICLE X

MISCELLANEOUS

10.01 Non-Alienation of Benefits

No benefit, right or interest of any person hereunder shall be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, seizure, attachment or legal, equitable or other process or be liable for, or subject to, the debts, liabilities or other obligations of such person, except as otherwise required by law.

10.02 Limitation on Participant Rights

Nothing appearing in or done pursuant to the Plan shall be held or construed:

(a) to give any person any legal or equitable right against any Employer or the Committee, except as expressly provided herein or provided by law; or

(b) to create a contract of employment with any Participant, to obligate the Employer to continue the service of any participating Employee or to affect or modify his or her terms of employment in any way.

10.03 Governing Law

This Plan is governed by the Internal Revenue Code and the regulations issued thereunder, to the extent that the Code addresses a provision provided in the Plan. In no event shall the Employer guarantee the favorable tax treatment sought by this Plan. Portions of this Plan are also governed by the Employee Retirement Income Security Act. To the extent not addressed by the Code or otherwise preempted by federal law, the provisions of this Plan shall be construed, enforced and administered according to the laws of the State of Tennessee.

10.04 Severability

If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provisions of the Plan, and the Plan shall be construed and enforced as if such provision had not been included herein.

10.05 Captions

The captions contained herein are inserted only as a matter of convenience and for reference, and in no way define, limit, enlarge or describe the scope or intent of the Plan or in any way shall affect the Plan or the construction of any provision thereof.

10.06 Non-Gender Clause

Whenever used in this Plan, the masculine gender shall include the feminine and the plural form shall include the singular.

ARTICLE XI

HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

11.01 Governing Law

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its implementing regulations restrict the Plan Sponsor's ability to use and disclose individually identifiable health information that is protected by HIPAA (hereafter "protected health information" or "PHI"). The following HIPAA definition of PHI applies to this Plan.

11.02 Protected Health Information

Protected health information means information that is created or received by the Plan and relates to the past, present, or future physical or mental health or condition of an individual; the provisions of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and that identifies the individual or for which there is a reasonable basis to believe the information can be used to identify the individual. Protected health information includes information of persons living or deceased. The Plan Sponsor shall have access to PHI from the Plan only as permitted herein or as otherwise required or permitted by HIPAA.

11.03 Provision of Protected Health Information to Plan Sponsor

(1) Permitted Disclosure of Enrollment/Disenrollment Information. The Plan (or a health insurance issuer or HMO with respect to the Plan) may disclose to the Plan Sponsor information on whether the individual is participating in the Plan, or is enrolled in or has disenrolled from a health insurance issuer or HMO offered by the Plan.

(2) Permitted Uses and Disclosure of Summary Health Information. The Plan (or a health insurance issuer or HMO with respect to the Plan) may disclose Summary Health Information to the Plan Sponsor, provided the Plan Sponsor requests the Summary Health Information for the purpose of (i) obtaining premium bids from health plans for providing health insurance coverage under the Plan; or (ii) modifying, amending, or terminating the Plan. "Summary Health Information" means: information that: summarizes the claims history, claims expenses or type of claims experienced by individuals for whom a plan sponsor had provided health benefits under a group health plan; and from which the information described at 42 CFR § 164.514(b)(2)(i) has been deleted, except that the geographic information described in 42 CFR § 164.514(b)(2)(i)(B) need only be aggregated to the level of a five-digit zip code.

(3) Permitted and Required Uses and Disclosure of Protected Health Information for Plan Administration Purposes. Unless otherwise permitted by law, and subject to the conditions of disclosure described in Section 11.03(5) below and obtaining written certification as further described below in Section 11.04 below, the Plan (or a health insurance issuer or HMO on behalf of the Plan) may disclose PHI to the Plan Sponsor,

provided the Plan Sponsor uses or discloses such PHI only for Plan administration purposes. "Plan administration purposes" means administration functions performed by the Plan Sponsor on behalf of the Plan and having to do with payment and health care operations, including but not limited to activities such as quality assurance, claims processing, auditing, and monitoring. Plan administration functions do not include functions performed by the Plan Sponsor in connection with any other benefit or benefit plan of the Plan Sponsor, and they do not include any employment-related functions.

(4) Notwithstanding the provisions of this Plan to the contrary, in no event shall the Plan Sponsor be permitted to use or disclose PHI in a manner that is inconsistent with 45 CFR § 164.504(f).

(5) Conditions of Disclosure for Plan Administration Purposes. Plan Sponsor agrees that with respect to any PHI (other than enrollment/disenrollment information and Summary Health Information, which are not subject to these restrictions) disclosed to it by the Plan (or a health insurance issuer or HMO on behalf of the Plan) Plan Sponsor shall:

(a) Not use or further disclose the PHI other than as permitted or required by the Plan or as required by law.

(b) Ensure that any agent, including a subcontractor, to whom it provides PHI received from the Plan agrees to the same restrictions and conditions that apply to the Plan Sponsor with respect to PHI.

(c) Not use or disclose the PHI for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Plan Sponsor.

(d) Report to the Plan any use or disclosure of the information that is inconsistent with the uses or disclosures provided for of which it becomes aware.

(e) Make available PHI to comply with HIPAA's right to access in accordance with 45 CFR § 164.524.

(f) Make available PHI for amendment and incorporate any amendments to PHI in accordance with 45 CFR § 164.526.

(g) Make available the information required to provide an accounting of disclosures in accordance with 45 CFR § 164.528.

(h) Make its internal practices, books, and records relating to the use and disclosure of PHI received from the Plan available to the Secretary of Health and Human Services for purposes of determining compliance by the Plan with HIPAA's privacy requirements.

(i) If feasible, return or destroy all PHI received from the Plan that the Plan

Sponsor still maintains in any form and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.

(j) Ensure that the adequate separation between Plan and Plan Sponsor (i.e., the "firewall"), required in 45 CFR § 504(f)(2)(iii), is satisfied.

Further, as of the date that the HIPAA Security Rules apply to this Plan, Plan Sponsor further agrees that if it creates, receives, maintains, or transmits any electronic PHI (other than enrollment/disenrollment information and Summary Health Information, which are not subject to these restrictions) on behalf of the covered entity, it will implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic PHI, and it will ensure that any agents (including subcontractors) to whom it provides such electronic PHI agrees to implement reasonable and appropriate security measures to protect the information. Plan Sponsor will report to the Plan any security incident of which it becomes aware. For this purpose, security incident means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with systems operations in an information system.

(6) Adequate Separation Between Plan and Plan Sponsor. The Plan Sponsor shall allow the following to access PHI:_____ _____. No other persons shall have access to PHI. These specified employees (or classes of employees) shall only have access to and use PHI to the extent necessary to perform the Plan administration functions that the Plan Sponsor performs for the Plan. In the event that any of these specified employees do not comply with the provisions of this Section, that employee shall be subject to disciplinary action by the Plan Sponsor for non-compliance pursuant to the Plan Sponsor's employee discipline and termination procedures or other special discipline procedure that may be created by the Privacy Officer.

Further, as of the date that the HIPAA Security Rules apply to this Plan, Plan Sponsor will ensure that the above provisions related to Adequate Separation are supported by reasonable and appropriate security measures to the extent that the designees above have access to electronic PHI.

11.04 Certification of Plan Sponsor

The Plan (or a health insurance issuer or HMO with respect to the Plan) shall disclose PHI to the Plan Sponsor only upon the receipt of a certification from the Plan Sponsor that the Plan has been amended to incorporate the provisions of 45 CFR § 164.504(f)(2)(ii), and that the Plan Sponsor agrees to the conditions of disclosure set forth in Section 11.03(5) above, "Conditions of Disclosure for Plan Administration Purposes."

ARTICLE XII

ADOPTION OF THE PLAN

IN WITNESS WHEREOF, the following authorized representative of the Company has executed this Plan on this the _____ day of _____, _____, to be effective the _____ day of _____, _____.

ATTEST: (SEAL)

By: _____

City of Kingsport

By: _____

Title: _____

Statement Regarding Optional Provision – Plan Section 5.03

The Company _____ does _____ does not adopt the optional provisions of Plan Section 5.03 regarding Qualified Reservist Distribution.

APPENDIX I

Maximum Amount of Medical Reimbursement Account Elective Contributions

Effective Date	Maximum Amount of Elective Contributions per Plan Year
1/1/2019	$2,650.00

Maximum Amount of Dependent Care Account Elective Contributions

Effective Date	Maximum Amount of Elective Contributions per Plan Year
1/1/2019	$5,000.00

APPENDIX II

ADOPTION AGREEMENT FOR THE
City of Kingsport
FLEXIBLE SPENDING ACCOUNT PLAN

The authorized representative of City of Kingsport whose name appears below hereby adopts the City of Kingsport Flexible Spending Account Plan (the Plan) in accordance with Section 8.01 of the Plan as an adopting Employer this _____ day of _____, _____, to be effective the _____ day of _____, _____.

ATTEST: (SEAL)

By: _____

City of Kingsport

By: _____

Title: _____

MASTER DOCUMENT

City of Kingsport

SECTION 125 CAFETERIA PLAN

Effective January 1, 2019

City of Kingsport

SECTION 125 CAFETERIA PLAN

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INTRODUCTION

The City of Kingsport Flexible Benefit Plan is adopted effective January 1, 2019 by City of Kingsport for the benefit of its Employees.

The purpose of the Plan is to enable Employees who become covered under the Plan to elect payment of premiums for various coverages in lieu of cash compensation. With respect to benefit coverages, this Plan only concerns Premium Expenses and/or flexible spending account benefits. This Plan has no effect on the benefits or claim payments made under each benefit plan or area of benefit coverage.

The Plan is intended to qualify as a "cafeteria plan" within the meaning of Section 125 of the Internal Revenue Code of 1986, as amended, and comply with any other applicable provisions of law, including without limitation, Sections 105 and 106 of the Code.

ARTICLE I

DEFINITIONS

The following terms when used herein shall have the following meanings, unless a different meaning is plainly required by the context. Capitalized terms are used throughout the Plan text for terms defined by this and other sections.

1.01 Agreement means the agreement executed by the Company pursuant to Article IX whereby such Company adopts the Plan.

1.02 Change in Status means any of the events described under Code Section 125 and the regulations issued thereunder, as well as any subsequent changes to the Code or such regulations and interpretations thereof, that the Plan administrator, in its sole discretion, recognizes on a uniform and consistent basis, including the following:

(a) Legal Marital Status: Events that change an Employee's legal marital status, including marriage, death of a Spouse, divorce, legal separation, and annulment.

(b) Number of Dependents: Events that change an Employee's number of Dependents, including birth, death, adoption, and placement for adoption.

(c) Employment Status: Any of the following events that change the employment status of the Employee, the Employee's Spouse, or the Employee's Dependent: a termination or commencement of employment; a strike or lockout; a commencement of or return from an unpaid leave of absence; and a change in worksite. In addition, if the eligibility conditions of the cafeteria plan or other employee benefit plan of the Employer of the Employee, Spouse, or Dependent depend on the employment status of that individual and there is a change in the

individual's employment status with the consequence that the individual becomes, or ceases to be, eligible under that plan, then that change constitutes a change in employment under this section of the Plan. For example, if a plan only applies to salaried employees and an employee switches from salaried to hourly-paid with the consequence that the employee ceases to be eligible for the plan, then that change constitutes a change in employment status under this section of the Plan.

(d) Dependent Eligibility Requirements: Events that cause an Employee's Dependent to satisfy, or cease to satisfy, eligibility requirements for coverage on account of attainment of age, student status, or any similar circumstance.

(e) Residence: A change in the place of residence of the Employee, Spouse, or Dependent.

(f) Adoption Assistance. For purposes of adoption assistance provided through a cafeteria plan, the commencement or termination of an adoption proceeding.

The "Changes of Benefit Elections" section of this Plan in Article IV sets out the requirements that must be met in order for an Employee to change his or her election during a Coverage Period on account of a Change in Status.

1.03 Code means the Internal Revenue Code of 1986, as amended from time to time. Any reference to any section of the Code shall be deemed to include any applicable regulations and rulings pertaining to such section and shall also be deemed a reference to comparable provisions of future laws.

1.04 Committee means the individual or individuals appointed by the Company to carry out the administration of the Plan. In the event the Committee has not been appointed, or resigns from a prior appointment, the Company shall be deemed to be the Committee.

1.05 Company means City of Kingsport that has adopted this Plan and any successor thereto. The Company is the sponsor and the administrator of the Plan.

1.06 Compensation means the total cash remuneration received by a Participant from the Employer during a Coverage Period prior to any reductions pursuant to an Enrollment Form authorized hereunder and prior to any salary reduction pursuant to any of the following: (a) another cafeteria plan; (b) a Code Section 132(f)(4) plan; or (c) a Code Section 401(k), 403(b), 408(k), or 457(b) plan or arrangement, as may be applicable.

1.07 Coverage Period means the Plan Year, provided that, for any Employee who becomes a Participant after the start of a Plan Year, the initial Coverage Period shall mean the period commencing on the effective date of such Participant's participation and extending through the remainder of the Plan Year.

1.08 Dependent means a Participant's Spouse, or a Participant's child(ren) who meet the definition of Code Section 152, and any other person meeting the definition of Code Section 152 who are eligible to receive benefits hereunder in accordance with the Enrollment Form. Notwithstanding the above, for purposes of any benefit hereunder that is also an accident and health plan as described in Code Section 105, whether a Participant's child(ren) or any other person (excluding a Spouse) meets the definition of Code Section 152 shall be determined without regard to Section 152(b)(1) (generally having to do with the inability of a person claimed as a dependent, to claim others as the person's dependent; i.e., dependent cannot have dependents), Section 152(b)(2) (generally having to do with joint returns by spouses), and Section 152(d)(1)(B) (generally having to do with gross income limitations for a qualifying relative), in accordance with the Working Families Tax Relief Act of 2004. For purposes of any dependent care expenses, Dependent shall have the meaning as defined in Code Section 152, except that in the case of such a Dependent who is a qualifying relative, or in the case of a Spouse, such Dependent or Spouse must be physically or mentally incapable of caring for himself or herself, and such Dependent or Spouse must have the same principal place of abode as the taxpayer for more than one-half of the taxable year. Further, in the event that the IRC is amended, such as a technical correction to address a potentially unintended impact of the Working Families Tax Relief Act of 2004 on the definition of "dependent" for purposes of IRC Section 129 for Dependent Care Assistance Programs, including IRC Section 21, or for any other purpose, the definition of Dependent herein shall automatically change along with such IRC amendment, without additional action to this Plan, to conform with such IRC amendment. Effective March 30, 2010, and in addition to the foregoing, the term Dependent shall include a Participant's children who are adult children until the individual child attains 26 years of age, as required by Section 2714 of the Public Health Services Act.

1.09 Effective Date of this amended and restated plan means January 1, 2019, or such later date an adopting Employer adopts the Plan for its Employees.

1.10 Election Period means the period designated by the Company, and communicated to Employees in advance, preceding each Coverage Period during which Participants may make elections under the Plan (except for any Employee who first becomes eligible to be a Participant during a Coverage Period, in which case section 4.03 shall apply). Such Election Period shall be a period of no less than two (2) weeks.

1.11 Employee means any person employed by the Employer who is eligible to receive a benefit under this Plan for which the Employee must pay Premium Expenses. The term shall specifically exclude self-employed individuals described in Code Section 401(c).

1.12 Employer means the Company and any other employer that adopts this Plan pursuant to section 6.01.

1.13 Employer Credit Contribution means any amount which the Employer, in its sole discretion, may contribute on behalf of Participants toward benefits under the Plan. The amount of the Employer Credit Contribution, if any, will be disclosed in Participant enrollment materials. The Employer Credit Contribution will be limited as designated in the enrollment materials. Except as otherwise provided in the enrollment materials, no Employer Credit Contribution will be disbursed to a Participant in cash, and any unused contributions shall be returned to the Employer.

1.14 Enrollment Form means an agreement between the Participant and the Employer under which the Participant agrees to reduce his Compensation in exchange for a qualified benefits plan as permitted under Section 125 of the Code, to the extent such benefit is offered under this Plan, and to have an equivalent amount contributed by the Employer for the purchase of the benefit elected by the Participant. The Enrollment Form shall apply only to Compensation that has not been actually or constructively received by the Participant as of the date of the Enrollment Form (after taking this Plan into account) and subsequently does not become currently available to the Participant.

1.15 Participant means any Employee who becomes a Participant pursuant to Article II.

1.16 Plan means the City of Kingsport Section 125 Cafeteria Plan.

1.17 Plan Administrator means City of Kingsport.

1.18 Plan Year means the twelve (12) month period commencing January 1 and ending December 31.

1.19 Premium Expenses means the Participant's cost for benefits elected by the Participant, that are made available under this Plan as may be permitted under Code Section 125 and as described in section 4.01 of the Plan, including Appendix I. The maximum amount of Premium Expenses permitted during the Plan Year shall be determined periodically by the Employer and shall be based upon costs of the particular benefit and the Employer's allocation of those costs among the Employer and the Employee. The Employer may in its discretion allocate all or a portion of the cost to the Employee.

1.20 Salary Reduction means the amount by which a Participant's Compensation shall be reduced on a pre-tax basis to cover the Premium Expenses attributable to the benefit(s) elected pursuant to Article IV.

1.21 Similar Coverage means coverage for the same category of benefits for the same individuals (e.g., family to family or single to single). For example, two plans that provide coverage for major medical are considered to be Similar Coverage. A health flexible spending account is not Similar Coverage for an accident or health plan that is not a flexible spending account. Coverage by another employer, such as a Spouse's or Dependent's employer, may be treated as Similar Coverage.

1.22 Spouse means the legally married husband or wife of a Participant. The terms "husband" and "wife" shall be interpreted in accordance with Code Section 7701(a)(17) and Revenue Ruling 2013-17, 2013-38 I.R.B. 201, and shall be subject to such retroactive application as may be determined by the Internal Revenue Service through subsequent guidance.

ARTICLE II

PARTICIPATION

2.01 Eligibility

Each Employee who as of the Effective Date of this Plan receives benefits pursuant to a program described in Appendix I and who has Premium Expenses for that benefit, shall be eligible to participate in this Plan as of the Effective Date. Any new Employee is eligible to participate in this Plan as of the date coinciding with his eligibility for a benefit program described in Appendix I.

2.02 Enrollment

Each Employee who is eligible to participate in the Plan may, during the applicable Election Period, complete an Enrollment Form approved by the Employer. After electing to receive a benefit and agreeing to pay for the Premium Expense by Salary Reduction with pre-tax dollars, the Employee shall become a Participant in this Plan. The election made on the Enrollment Form shall be irrevocable until the end of the applicable Coverage Period unless the Participant is entitled to change his election pursuant to Article IV of this Plan. If a current Participant fails to provide a completed Enrollment Form to the Employer during the Election Period for an upcoming Plan Year, then section 4.02 shall control. However, such Participant shall be deemed to continue his prior Plan Year election for the upcoming Plan Year for any medical or health insurance Premium Expenses under a group health plan maintained by the Company.

2.03 Termination of Participation

Participation in this Plan of a Participant shall terminate on (a) his termination of employment for any reason, (b) the date on which he is no longer eligible for benefits hereunder, or (c) the termination of this Plan.

2.04 Rehires

If a Participant's coverage under this Plan is terminated because of the Participant's termination of employment, and the Participant is rehired during the same Coverage Period and within 30 days of the termination of employment, he or she may be permitted to resume participation in this Plan, provided that any Enrollment Form in effect prior to termination of employment is reinstated, and provided that the individual may again begin participation in the applicable benefit program. Notwithstanding the preceding sentence, if an event has occurred after termination and prior to rehire that would otherwise permit a change in election, the rehired Employee may be permitted to change the prior election accordingly. If an individual is rehired more than 30 days following his immediately preceding termination of employment, such Employee shall be treated as a new Employee for purposes of his or her elections under this Plan.

Nothing in this section 2.04 or in any other section of the Plan shall take precedence over the terms and conditions of the documentation for the benefits offered under this Plan, and such other documentation shall control as to eligibility for that benefit at any point in time and as to all other matters relating to that benefit to the extent there is any inconsistency between the Plan and the underlying documentation for any benefit offered hereunder.

ARTICLE III

CONTRIBUTIONS

3.01 Salary Reduction

If an eligible Employee elects the benefits described in section 4.01, pursuant to the applicable election procedure in Article IV, his Compensation shall be reduced in an amount equal to his Premium Expenses. Premium Expenses (which are Salary Reduction contributions) shall be calculated after taking into account any Employer Contribution Credit allocable to the benefit elected. Premium Expenses shall be deducted ratably during the Plan Year from the Participant's Compensation.

3.02 Employer Credit Contributions

The Employer may make a nonelective Employer Credit Contribution toward benefits under the Plan. The amount of the Employer Credit Contribution, if any, will be disclosed in Participant enrollment materials and will be limited as designated in the enrollment materials. Any unused Employer Credit Contribution will not be disbursed to a Participant in cash and shall be returned to the Employer, unless otherwise provided in the enrollment materials.

Notwithstanding the foregoing, the Employer may make periodical Employer Credit Contributions related to the completion or attainment of certain wellness goals or initiatives.

3.03 Application of Contributions

As soon as reasonably practical after each payroll period, the Employer shall apply the aggregate Salary Reduction to provide the benefit(s) elected by the affected Participants. Employer Credit Contributions shall be applied as directed by the Employer.

ARTICLE IV

ELECTION OF BENEFITS

4.01 Premium Expenses

Each eligible Employee shall have the right to elect to pay Premium Expenses under the Plan for benefits identified in Appendix I, on a Salary Reduction pre-tax basis. Such election shall be evidenced on forms provided by the Employer.

It is specifically provided that the only rights being granted to Participants under this Plan are the rights to pay Premium Expenses through Salary Reduction and rights under Section 125 of the Code with respect to the Participant's ability to choose among two or more benefits consisting of cash and qualified benefits. The Employer in no way guarantees, pursuant to this Plan, a Participant's eligibility for any benefit provided under any other employee benefit plan.

4.02 Annual Elections

During the Election Period, each eligible Employee shall be given the opportunity to elect, on an Enrollment Form provided by the Employer, benefits as set forth in Appendix I. Any such election shall be effective for any Premium Expenses incurred during the Coverage Period beginning on the date following the end of the Election Period. Similarly, any such election shall be effective for any Employer Credit Contribution made during the Coverage Period. In the event an eligible Employee or Participant shall not complete an Enrollment Form during the annual Election Period with respect to a reimbursement account that may be provided as a benefit hereunder, such failure to complete shall be deemed to be an election to not participate and to discontinue participation in such reimbursement account. In other words, participation in any reimbursement account requires an affirmative election to participate or to continue participation. However, as to any benefit option that is not a reimbursement account, the failure to complete an Enrollment Form during the annual Election Period shall be deemed to be consent to continue in effect the prior year's election, if any.

4.03 Elections by New Employees

A new Employee's Election Period shall be the period from his acceptance of an offer of employment through the date he becomes eligible to receive coverage for a benefit available under this Plan, or such other date as determined by the Committee. If the new Employee does not complete an Enrollment Form and deliver it to the Employer before such date, he may not make an election until the next subsequent Election Period. Any election pursuant to this section 4.03 shall not be effective until the first day of the month following the receipt of the Enrollment Form by the Employer (or such other date established by the Committee), and shall be limited to the Premium Expenses incurred in the portion of the Coverage Period for which the election is made.

4.04 Irrevocability of Elections

In general, an Employee's election of benefits under the Plan will be irrevocable for the duration of the Coverage Period. However, the Participant may be permitted to make an election change under this Plan subject to the provisions of the "Changes of Benefit Elections" section described below.

4.05 Changes of Benefit Elections

It is intended that this Plan shall allow, to the fullest extent provided by IRS regulations and authority, changes in benefit elections. An Employee who is permitted to make an election change under this section of the Plan must do so no later than 30 days (or 31 days if authorized by the underlying benefit program) of the event as described below in this Section 4.05. An Employee may revoke an election of benefits during a Coverage Period and/or make a new election only as provided in this section of the Plan. Further, even though an election change may be allowed under this section of the Plan, any such change desired shall not be allowed if allowing the desired change would be contrary to the terms of the document(s) governing the benefit to which the change of election applies. All election changes or new elections allowed shall be effective no sooner than the first day of the payroll period coinciding with or next following the date on which the Employee files a new Enrollment Form with the Plan administrator or makes a change thereto with the Plan administrator, except that elections to add medical coverage for a newborn or newly adopted Dependent child pursuant to the special enrollment rights described in (a) below may be retroactive in accordance with the special enrollment. Elections made pursuant to this section of the Plan shall be effective for the remainder of the Coverage Period in which the election is made, unless a subsequent event allows a further election change.

The Plan Administrator, in its sole discretion, has the discretionary authority to make all determinations required in order to determine whether the appropriate requirements have been met so that an Employee may change a benefit election, including the determination of any factual or legal question, including regulatory and other authority, and the interpretation of any provision of the Plan and application of the Plan.

(a) Special Enrollment Rights. An Employee may revoke an election for coverage under a group health plan during a Coverage Period and make a new election that corresponds with any special enrollment rights provided under the group health plan in accordance with the Health Insurance Portability and Accountability Act ("HIPAA") under Code Section 9801(f). Notwithstanding the preceding sentence and consistent with the provisions of Code Section 9801(f)(3), an Employee may make a new election under the Plan upon the occurrence of either of the following two events:

(1) Termination of Medicaid or CHIP Coverage. The Employee or Dependent is covered under a Medicaid plan under title XIX of the Social Security Act or under a State child health plan under title XXI of such Act and coverage of the Employee or Dependent under such a plan is terminated as a result of loss of eligibility for

such coverage and the Employee requests coverage under the Employer's group health plan not later than 60 days after the date of termination of such coverage; or

(2) Eligibility for Employment Assistance Under Medicaid or CHIP. The Employee or Dependent becomes eligible for assistance, with respect to coverage under the Employer's group health plan under such Medicaid plan or State child health plan (including under any waiver or demonstration project conducted under or in relation to such a plan), if the Employee requests coverage under the Employer's group health plan not later than 60 days after the date the Employee or Dependent is determined to be eligible for such assistance.

(b) Changes in Status. An Employee may revoke an election during a Coverage Period and make a new election for the remaining portion of the Coverage Period (referred to as an election change) if, under the facts and circumstances, a Change in Status has occurred and the election change satisfies the consistency rules described below.

(1) Consistency Rule in General. An election change satisfies the consistency rule requirements only if the election change is on account of and corresponds with the Change in Status that affects eligibility for coverage under the benefit. For accident or health coverage and group-term life insurance, a Change in Status that affects eligibility includes a Change in Status that results in an increase or decrease in the number of an Employee's family members or Dependents who may benefit from coverage. An election change also satisfies the consistency rule requirements if the election change is on account of and corresponds with a Change in Status that affects expenses eligible for reimbursement under a dependent care reimbursement plan under Code Section 129 or an adoption assistance program under Code Section 137. In certain circumstances, additional requirements must be met in order to satisfy the consistency rule, as further explained below in subparagraph (2).

(2) In addition, if a Change in Status occurs as described below, then additional requirements must be met in order to satisfy the consistency rule requirements as follows:

(A) Divorce, Death, Cessation of Dependent Status. If the Change in Status is the Employee's divorce, annulment, or legal separation from a Spouse, the death of a Spouse or Dependent, or a Dependent ceasing to satisfy the Dependent Eligibility Requirements (as defined above in Article I), then an Employee's election to cancel any benefit that is accident or health coverage for any individual other than the Spouse involved in the divorce, annulment, or legal separation, the deceased Spouse or Dependent, or the Dependent that ceased to satisfy the Dependent Eligibility Requirements, respectively, fails to correspond with that Change in Status. As an example, if a Dependent dies or ceases to satisfy the Dependent Eligibility Requirements, an election to cancel any accident or health coverage for any other Dependent, for the Employee, or for the Spouse, fails

to correspond with that Change in Status and thus would not satisfy the consistency rule requirements.

(B) Becoming Covered Under Another Employer's Plan. If as a result of a Change in Status that involves either legal marital status or employment status, an Employee, Spouse, or Dependent gains eligibility for coverage under a cafeteria plan or benefit program that is sponsored by the employer of the Employee's Spouse or the Employee's Dependent, then an Employee's election under this Plan to cease or decrease coverage for that individual under this Plan corresponds with that Change in Status only if coverage for that individual becomes applicable or is increased under the cafeteria plan or such other benefit plan sponsored by the employer of the Employee's Spouse or the Employee's Dependent.

(C) Special Rule if Life/Disability Coverage is Offered. With respect to group-term life insurance or disability coverage that may be available under the Plan, an election to increase coverage (or an election to decrease coverage) in response to a Change in Status is deemed to correspond with that Change in Status as required by the consistency rule.

(D) Exception for COBRA. If the Employee, Spouse, or Dependent becomes eligible for COBRA continuation or similar state-law continuation coverage under any benefit which is subject to said continuation, the Employee may elect to increase payments under the Plan in order to pay for the continuation coverage.

(c) Judgment, Decree, or Order. If a judgment, decree, or order (collectively referred to as an "order") resulting from a divorce, legal separation, annulment, or change in legal custody (including a qualified medical child support order as defined by ERISA Section 609) (if applicable), requires accident or health plan coverage for an Employee's child or for a foster child who is a Dependent of the Employee, and if such coverage is available and is provided for under the documents governing the benefit, then pursuant to such an order, the Plan may change the Employee's election to provide coverage for the child if the order requires coverage for the child under the Employee's plan; or the Plan may permit the Employee to change the Employee's election in order to cancel coverage for the child if the order requires the Spouse, former spouse, or other individual to provide coverage for the child and that coverage is, in fact, provided.

(d) Entitlement to Medicare or Medicaid. If an Employee, Spouse, or Dependent who is enrolled in an accident or health plan of the Employer becomes entitled to coverage by becoming enrolled under Part A or Part B of Title XVIII of the Social Security Act (Medicare) or Title XIX of the Social Security Act (Medicaid), other than coverage consisting solely of benefits under Section 1928 of the Social Security Act providing for the program for distribution of pediatric vaccines, the Employee may make a prospective election change to cancel or reduce coverage

for that Employee, Spouse, or Dependent under the accident or health plan. In addition, if an Employee, Spouse, or Dependent who has been entitled to such coverage under Medicare or Medicaid loses eligibility for such coverage, the Employee may make a prospective election to commence or increase coverage for that Employee, Spouse, or Dependent under the accident or health plan.

(e) Cost Changes. THIS SECTION IS NOT APPLICABLE TO MEDICAL REIMBURSEMENT ACCOUNT PLANS.

(1) Insignificant Cost Changes. If the cost charged to an Employee for a benefit increases or decreases during a Coverage Period by an insignificant amount and Employees are required to make a change in their payment, the Plan may, on a reasonable and consistent basis, automatically make a prospective increase (or decrease) in affected Employees' Salary Reduction accordingly to reflect the new cost.

(2) Significant Cost Changes. If the cost charged to an Employee for a benefit option significantly increases or significantly decreases during a Coverage Period, affected Employees may make a corresponding change in election under the Plan. Changes that may be made include commencing participation in the Plan for the option with a decrease in cost. In the case of an increase in cost, the Employee may revoke an election for that coverage and, in lieu thereof, either receive on a prospective basis coverage under another option providing Similar Coverage; or the Employee may drop coverage if no other option providing Similar Coverage is available. Example: If the cost of an indemnity option under an accident or health plan significantly increases during a Coverage Period, Employees who are covered by the indemnity option may make a corresponding prospective increase in their payments or may instead elect to revoke their election for the indemnity option and, in lieu thereof, elect coverage under another option, including an HMO option, or drop coverage under the accident or health plan if no other option is offered.

(3) Application of Cost Changes. For purposes of this section, a cost increase or decrease refers to an increase or decrease in the amount of the elective contributions (i.e., Salary Reduction) under the Plan, whether that increase or decrease results from an action taken by the Employee (such as switching between full-time and part-time status) or from an action taken by the Employer (such as reducing the amount of employer contributions for a class of Employees).

(4) Special Rules for Dependent Care. This section of the Plan related to cost changes applies in the case of a dependent care reimbursement plan under Code Section 129 only if the cost change is imposed by a dependent care provider who is not a relative of the Employee. For this purpose, a relative is an individual who is related as described in Code Sections 152(d)(2)(A) through (G), incorporating the rules of Code Sections 152(f)(1) and (4), and includes, for example, a Spouse, a son or daughter or other descendant, a stepson or stepdaughter, a brother or sister, a stepbrother or stepsister, a father or mother or other ancestor, a stepfather or

stepmother, a nephew or niece, an uncle or aunt, a son-in-law, a daughter-in-law, a father-in-law, a mother-in-law, a brother-in-law, or a sister-in-law. This special rule, as set forth in this section, shall be construed so that a cost change also occurs if the Participant increases the salary of a non-relative household employee who provides dependent care services for the Participant.

(f) Coverage Changes. THIS SECTION IS NOT APPLICABLE TO MEDICAL REIMBURSEMENT ACCOUNT PLANS.

(1) Significant Curtailment Without Loss of Coverage. If an Employee (or an Employee's Spouse or Dependent) has a significant curtailment of coverage under a Benefit during a Coverage Period that is not a loss of coverage as described below in paragraph (f)(3) (for example, there is a significant increase in the deductible, the co-pay, or the out-of-pocket cost sharing limit under an accident or health plan), then any Employee who has been participating in the Plan and receiving that coverage may revoke his or her election for that coverage and, in lieu thereof, elect to receive on a prospective basis coverage under another option providing Similar Coverage. Coverage is significantly curtailed only if there is an overall reduction in coverage provided under the Plan so as to constitute reduced coverage generally. Thus, in most cases, the loss of one particular physician in a network does not constitute a significant curtailment. Example for Dependent Care: If due to a child starting school, the hours required for child care services are reduced, the change in hours will be treated as a coverage change, and a Participant may decrease his or her election under a Section 129 dependent care reimbursement plan accordingly.

(2) Significant Curtailment With Loss of Coverage. If an Employee (or an Employee's Spouse or Dependent) has a significant curtailment that is a loss of coverage as described below in paragraph (f)(3), then the Employee may revoke his or her election under the Plan and, in lieu thereof, may elect either to receive on a prospective basis coverage under another option providing Similar Coverage or to drop coverage if no Similar Coverage is available.

(3) Loss of Coverage. A loss of coverage means a complete loss of coverage under the benefit option (including the elimination of a benefit option, an HMO ceasing to be available in the area where the individual resides, or the individual losing all coverage under the option by reason of an overall lifetime or annual limitation). In addition, the Plan administrator, in its discretion, may treat the following as a loss of coverage: (a) a substantial decrease in the medical care providers available under the option (such as a major hospital ceasing to be a member of a preferred provider network or a substantial decrease in the physicians participating in a preferred provider network or in an HMO); (b) a reduction in the benefits for a specific type of medical condition or treatment with respect to which an Employee (or an Employee's Spouse or Dependent) is currently in the course of treatment; or (c) any other similar fundamental loss of coverage.

(4) Addition or Improvement of a Benefit Option. If a plan adds a new benefit option, or if coverage under an existing benefit option is significantly improved during a Coverage Period, then eligible Employees (whether or not they have previously made an election under the Plan or have previously elected the benefit option) may revoke their election under the Plan and, in lieu thereof, make an election on a prospective basis for coverage under the new or improved benefit option. Example for Dependent Care: If a Participant finds a new child care provider, whether the new care provider is a household employee, a family member, or an independent person or entity, the situation is similar to a new benefit option becoming available under the Plan and may be treated as such. As a result, a Participant may change his or her election under a Code Section 129 dependent care reimbursement plan.

(5) Change in Coverage Under Another Employer Plan. An Employee may make a prospective election change that is on account of and corresponds with a change made under another employer plan (including a plan of the same Employer or of another employer) if (a) the other cafeteria plan or benefit option permits Participants to make an election change that would be permitted by IRS regulations under Code Section 125, as generally described in this section of the Plan; or (b) this Plan permits Participants to make an election for a Coverage Period that is different from the Coverage Period under the other cafeteria plan or benefit option. Example: If a Participant's Spouse is covered by a health plan sponsored by the Spouse's employer, and that plan has a plan year that differs from the Plan Year under this Plan, then this Plan will allow the Participant to add the Spouse if the Participant certifies that the Spouse will elect no coverage under the plan of the Spouse's employer during annual enrollment for the other plan and there is no reason to believe that the certification is incorrect.

(6) Loss of Coverage Under Other Group Health Coverage. An Employee may make an election on a prospective basis to add coverage under the Plan for the Employee, the Employee's Spouse, or the Employee's Dependent if such Employee, Spouse, or Dependent loses coverage under any group health coverage sponsored by a governmental or educational institution, including any one of the following: (a) A State's Children's Health Insurance Program (SCHIP) under Title XXI of the Social Security Act; (b) A medical care program of an Indian tribal government as defined in Code Section 7701(a)(40), the Indian Health Service, or a tribal organization; (c) A State health benefits risk pool; or (d) A Foreign government group health plan.

4.06 Participation During Leaves of Absence

The Family and Medical Leave Act ("FMLA") generally requires a covered Employer to offer coverage under any group health plan for the duration of a leave that is required to be extended by the FMLA, whether the leave is paid or unpaid. The group health plan coverage is to be offered under the same conditions as coverage would have been provided if the Employee had been continuously working during the entire leave period. The Employee has the right to keep this coverage by continuing to pay his or her cost of the premium. The requirements for Employees on paid FMLA leave are generally addressed by the FMLA and its regulations, which allow premium payments to be continued on the same basis as existed prior to the leave. The provisions below address benefit election choices under this Plan when the Employee is on an unpaid FMLA leave. Nothing herein shall be construed to alter the terms of any underlying benefit plan documentation and should not be construed to grant coverage under a benefit when the documentation for that benefit would not allow coverage to continue during a leave of absence.

(a) Health Benefits. Notwithstanding anything herein to the contrary and to the extent required by the FMLA, an eligible Employee may be permitted to terminate one or more health-related benefit elections (such as for group health coverage or for a medical reimbursement spending account) if the Employee takes an unpaid FMLA leave of absence. If such Employee terminates the receipt of a health benefit, or if the Employee continues the coverage yet coverage terminates because the Employee fails to pay the required premium, then there will be no coverage under the health benefit following such termination, and expenses incurred after termination are not eligible for payment. On timely return from an FMLA leave, the Employee shall be entitled to resume Plan participation under the same terms and conditions that existed prior to the leave. However, any terms and conditions that may have changed for active Employees also apply to the Employee returning from an FMLA leave.

Upon return from an FMLA leave during which coverage terminated, the Employer may require reinstatement into a health benefit that is a medical reimbursement spending account, provided that Employees on a non-FMLA leave are also required to be reinstated into the spending account. Upon reinstatement, whether or not required, the Employee may not retroactively elect spending account coverage for claims incurred during the period when the coverage was terminated. The Employee may resume coverage at the level in effect prior to the beginning of the leave, thus increasing premium payments upon return from the leave or, alternatively, the Employee may elect to resume coverage at a reduced level, continuing premium payments in the same amount as in effect before the leave. Example: If an Employee has elected $1,200 of annual coverage under a medical reimbursement account ($100 pre-tax funding monthly) and is on an FMLA leave during April, May, and June, during which coverage ceases, Employee on return from the leave in July may resume coverage at $1,200 by paying $150 per month from July through December. Alternatively, the Employee may resume coverage

at the reduced level of $900 annually by paying $100 per month from July through December.

In lieu of allowing an employee to elect to terminate the receipt of health-related benefits, the Employer may provide that health-related coverage automatically continues and allow the Employee to discontinue payment of his or her required premium during the period of the FMLA leave. Should this happen, the Employer has the right to recover the Employee's share of the premiums when the Employee returns to work, or as may otherwise be allowed by the FMLA.

If an Employee goes on an unpaid FMLA leave and chooses to continue one or more health-related benefits, the Employee may pay his or her share of the premium by one of the following methods. The optional methods provided below are to be offered in accordance with regulations under Code Section 125 relating to cafeteria plans and FMLA leaves, and in accordance with the Employer's practices and procedures:

(1) Pre-Pay. An Employee may pre-pay the premium for the expected duration of the leave either with after-tax dollars or with pre-tax dollars. Pre-tax dollars may not be used to pre-pay coverage during the subsequent Plan Year, and pre-payment may not be the sole method made available.

(2) Pay-As-You-Go. An Employee may make premium payments during the course of the leave by sending such payments as directed by the Employer, on a payroll period basis, or on any other basis as authorized. Contributions under this option are generally made on an after-tax basis. Coverage may cease if payments are not timely made, in accordance with the FMLA and its requirements. Alternatively, the Employer may choose to continue the health coverage of the Employee who fails to pay premiums. In such case, the Employer may recoup the premiums paid on the Employee's behalf, as authorized by regulations.

(3) Catch-Up. An Employee may make an advance agreement with the Employer that coverage will continue during the leave and that the Employee will not pay premiums until returning from the leave, after which time the Employee will catch-up those premium payments.

(4) Other. If any other option is made available to Employees on non-FMLA leave, then such option is also available to Employees on FMLA leave.

An Employee on FMLA leave has the right to revoke or change elections under the same terms and conditions as are available to active employees, as addressed in Articles I and IV of this Plan.

(b) Non-Health Benefits. If an Employee goes on an FMLA leave, then entitlement to non-health benefits shall be determined by the Employer's policies and procedures

for providing such benefits when an Employee is on a leave not covered by the FMLA, and also by the terms of the underlying benefit plan documentation. It is possible that an Employer may continue the Employee's non-health benefits while on FMLA leave in order to ensure that the Employee is eligible to be reinstated in the benefit upon return from leave as may be required by the FMLA. In such a case, the Employer is entitled to recoup the costs incurred for paying the Employee's share of the premium. Such costs may be recovered on any basis allowed by law.

If an Employee goes on a leave of absence that is not covered by the FMLA, such absence may constitute a Change in Status as addressed in Articles I and IV of this Plan. The ability of such Employee to continue any underlying benefit shall be determined by the terms and conditions of the underlying benefit plan documentation and by the Employer's policies and procedures. If the benefit can be continued, then this Plan accommodates the ability to pay for the benefit on a pre-tax basis where Compensation is available during the leave.

ARTICLE V

ADMINISTRATION

5.01 Plan Administration

The operation of the Plan shall be under the supervision of the Committee. It shall be a principal duty of the Committee to see that the Plan is carried out in accordance with its terms, and for the exclusive benefit of Participants in the Plan. The Committee shall have full power and discretion to administer the Plan in all of its details; subject, however, to the pertinent provisions of the Code. The Committee's discretionary powers, in addition to all other powers provided by this Plan, shall include, but shall not be limited to, the following authority:

(a) to make and enforce such rules and regulations as the Committee deems necessary or proper for the efficient administration of the Plan;

(b) to interpret the Plan; the Committee's interpretations thereof rendered in good faith shall be final and conclusive on all persons claiming benefits under the Plan;

(c) to decide all questions of fact and/or law concerning the Plan and the eligibility of any person to participate in the Plan and to receive benefits provided under the Plan; and

(d) to appoint such agents, counsel, accountants, consultants and actuaries as may be required to assist in administering the Plan.

Further, the Committee is empowered to limit or modify the elections of highly compensated employees, highly compensated individuals, or key employees to the extent necessary to comply with any applicable non-discrimination requirements; however, any such limitation or modification shall be made in a uniform and consistent manner and shall not have the effect of circumventing any provision of the Code.

The Committee shall have the authority to allocate among its members or employees any of its duties and responsibilities under the Plan or may designate persons other than members or employees to carry out any of its duties and responsibilities. Any such designation shall carry with it the discretionary power of the Committee as set forth above, as to those duties and responsibilities that are so designated.

5.02 Insurance and Plans of Benefits

This Plan shall not affect the terms of any contract of insurance. An insurance company shall continue to have exclusive authority and discretion to interpret its contract and to manage and control any funds held by it to the extent permitted under the terms of any

agreement or contract of insurance with the Employer. Further, this Plan shall not affect the terms of any program of benefits, whether insured or self-funded.

5.03 Examination of Records

The Employer shall make available to each Participant such records as pertain to the Participant, for examination at reasonable times during normal business hours.

5.04 Claims for Benefits

Any claim for benefits which arises under an insurance contract or a benefit program specified in section 4.01 shall be made in accordance with the terms of that contract or benefit program and in accordance with the claims procedures regulations issued by the U.S. Department of Labor.

ARTICLE VI

PARTICIPATION BY OTHER EMPLOYERS

6.01 Adoption of Plan

With the consent of the Company, any Employer which is treated as a single employer with the Company under subsections (b), (c), or (m) of Section 414 of the Code, or a successor company thereto, may become a participating Employer under the Plan by

(a) taking such action as shall be necessary to adopt the plan,

(b) filing with the Committee a copy of an executed adoption agreement in a form specified by the Company and attached to this Plan in Appendix II, and

(c) taking such other action as may be necessary or desirable to put the Plan into effect with respect to such Employer.

6.02 Withdrawal from Participation

Any Employer may withdraw from participating in the Plan at any time by filing with the Committee a copy of a resolution of its board of directors to that effect and giving notice of its intended withdrawal to the Company prior to the effective date of withdrawal. Notwithstanding the above, the Company may prohibit the withdrawal of an Employer if such withdrawal would cause the Plan to fail to satisfy any requirement under Section 125 of the Code.

6.03 Company Authorized to Act for Employers

Each Employer which shall become a participating Employer pursuant to section 6.01 shall be deemed to have appointed the Company to exercise on its behalf all the powers and authorities hereby conferred upon the Company by the terms of the Plan, including, but not by way of limitation, the power to amend and terminate the Plan. The authority of the Company to act as such shall continue until such Employer shall withdraw from the Plan. Notwithstanding the foregoing, the Company shall not have the authority to amend the Adoption Agreement executed by another Employer.

ARTICLE VII

AMENDMENT OR TERMINATION OF PLAN

7.01 Amendment or Termination

The Company reserves the right to amend, modify, revoke or terminate the Plan at any time, in whole or in part, without the consent of any Participant or Dependent. The authority to make any such changes to the Plan rests with the Committee or the appropriate authorized officers or other representatives of the Company.

ARTICLE VIII

MISCELLANEOUS

8.01 Plan Interpretation

This Plan document sets forth the provisions of this Plan. This Plan shall be read in its entirety and not severed except as provided in section 8.05.

8.02 Non-Alienation of Benefits

No benefit, right or interest of any person hereunder shall be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, seizure, attachment or legal, equitable or other process or be liable for, or subject to, the debts, liabilities or other obligations of such person, except as otherwise required by law.

8.03 Limitation on Participant Rights

Nothing appearing in or done pursuant to the Plan shall be held or construed:

(a) to give any person any legal or equitable right against any Employer or the Committee, except as expressly provided herein or provided by law; or

(b) to create a contract of employment with any Participant, to obligate the Employer to continue the service of any participating Employee or to affect or modify his or her terms of employment in any way.

8.04 Governing Law

This Plan is governed by Section 125 of the Internal Revenue Code and the regulations issued thereunder, to the extent that such Code section addresses a provision provided in this Plan. In no event shall the Employer guarantee the favorable tax treatment sought by this Plan. To the extent not addressed by Section 125 of the Internal Revenue Code or not

otherwise preempted by federal law, the provisions of this Plan shall be construed, enforced and administered according to the laws of the State of Tennessee.

8.05 Severability

If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provisions of the Plan, and the Plan shall be construed and enforced as if such provision had not been included herein.

8.06 Captions

The captions contained herein are inserted only as a matter of convenience and for reference, and in no way define, limit, enlarge or describe the scope or intent of the Plan or in any way shall affect the Plan or the construction of any provision thereof.

8.07 Non-Gender Clause

Whenever used in this Plan, the masculine gender shall include the feminine and the plural form shall include the singular.

ARTICLE IX

ADOPTION OF THE PLAN

IN WITNESS WHEREOF, the authorized representative of the Company whose name appears below has executed the Plan document **this [_____ day of _____, to be effective _____,_____].**

ATTEST: (SEAL)

City of Kingsport

By: _____

By: _____

Title: _____

APPENDIX I

The following benefits are offered pursuant to Plan section 4.01, as authorized by Section 125 of the Code.

Medical Reimbursement Account Benefits
Dependent Care Reimbursement Account Benefits
Group Health
Dental and
Vision Insurance

APPENDIX II

ADOPTION AGREEMENT FOR THE
City of Kingsport
SECTION 125 CAFETERIA PLAN

_____ hereby adopts the City of Kingsport Section 125 Cafeteria Plan (the Plan) in accordance with section 6.01 of the Plan as an adopting Employer this **[_____ day of _____, to be effective the _____ day of _____].**

ATTEST: (SEAL)

By: _____

City of Kingsport

By: _____

Title: _____

KINGSPORT
TENNESSEE

AGENDA ACTION FORM

Execute an Agreement with BlueCross BlueShield of Tennessee, Inc.

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-75-2019
Work Session: May 6, 2019
First Reading: N/A

Final Adoption: May 7, 2019
Staff Work By: G. DeCroes
Presentation By: G. DeCroes

Recommendation:
Approve the Resolution.

Executive Summary:
In September, 2016, the board approved the proposal of BlueCross BlueShield of Tennessee, Inc. as the third party administrator for the city's self-funded health insurance program.

BlueCross BlueShield of Tennessee has requested a new agreement be executed by the city, with some additional language, none of which changes the substantial terms of the agreement. The changes are set out in the attached document.

Attachments:
1. Resolution
2. Attachment
3. Agreement

	Y	N	O
Adler			
Begley			
Cooper			
George			
McIntire			
Olterman			
Clark			

RESOLUTION NO. _____

A RESOLUTION APPROVING AN AGREEMENT WITH BLUECROSS BLUESHIELD OF TENNESSEE, INC. AS THE THIRD PARTY ADMINISTRATOR FOR THE CITY OF KINGSPORT SELF-FUNDED HEALTH INSURANCE PROGRAM AND AUTHORIZING THE MAYOR TO SIGN THE AGREEMENT WITH BLUECROSS BLUESHIELD OF TENNESSEE, INC. AND ALL DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE AGREEMENT

WHEREAS, in September, 2016, the board approved the proposal of BlueCross BlueShield of Tennessee, Inc. as the third party administrator for the city's self-funded health insurance program; and

WHEREAS, BlueCross BlueShield of Tennessee, Inc. has redrafted their agreement, and changes some things around which do not alter or substantially change the agreement; and

WHEREAS, BlueCross BlueShield of Tennessee, Inc. requires the new agreement to be executed; and

WHEREAS, all other terms of the agreement are the same.

Now therefore,

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

SECTION I. That the agreement with BlueCross BlueShield, Inc. to act as third party administrator for the city's self-funded health insurance program is approved.

SECTION II. 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, and subject to the requirements of Article X, Section 10 of the Charter of the City of Kingsport, the agreement with BlueCross BlueShield, Inc. as the third party administrator for the city's self-funded health insurance program and any and all documents necessary and proper to effectuate the purpose of the agreement.

SECTION III. That the mayor is further authorized to make such changes approved by the mayor and the city attorney to the agreement 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 IV. That the board finds that the actions authorized by this resolution are for a public purpose and will promote the health, comfort and prosperity of the citizens of the city.

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

ADOPTED this the 7th day of May, 2019.

_____
JOHN CLARK, MAYOR

ATTEST:

_____
SIDNEY H. COX, CITY RECORDER

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, CITY ATTORNEY

Attachment for Action Form # 75-2019

This is basically a request to have the Mayor (or his designee) sign the blue cross service agreement for 2019. A summary of the update from last year is as follows (no changes to fees):

1. ***Exhibit B (p.11-12)*** – This is confirmed the 2019 fee and also external stop loss vendor interface fee.
2. ***P. 12*** – This is the Blue Card access fee section. There is typically a change each year in this section which is a good thing in this case as the access fee% went down. They change these on an annual basis then it is reflected in the ASA.
3. ***P. 14,16, and 27*** – These are all references to the pharmacy program. This is really a formatting issue that took several isolated Rx references and placed them in one section, Exhibit P starting on p. 58. I think it probably would have been less confusing if it would have noted they had not been eliminated but moved to another place.
4. ***P. 20*** – This is a verification of a process we have had in place for a while. When there is an out of network situation with a member, BC/BS will pay the OON provider like we do on the in network claims. In the past, there have been check made to members on OON claims which has resulted in some confusion. The member does not connect the payment to their OON visit then questions why the OON provider bills them later. This makes it a little cleared on how much the OON provider was paid and also the remaining patient liability.
5. ***P. 32 – 49*** - BCBS Association mandated that we replace existing Blue Card language with new language. There is not any substantive rate or fee changes like noted above on #2.
6. ***Exhibit W*** – Pharmacy rebates deleted from this exhibit and moved to Pharmacy exhibit.
7. ***Exhibit A*** – Corrected from One Medical EOC to two to reflect the accurate number of EOCs.

BlueCross BlueShield of Tennessee

An Independent Licensee of the Blue Cross and Blue Shield Association

ADMINISTRATIVE SERVICES AGREEMENT
Between
BLUECROSS BLUESHIELD OF TENNESSEE, INC.
and
CITY OF KINGSPORT, TN

This Administrative Services Agreement, including all Exhibits and Attachments hereto (the "Agreement"), is entered into by and between City of Kingsport, TN ("Employer") and BlueCross BlueShield of Tennessee, Inc. ("BlueCross"), and is effective as stated in paragraph 3.1 of this Agreement. Employer and BlueCross are collectively referred to in this Agreement as the "parties."

Employer has established a self-funded Employee Welfare Benefit Plan; however, this Employee Welfare Benefit Plan ("Plan") is not subject to the Employee Retirement Income Security Act of 1974 ("ERISA.") Employer's benefit documents, which summarize the benefits of the Employee Welfare Benefit Plan, are attached as Exhibit A ("Benefit Documents"). The eligible Employees and their eligible Dependents are collectively referred to as "Members", and that term is further defined in the Benefit Documents. In consideration of the parties' mutual promises, the sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I – RESPONSIBILITIES OF THE PARTIES

1.1. BlueCross. BlueCross is responsible for providing ministerial administrative claims payment services in accordance with the terms of the Benefit Documents, and other duties specifically assumed by it pursuant to this Agreement. BlueCross does not assume any financial risk or obligation with respect to Plan claims. BlueCross will use its reasonable business judgment in performing its duties under this Agreement, and will administer the benefits in accordance with BlueCross' customary administrative standards and practices. BlueCross shall perform its duties in accordance with the terms of this Agreement and generally accepted standards applicable to claims administration, including other Blue Cross and Blue Shield Association (the "Association") licensees.

1.2. Employer. Employer is responsible for providing BlueCross with a current, detailed copy of the Benefit Documents, any changes to the Plan, and the necessary information to determine employee and dependent eligibility under the Plan, and other duties and services described elsewhere in this Agreement. Employer shall fund all Approved Claims, as described in Article II, and shall pay BlueCross an administrative services fee for providing its services under this Agreement. Employer may designate a third party to perform any of its duties under this Agreement; however, such designation shall not release Employer from its obligations pursuant to this Agreement. Any reference to "Employer" in this Agreement shall also include third party(ies) designated by Employer to perform any of its duties or obligations under this Agreement.

1.3. Fiduciary Responsibility. Employer is solely responsible for the fiduciary responsibilities of administering its Plan and maintaining adequate funding to support the Plan. Employer is also responsible for, among other things, preparing and providing its covered employees with copies of Benefit Documents. Although Employer's Plan is not subject to ERISA, Employer acknowledges that BlueCross is acting in a ministerial capacity and is not the "Administrator," the "Claims Fiduciary," nor the "Named Fiduciary"

of Employer's Plan, as that term is defined in ERISA. The "Plan Administrator," as that term is defined in ERISA, is Employer.

1.4. Confidentiality. The parties acknowledge that this Agreement and information provided to the other party that is identified as confidential information, including, but not limited to, reimbursement information, group membership lists, marketing information and information obtained from and/or about the Blue Cross and Blue Shield Association and its programs ("Confidential Information") shall be treated as confidential, proprietary or trade secret information. A party may release Confidential Information to providers or its affiliates, or their respective directors, partners, officers, employees, advisors and other representatives (its "Representatives") who: have a need to know such Confidential Information, for purposes of their participation in or oversight of matters within the scope of this Agreement; and are under a duty or obligation of confidentiality at least as restrictive as those set forth in this Agreement. Each party shall advise its Representatives of their obligation to maintain the confidentiality of such information. Each party is responsible if its Representative breaches this Section. Neither party shall otherwise release nor disclose such Confidential Information to third parties without the other party's prior written consent, except as required by law. If legally compelled to release this Agreement or information included herein, Employer shall make every attempt to keep BlueCross proprietary information confidential, and shall provide written notice to BlueCross before releasing information. This paragraph shall survive the termination of this Agreement.

Notwithstanding anything herein to the contrary, the following shall not constitute Confidential Information for the purposes of this Agreement: (a) Confidential Information that is or becomes generally available to the public other than as a result of a disclosure by a party or its Representatives; (b) Confidential Information that was available to the parties on a non-confidential basis prior to its disclosure by a party or its Representatives; or (c) Confidential Information that becomes available to the parties on a non-confidential basis from a third party, provided that third party is not known to be subject to any prohibition against transmitting that information.

The parties have entered into a Business Associate Agreement, the terms of which control the release and use of Protected Health Information.

BlueCross reserves the right to refuse to release Confidential Information if BlueCross determines, in its sole discretion, that such release has the potential to damage BlueCross' competitive position in the market.

The Agreement and any documents or material obtained by the City may be subject to disclosure in whole or in part pursuant to the Tennessee Open Records Act, set out in *Tennessee Code Annotated* §10-7-503 *et seq.*, without regard to any provision contained in the Agreement declaring information confidential. The City must, upon proper request, release public documents and records as defined by *Tennessee Code Annotated* §10-7-503 *et seq.*, including this Agreement and all records created and maintained related to the Agreement without the requirement to disclose such request to BlueCross or providing BlueCross with the time to obtain a protective order.

ARTICLE II – PAYMENT OF APPROVED CLAIMS AND ADMINISTRATIVE SERVICES FEES

2.1. Claims Funding. Employer shall pay the invoiced amount for claims processed and approved for payment by BlueCross in accordance with this Agreement ("Approved Claims.") Greater detail regarding this process is contained in Exhibit B. Nothing in this Agreement shall obligate or shall be deemed to obligate BlueCross to use its funds to satisfy any of Employer's obligations pursuant to this Agreement or Plan benefits. Employer's assets and amounts contributed by Members, if applicable, are the only

source or sources of payment of Approved Claims or any other benefit provided under the Plan.

2.2. Administrative Services Fees ("ASF(s)"). Employer shall pay ASFs in accordance with the Agreement, including but not limited to Exhibit B.

2.2.1 The initial ASF shall be due and payable on the effective date of this Agreement. The ASF is due on the first of each month thereafter.

2.3. Approved Claims. BlueCross will notify Employer weekly of the estimated amounts necessary to fund the Approved Claims. Employer will then follow the methodology established in Exhibit B to appropriately fund the Approved Claims.

ARTICLE III – TERM AND TERMINATION

3.1. Term. This Agreement becomes effective at 12:01 A.M. January 1, 2019 (the "Effective Date") and shall remain in effect until the earliest of the following events:

3.1.1 Until December 31, 2019, unless Employer and BlueCross agree to extend the term prior to December 31, 2019;

3.1.1.1 After the first year of the Agreement, either party may terminate the Agreement without cause by providing 60 days advance written notice to the other party ;

3.1.2 Any other date mutually agreed upon by the parties; or

3.1.3 Any of the events specified in Section 3.2.

3.2. Termination by BlueCross. Notwithstanding the provisions of Section 3.1 above, this Agreement will automatically terminate upon the occurrence of any of the following events, as determined by BlueCross:

3.2.1 Employer's failure to provide adequate funds, as set forth in Exhibit B, as necessary for the payment of Claims;

3.2.2 Employer's failure to pay any ASF or late payment penalty as set forth in Exhibit B;

3.2.3 Employer ceases to maintain the Plan;

3.2.4 At any time BlueCross reasonably believes that Employer does not have the financial ability to adequately fund claims, and Employer has failed to immediately provide adequate assurances of such ability to BlueCross; or

3.2.5 At any time Employer otherwise materially breaches this Agreement.

3.3. Termination for Invalid use of Information. Employer will use any information BlueCross makes available solely for the purpose of administering Employer's Plan under this Agreement and in accordance with applicable law. Employer agrees to hold BlueCross harmless for any claim, action or loss that may arise at any time in the future out of Employer's unauthorized or unlawful use of any such information. Furthermore, if Employer uses the information for another purpose, BlueCross will consider that action a material breach. This Agreement will then be subject to immediate termination.

3.4. BlueCross' Right to Reinstate. BlueCross has the sole discretion to decide to reinstate this Agreement if it was terminated pursuant to Subsections 3.2 or 3.3. If BlueCross elects to reinstate this Agreement, Employer shall be responsible for reinstatement fees, which shall be $1,000.00.

3.5. Termination by Employer. Employer may terminate this Agreement upon giving BlueCross Thirty (30) days advance written notice if the following occurs:

3.5.1 If BlueCross has been declared insolvent by the State of Tennessee, and its assets and obligations have been turned over to a receiver appointed by the State; or

3.5.2 If BlueCross materially breaches its duties under this Agreement.

3.6. Material Breach Defined. A material breach is the failure by one party (the breaching party) to perform or carry out a function or duty required by the terms of this Agreement, where the failure to perform that function or duty seriously impairs the ability to perform of the other party (the non-breaching party). If the non-breaching party determines that a material breach has occurred, it must notify the breaching party in writing of the breach as soon as it is practicable to so notify, and must allow the breaching party Thirty (30) days to cure or correct the breach. If the breach is not cured or corrected in that Thirty (30) day period, the non-breaching party may provide Thirty (30) days notice of termination.

3.6.1 If either party disputes a claimed material breach or that a material breach has been cured or corrected, it may immediately request dispute resolution, pursuant to the terms of Article IV of this Agreement.

3.6.2 BlueCross' termination of this Agreement in accordance with Subsection 3.2.1, 3.2.2, 3.2.3, shall not be subject to the notice provisions of this Subsection, nor entitle Employer to submit the dispute for resolution pursuant to Article IV, below.

3.7. Effect of Termination. The terms and conditions set forth herein shall be of no further force or effect if this Agreement is terminated, except as follows:

3.7.1. The parties' rights and obligations intended to survive termination of this Agreement, including Sections 1.4, 5.1, and 6.13 of this Agreement shall continue in effect notwithstanding its termination.

3.7.2. Termination of this Agreement, except as provided to the contrary herein, shall not affect the rights, obligations and liabilities of the parties arising out of transactions occurring prior to termination.

3.7.3. The termination of this Agreement does not excuse Employer from forwarding to BlueCross any and all fees, monies, reimbursements or claim payments accrued through the date of termination. If termination occurs retroactively, any and all fees, monies, reimbursements or claim payments accrued through the date that actual written notice of termination is received by BlueCross shall be payable to BlueCross by Employer.

3.8. Administration After Termination. Employer and BlueCross may agree on a method by which BlueCross will continue to process claims incurred during, but received after, the term of this Agreement. The administration of the processing of run out claims by BlueCross following termination of this Agreement will be subject to Employer's continued funding of claims payment. "Run out claims" refers to those claims incurred for Covered Services performed prior to the termination of this Agreement, but not yet paid and/or not submitted for payment to BlueCross prior to the termination of this Agreement. For purposes of this Agreement, the date a claim is "incurred" is the date the particular service was rendered or the supply was furnished. There is a separate and distinct administrative fee for BlueCross providing administrative services to pay run out claims. This is set out in Exhibit B.

3.9. Final Settlement. Any Services performed on Employer's behalf will cease 18 months after termination ("Process Conclusion Date"). BlueCross will then complete a final calculation that reconciles any and all claims payments, fund transfers, recoveries received, etc. to determine the amount necessary to finalize both parties' obligations under this Agreement ("Final Settlement"). BlueCross will send Employer a settlement

agreement no later than two years post termination. Employer will have 30 days from the date on the letter attached to the settlement agreement to dispute. If Employer has not disputed the settlement agreement, or returned a signed settlement agreement to BlueCross within the provided time period, Employer shall be deemed to have approved and executed the settlement agreement.

ARTICLE IV – DISPUTE RESOLUTION

4.1. Arbitration. Notwithstanding any other provision in the Agreement to the contrary, arbitration is not permitted and if a dispute arises between the parties concerning any aspect of the Agreement the parties shall endeavor to resolve claims, disputes and other matters in question between them by mediation which shall be administered in accordance with Rule 31 of the Tennessee Rules of the Supreme Court, unless the parties mutually agree otherwise. If the dispute is not resolved any party may resort to resolution of the dispute by litigation in the state or federal courts for Kingsport, Sullivan County, Tennessee. The parties waive their right to a jury trial.

ARTICLE V – LIABILITY AND INDEMNIFICATION

5.1. BlueCross. BlueCross neither insures nor underwrites any of Employer's obligations or liabilities under the Plan. Employer will indemnify BlueCross for actions taken at Employer's direction. BlueCross is responsible solely for its acts and for the acts of its agents and employees acting within the scope of their duties under this Agreement. BlueCross is not responsible for any acts or omissions of any outside vendors associated with or contracted by Employer.

5.1.1. BlueCross hereby agrees to indemnify and hold harmless Employer, its directors, officers, employees and agents against any and all vicarious liability, actions, claims, lawsuits, settlements, judgments, costs, interest, penalties, expenses and taxes, including but not limited to, attorneys' fees and court costs, resulting from or arising directly or indirectly out of, or in connection with, actions or decisions arising directly from the negligence, gross negligence or wanton and reckless acts or failure to act by BlueCross, or its employees or agents ("the standard of care"), unless the cause of such liability was the result of the fault, criminal conduct or fraudulent acts of Employer or any of its directors, officers, employees or agents, or resulted from the direction given by Employer or its directors, officers, employees or agents in the administration of the Plan.

5.1.2. BlueCross' liability to Employer pursuant to Subsection 5.1.1 of this Agreement shall be limited to the value of the ASF received by BlueCross prior to the occurrence of the act, action, or failure to act that forms the basis of BlueCross' liability.

5.1.3. Notwithstanding the foregoing, BlueCross' duty to indemnify and hold Employer harmless shall not extend to acts or omissions of Employer, its officers, directors, or employees or to acts or omissions of any non-employee network providers who provide services to participants in Employer's Plan.

5.1.4. No official, employee or volunteer, whether disclosed or undisclosed, of the Employer shall be personally liable to the BlueCross or any other person or entity, including a third party beneficiary, in the event any provision of the Agreement is unenforceable; there is any default or breach by the Employer; for any amount which may become due under the Agreement; or on any obligations under the terms of the Agreement and the BlueCross and any other person or entity, including a third party beneficiary, shall to look solely to the Employer for the satisfaction of any liability of the Employer hereunder.

5.2. Employer. Employer is responsible for making eligibility and benefit determinations in connection with the Plan, paying all claims for covered services and paying any other expenses related to or arising in connection with the Plan. The parties acknowledge that a governmental entity, as the same is defined in the Tennessee Code Annotated Section 29-20-102, may be protected by the limitation of liability imposed by the Tennessee Governmental Tort Liability Act, as defined in Tennessee Code Annotated Section 29-20-101 et seq. Article II, Section 29 of the Tennessee Constitution prohibits cities from lending their credit to private entities and, therefore, prohibits an agreement by the Employer to indemnify a third party or agree to a limitation of liability provision. Any indemnity or hold harmless provision contained in the Agreement requiring the Employer to indemnify or hold harmless BlueCross or any other person or entity is enforceable only to the extent permitted by Tennessee law

ARTICLE VI – MISCELLANEOUS PROVISIONS

6.1. **Acceptance by Payment of Fees. BlueCross expects that Employer will demonstrate its acceptance of the terms of this Agreement by signing below. In the event that Employer has not signed the Agreement by the Effective Date, this Agreement will be considered accepted by and binding upon both parties if and when Employer makes a payment to BlueCross in order to receive the services described in this Agreement.**

6.2. Amendment. This Agreement may be modified, amended, renewed or extended only upon mutual agreement, in writing, signed by the duly authorized officers of Employer and BlueCross. The parties specifically agree that this Agreement may be amended by BlueCross if:

6.2.1 A program or service is added or removed;

6.2.2 A change is required by law, or by the BlueCross and BlueShield Association; or

6.2.3 BlueCross makes an across-the-board program, service, or process change that impacts the terms of this Agreement.

Employer shall notify BlueCross of any planned changes Employer intends to make to the terms and/or conditions of the Benefit Documents. Notification shall be made sufficiently in advance of any such changes so as to permit BlueCross reasonable time to review and/or implement such changes.

6.3. Assignment. This Agreement may be assigned to a subsidiary or affiliate of Employer upon Ninety (90) days prior written notice to, and with the express written consent of, BlueCross. BlueCross shall not unreasonably withhold its consent to any such assignment by Employer.

6.4. Binding Effect of Agreement. The Agreement shall be binding upon and inure to the benefit of the parties, their agents, servants, employees, successors, and assigns unless otherwise set forth herein or agreed to by the parties hereto.

6.5. Impossibility of Performance. If an act or omission by a third party, including governmental entities, Network Providers or vendors, renders the performance of this Agreement illegal, impossible or impractical, the affected party shall notify the other of the nature of that act or omission (the "Adverse Event.") The parties shall meet and, in good faith, attempt to negotiate a modification to this Agreement that minimizes the Adverse Event. Notwithstanding any other provision of this Agreement, if the parties fail to reach a negotiated modification concerning the Adverse Event, then the affected party may immediately terminate this Agreement upon giving written notice to the other party.

6.6. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and such counterparts shall constitute one and the same instrument.

6.7. Entire Agreement. This Agreement, including the Exhibits and any Attachments hereto, contains the entire agreement between BlueCross and Employer with respect to the specific subject matter hereof. Any prior agreements, promises, negotiations or representations, either verbal or written, relating to the subject matter of this Agreement and not expressly set forth in this Agreement are of no force and effect. The Exhibits and Attachments to this Agreement include the following:

6.7.1. Exhibit A – Benefit Documents.

6.7.2. Exhibit B – Administrative Services Fees.

6.7.3. Exhibit C – Duties of and Services Provided by BlueCross.

6.7.4. Exhibit D – Medical Management Program.

6.7.5. Exhibit E – Duties of Employer.

6.7.6. Exhibit F – Automated Clearinghouse (ACH) Authorization Agreement.

6.7.7. Exhibit G –Inter-Plan Arrangements.

6.7.8. Exhibit H –COBRA Administration Provided by Employer or a Third Party.

6.7.9. Exhibit I –Health and Wellness Services.

6.7.10. Exhibit J –Reserved.

6.7.11. Exhibit K –Reserved.

6.7.12. Exhibit L –Reserved.

6.7.13. Exhibit M – Online Enrollment Specifications through BlueCross Secured Website.

6.7.14. Exhibit N – Grievance Services.

6.7.15. Exhibit O –Savings Guarantee.

6.7.16. Exhibit P – Pharmacy Services.

6.7.17. Exhibit Q – Business Associate Agreement.

6.7.18. Exhibit R – Reserved.

6.7.19. Exhibit S –Reserved.

6.7.20. Exhibit T –Reserved.

6.7.21. Exhibit U –Reserved.

6.7.22. Exhibit V –Reserved.

6.7.23. Exhibit W – Shared Savings.

6.8. Governing Law. This Agreement is subject to and shall be governed by the laws of the United States and State of Tennessee, without regard to conflict of laws provisions.

6.9. Inconsistencies.

6.9.1. If the provisions of this Agreement are in any way inconsistent with the provisions of the Benefit Documents, then the provisions of this Agreement shall prevail and the other provisions shall be deemed modified to the extent necessary to give effect to such provisions.

6.9.2. If the provisions of this Agreement are in any way inconsistent with the provisions of the Exhibits and Attachments hereto, then the provisions of Exhibits and Attachments shall prevail and the inconsistent provisions of this Agreement shall be deemed modified to the extent necessary to give effect to such provisions.

6.10. Independent Contractors.

6.10.1. This Agreement is not intended to create nor deemed or construed to create any relationship between Employer and BlueCross other than that of independent entities contracting with each other solely for the purpose of effecting the provisions of this Agreement. Neither the parties nor their respective directors, officers, employees or representatives shall be construed to be the partner, joint venturer, agent, employer, or representatives of the other party.

6.10.2. On behalf of itself and its participants, Employer hereby acknowledges its understanding that this Agreement constitutes a contract solely between Employer and BlueCross which is an independent corporation operating under a license from the BlueCross and BlueShield Association, an association of independent BlueCross and BlueShield Plans (the "Association") permitting BlueCross to use the BlueCross and BlueShield Service Marks in the State of Tennessee, and that BlueCross is not contracting as the agent of the Association.

6.10.3. Employer acknowledges that BlueCross is independent from any provider rendering services to Members, and that BlueCross is not responsible for any acts or omissions by a provider in rendering care or services to a Member.

6.10.4. Employer further acknowledges and agrees that it has not entered into this Agreement based upon representations by any person other than BlueCross and that no person, entity, or organization other than BlueCross shall be held accountable or liable to Employer for any of BlueCross' obligations created under this Agreement. This paragraph shall not create any additional obligations whatsoever on the part of BlueCross other than those obligations created under other provisions of this Agreement.

6.11. Legal Action. All actions are subject to Article IV, Dispute Resolution.

6.12. Notices. Any notice required to be given pursuant to this Agreement shall be in writing, sent by certified or registered mail, return receipt requested, or by Federal Express or other overnight mail delivery for which evidence of delivery is obtained by the sender, to BlueCross or Employer at the addresses indicated herein, or such other addresses that the parties may hereafter designate. The notice shall be effective on the date the notice was posted.

6.13. No Third Party Rights. Except as specifically provided herein, none of the provisions of this Agreement is intended to create third party rights or status in any person or entity.

6.14. Benefit Documents. It is Employer's obligation to ensure all Benefit Documents, whether produced by BlueCross or Employer, meet the requirements of applicable laws. Employer agrees that all BlueCross and BlueShield Association mandated language shall be included in its Benefit Documents. BlueCross shall not be responsible for administering any Benefit Document that has not been reviewed and approved by BlueCross.

6.15. Severability. If any provision of this Agreement is declared illegal, void or unenforceable, the remaining provisions shall remain in force and effect, unless the severance of that provision substantially deprives a party of the benefit of its bargain or increases the cost of performing its duties pursuant to this Agreement.

6.16. Subsidiaries and Affiliates. Any of the functions to be performed by BlueCross under this Agreement may be performed by BlueCross or any of its subsidiaries, affiliates or designees.

6.17. Survival. The rights and obligations of the parties as set forth herein shall survive the termination of this Agreement to the extent necessary to effectuate the intent of the parties as expressed herein.

6.18. Venue. All actions or proceedings instituted by Employer or BlueCross against the other hereunder shall be brought in a court of competent jurisdiction located in Sullivan County, Tennessee.

6.19. Waiver of Breach. Waiver of a breach of any provision of this Agreement shall not be deemed a waiver of any other breach of the same or a different provision.

6.20. Other Acceptable Forms of this Document. The following shall have the same legal effect as an original: facsimile copy, imaged copy, scanned copy, and/or an electronic version.

6.21. Stop Loss Coverage. Employer has entered into a stop loss arrangement with a Stop Loss Vendor. BlueCross' duties with regard to this stop loss arrangement are in Exhibit C.

6.22. Required Information. Employer shall provide to BlueCross any information BlueCross requests that is necessary for BlueCross to comply with the terms of this Agreement or State or Federal Law. For example, BlueCross may need to know the number of Employees in order to comply with PPACA and Mental Health requirements.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives. The undersigned persons hereby warrant that they are duly authorized to bind each of their represented parties to the terms of this Agreement.

BLUECROSS BLUESHIELD OF TENNESSEE, INC.		**CITY OF KINGSPORT, TN**	
By:		By:	
Print Name:	John Maki	Print Name:	
Title:	Vice President, Sales and Account Management	Title:	
Date:	March 21, 2019	Date:	
Address:	1 Cameron Hill Circle Chattanooga, TN 37402	Address:	

EXHIBIT A TO THE ADMINISTRATIVE SERVICES AGREEMENT

BENEFIT DOCUMENTS

Exhibit A consists of the following Benefit Documents

1. Two Medical EOC

EXHIBIT B TO THE ADMINISTRATIVE SERVICES AGREEMENT

ADMINISTRATIVE SERVICES FEES (ASFS) AND CLAIMS FUNDING METHODOLOGY

1. ASFs. Employer shall pay to BlueCross the following ASFs during the Term of this Agreement:

1.1 Medical ASF

Rates effective as of:	**January 1, 2019**
Medical ASF	$36.32 per Subscriber per month
Medical Main ASF	**$36.32 per Subscriber per month**
Health Maternity	$0.61 per Subscriber per month
Chronic Care Management	$3.83 per Subscriber per month
Transparent RX Network	$1.25 per Subscriber per month
Medical Guaranteed ASF	$42.01 per Subscriber per month
Medical Total ASF	$42.01 per Subscriber per month

1.1.1 BlueCross may adjust the above fees at any time, under the following circumstances:

1.1.1.1 Changes in the Plan, BlueCross' duties, legislation or regulation;

1.1.1.2 Termination or addition of a subsidiary, operation or class of employees covered under the Agreement;

1.1.1.3 Fluctuation of the number of Subscribers by more than 10% percent by location, state and/or in aggregate. Calculation of the Medical Total ASF was based on 666 Subscribers; or

1.1.1.4 Fluctuation of the Member to Subscriber ratio by +/- 0.05. The Medical Total ASF was based on a Member to Subscriber ratio of 2.57.

1.1.2 If Employer terminates this Agreement prior to January 1, 2019, Employer agrees that BlueCross will not receive certain additional income it had anticipated. As liquidated damages for this termination, Employer agrees that it will pay BlueCross an amount equal to one month's Medical Total ASF, based on the last fee paid by Employer.

1.2 Stop Loss interface Fee

Rates effective as of:	**January 1, 2019**
Stop Loss Interface Fee	$1.20 per contract per month

2. Inter-Plan Arrangements (BlueCard) Fees[1]. When Members access health care services outside of Tennessee, claims for those services are received by the Host Licensee where the provider is located and forwarded electronically to BlueCross for adjudication. For claims inside the network, the Member gets the benefit of access to the other Licensee's discounts and provider contracts. The currently applicable fees for such access to Host Licensee networks and for administrative processing are as follows:

Access Fees	The Access Fee is charged by the Host Blue to BlueCross for making its applicable provider network available to Employer's Members. The Access Fee will not apply to nonparticipating provider claims. The Access Fee is charged on a per-claim basis and is charged as a percentage of the discount/differential BlueCross receives from the applicable Host Blue subject to a maximum of $2,000 per claim. When charged, BlueCross passes the Access Fee directly on to Employer.	4.14% of network savings, capped at $2,000.00 per claim
Administrative Expense Allowance (AEA) Fee	The AEA Fee is a fixed per-claim dollar amount charged by the Host Blue to BlueCross for administrative services the Host Blue provides in processing claims for Employer's Members. The dollar amount is normally based on the type of claim (e.g. institutional, professional, international, etc.) and can also be based on the size of your group enrollment. When charged, BlueCross passes the AEA Fee directly on to Employer.	$5.00 per claim professional and $11.00 per claim institutional
Nonparticipating Provider Fee		$3.00 per claim
BlueCross Blue Shield Global Core® Fee		$3.75 per claim Member-submitted, $4.75 per claim professional, and $17.00 per claim institutional

[1] See Exhibit G for more detail about Inter-Plan Arrangements. Any fees under such arrangements are set by specific program policies that may change from time to time through a process that the Association administers, and are subject to change by the Association without notice.

3. Reports. Employer will have access to BlueCross' standard reporting and interactive reports. Any additional reports requested will be billed separately. Upon termination of this Agreement, Employer must pay charges for the cost of producing any report in advance of receiving the requested report.

4. Timing, Calculation and Funding of Monthly ASFs. Employer shall pay the applicable ASFs for all Subscribers covered or added during the month. If Employer adds a Subscriber retroactively, Employer shall pay the applicable ASFs for that Subscriber, calculated from the Subscriber's correct enrollment date to the current date. When Employer provides enrollment data and that data does not match BlueCross' data, BlueCross' data will be used to determine the ASF. BlueCross will work with Employer to resolve the discrepancy. If no agreement can be reached, BlueCross' records will

control. Until the dispute is resolved, Employer must pay the ASFs based on BlueCross' records.

4.1 Monthly Enrollment. The monthly ASF is determined each month based on enrollment. On the 15th day of each month, BlueCross shall determine the number of Subscribers covered under Employer's Plan, and this shall be the basis for the ASFs charged by BlueCross for the following month.

4.1.1 Enrollment Changes. Any changes to the initial enrollment will be charged to Employer in accordance with the following:

4.1.1.1 Subscriber added on or before the 15th day of the month: Employer will be charged the monthly ASFs for that Subscriber.

4.1.1.2 Subscriber added after the 15th day of the month: Employer will not be charged the monthly ASFs for that Subscriber.

4.1.1.3 Subscriber termed on or after the 15th day of the month: Employer will be charged the monthly ASFs for that Subscriber.

4.1.1.4 Subscriber termed before the 15th day of the month: Employer will not be charged the monthly ASFs for that Subscriber.

4.2 Funding. On the 20th day of each month, BlueCross shall notify Employer of amounts that BlueCross estimates will be needed to pay BlueCross' ASFs for the following calendar month, and funds necessary to complete any adjustments to Approved Claims, fixed, previously agreed-upon charges, previous ASFs and any due late fees. Such payments shall be made in accordance with the Direct Debit Authorization Agreement, which is an Automated Clearinghouse (ACH) Authorization Agreement, attached to this Agreement as Exhibit F. Employer will transfer the amount specified by BlueCross into Employer's account so such funds shall be available for ACH debit by the first day of the following month (the "due date"). If the full amount specified by BlueCross pursuant to this paragraph is not received by BlueCross within that time period, BlueCross may immediately suspend payment of all Approved Claims on behalf of Employer, regardless of the date claims were incurred, until all amounts due are received by BlueCross. If BlueCross elects to not suspend claim payments on behalf of Employer, Employer shall pay a late fee of 1% per month on all amounts that are due and unpaid to BlueCross, pro-rated for each day that such amounts remain outstanding.

5. Additional Administration Charges. In addition to the fees previously addressed, the cost of services outlined below will be billed as a direct cost to Employer.

5.1 Cost of printing non-standard Member material.

5.2 All costs associated with the investigation and litigation of disputed claims, including the amount of the settlement and any damages (including punitive damages, unless due to a breach of the standard of care as set forth in Article V of the Agreement).

5.3 Cost of the development and production of customized or unique reports requested by Employer, such as management reports, claim reports, reports for stop loss carriers, and other special reports.

5.4 Cost of customized or unique systems development required by Employer.

5.5 Reprinting materials/ID cards off cycle due to changes or misinformation provided by Employer to BlueCross.

5.6 Cost of non-standardized Member mailings.

5.7 Training for on-line eligibility in excess of standard training package.

6. Claims Funding Methodology. Pursuant to Article II of the Agreement, the parties agree that on a mutually acceptable day of each week, BlueCross shall notify Employer of amounts that BlueCross estimates will be needed to fund Approved Claims for which checks were issued in the preceding week, and BlueCross shall simultaneously initiate the debit for Approved Claims to be paid. The debit will clear Employer's account the following business day. BlueCross adjudicates claims in accordance with its internal administrative procedures.

6.1 If the full amount specified by BlueCross pursuant to this paragraph is not available to BlueCross within that time period, BlueCross may immediately suspend payment of all Approved Claims on behalf of Employer, regardless of the date claims were incurred, until all amounts due are received by BlueCross.

6.2 If BlueCross elects not to suspend claim payments on behalf of Employer, Employer shall pay a late fee of 1% percent per month on the amount of all amounts that are due and unpaid to BlueCross, pro-rated for each day that such amounts remain outstanding.

6.3 If a partial amount is available, BlueCross may elect to utilize those funds to pay Approved Claims until full payment is made by Employer. BlueCross has full discretion to determine which Approved Claims will be paid with these partial funds, and may or may not exercise that discretion.

6.4 BlueCross shall provide Employer with a list of Approved Claims paid on behalf of Employer, within 30 calendar days following the end of each month during which this Agreement remains in effect.

6.4.1

7. Run Out Claims. BlueCross will administer run out claims for Employer at the termination of this Agreement for a period of 365 days from the date this Agreement terminates. The monthly ASFs for performing this service shall be the same as the ASFs charged Employer at termination of the Agreement. The monthly ASFs for performing this service shall be based on an average of the number of Subscribers covered under this Agreement for the 3 months immediately prior to the termination date of this Agreement. This fee shall be billed for the first 4 months of the run-out period.

8. Premium Billed Ancillary Products. If Employer has requested that BlueCross provide additional services through other products (i.e., dental), or has requested that BlueCross collect premiums or premium equivalents from subscribers or Members to fund other benefits offered by Employer (i.e., life insurance offered through another carrier, etc.), any additional funds due from Employer to BlueCross for remittance to other carriers or providers of services shall be remitted to BlueCross on the same basis as the ASFs.

EXHIBIT C TO THE ADMINISTRATIVE SERVICES AGREEMENT

DUTIES OF AND SERVICES PROVIDED BY BLUECROSS

1. Generally. It is understood and agreed that BlueCross is empowered and required to act with respect to the Plan only as expressly stated in this Agreement and its Exhibits and amendments. Employer and BlueCross agree that BlueCross' role under this Agreement is to provide administrative claims payment services in accordance with the terms of the Benefit Documents; that BlueCross does not assume any financial risk or obligation with respect to Plan claims; and that the services rendered by BlueCross under this Agreement are merely ministerial, and shall not include the power to exercise control over the Plan's assets, if any, or discretionary authority over the Plan.

2. Enrollment: Forms and I.D. Cards. BlueCross shall enroll those individuals who have completed an enrollment form and are identified by Employer as eligible for benefits under the Plan on the effective date of the Plan, and subsequently during the continuance of this Agreement. Employer shall provide BlueCross with enrollment information in a mutually agreeable format, (i.e., electronically, faxed, paper, etc.) BlueCross is not responsible for verifying data submitted by Employer. BlueCross shall be entitled to rely on the information furnished to it by Employer, and Employer shall hold BlueCross harmless for inaccurate information provided by Employer or Employer's failure to provide such information in a timely manner.

   2.1. BlueCross shall furnish to Employer, for distribution to Members, forms to be used for enrollment and submission of any other forms determined to be necessary by BlueCross for the administration of the Benefit Documents under this Agreement.

   2.1. BlueCross will not furnish enrollment forms to Employer, since Employer will enroll Members and maintain eligibility online as described in Exhibit M, Online Enrollment Specifications through BlueCross Secured Website.

   2.2. Once Employer has notified BlueCross in writing that a new Member is eligible for benefits, BlueCross shall update its systems to reflect that Member's coverage.

   2.3. Once Employer has notified BlueCross in writing that a Member should be terminated as no longer eligible for coverage, BlueCross shall update its systems to reflect that change in the Member's coverage.

      2.3.1. If Employer notifies BlueCross of a Member's termination within ninety (90) days of the Member's termination, BlueCross will credit Employer with any ASF that were paid for that Member for that time period.

      2.3.2. If Employer does not notify BlueCross of a Member's termination within ninety (90) days of the Member's termination, BlueCross will only credit Employer for the most recent ninety (90) day period of ASF that were paid by Employer for that Member's coverage.

   2.4. RESERVED.

   2.5. BlueCross will supply identification cards.

      2.5.1. BlueCross will supply identification cards issued at the group's initial enrollment to Subscribers and identification cards issued at any other time to Subscribers.

2.5.2. Identification cards will be issued in the name of Subscribers.

2.6. BlueCross will provide Provider Directories to Employer through online access only.

2.7. BlueCross will conduct certification and verification of incapacitated dependent information.

3. Claims Processing. BlueCross shall provide claims processing services on behalf of Employer for all properly submitted claims. BlueCross shall only use funds furnished solely by Employer to process said claims. BlueCross will follow current industry practices and its internal claims processing procedures regarding payment of claims, including timeliness and accuracy of claims payments. For purposes of this Agreement, the term "claim(s)" is defined as a request from a provider of Covered Services and/or a Member for payment of monies due for the rendering of Covered Services under the Benefit Documents, and in conformity with any agreements BlueCross enters into with such providers of Covered Services.

3.1. When necessary, BlueCross shall furnish to Employer, for distribution to Members, forms to be used for claims submission, and any other forms determined to be necessary by BlueCross for the administration of the Benefit Documents.

3.2. If a Member is also covered by Medicare, BlueCross must coordinate with Medicare in adjusting claims according to the Medicare Secondary Payor rules, and the rules regarding Cross Over Claims. This may delay finalization of a claim, depending on when data is received from Medicare regarding the claim. If Medicare is primary, BlueCross will adjudicate benefits based on the Medicare allowed amount.

3.3. BlueCross shall furnish each Member claiming benefits with an explanation of each claim that is paid, denied or rejected.

3.4. BlueCross shall give Members a reasonable opportunity to appeal a denied claim or any portion of a claim within the time frames specified by ERISA, according to the appeals procedure defined in the Benefit Documents; however, Employer shall retain final discretionary authority and responsibility for claims payment decisions.

3.5. If Employer notifies BlueCross of a Member's termination from coverage after the termination date, and claims for that Member were paid in the interim, BlueCross shall request reimbursement on Employer's behalf. However, if Employer does not notify BlueCross of a Member's termination from coverage for Ninety (90) days or more after the date of Member's termination, BlueCross shall not be obligated to attempt to collect any claim payments which were paid more than Ninety (90) days before notice of termination was received by BlueCross.

3.5.1. If benefits were paid directly to a Member, BlueCross will attempt recovery. If Employer does not wish BlueCross to attempt recovery from a specific Member, Employer must direct BlueCross accordingly in writing.

3.5.2. If Employer's Benefit Documents include coverage for pharmacy benefits that are paid by BlueCross' pharmacy vendor, claims paid after a Member's termination cannot be recovered from the provider. BlueCross will attempt recovery from the Member on these claims. If Employer does

not wish BlueCross to attempt recovery from a specific Member, Employer must direct BlueCross accordingly in writing.

3.5.3. If a claim payment is less than Fifty ($50) dollars, BlueCross has no obligation to attempt to collect said claim payment.

3.5.4. If a claim payment was made for services rendered through the Blue Card program, BlueCross has no obligation to attempt to collect claim payments that were for less than Fifty ($50) dollars, or in accordance with stated limits in effect at the Host Plan location.

3.5.5. If Employer directs BlueCross to use the services of an outside collection agency to collect a claim payment, the fees charged by such entity shall be the sole responsibility of Employer.

3.5.6. If benefits are not recoverable from a provider or Member, this will not alter Employer's responsibility to fund all claims.

3.6. BlueCross will provide Employer with a monthly statement with respect to claims paid.

3.7. At the termination of this Agreement, BlueCross shall administer the payment of run out claims for Employer. These claims shall be administered as any other claim handled during the term of the Agreement, and shall be subject to the same restrictions. "Run out claims" refers to those claims for Covered Services, performed prior to the termination of this Agreement, but not yet paid and/or not submitted for payment to BlueCross prior to the termination of this Agreement.

4. Network Administration. BlueCross shall administer its established cost containment programs and access and availability benefits management programs, as selected by Employer. BlueCross' Network Provider contracts and medical policies control network administration.

4.1. BlueCross shall make available its Blue Network P (including Network Hospitals and other providers or practitioners with which BlueCross has contracted) to provide Covered Services to Members. All agreements between providers of services and BlueCross are the sole property of BlueCross, and BlueCross retains the right to the use and control of these provider agreements.

4.2. Employer acknowledges that BlueCross does not act either as the agent of or in any fiduciary capacity with respect to Employer, any of its Plans, or any of its Members, when BlueCross negotiates its provider and/or vendor arrangements.

4.3. By selecting BlueCross' Blue Network P, Employer acknowledges that the Blue Network provider contracts cannot be modified to meet any specific requirements of Employer, and that BlueCross has the discretion to change the composition, name, etc. without Employer's consent or approval. BlueCross does not guarantee that a specific provider will remain in the network, and BlueCross has the right to determine network adequacy, and to establish and modify billing guidelines and reimbursement arrangements for network providers.

4.4. BlueCross negotiates various reimbursement arrangements with providers, including but not limited to per diem, percent of charges, diagnosis related groups (DRGs,) global case rate and fee schedule arrangements, which vary by provider. Certain facilities may have multiple or a combination of these arrangements. All of these arrangements provide funding to the provider, and

claims processed using one of these arrangements are considered Approved Claims.

4.4.1. Savings/discounts are not stated herein in actual amounts or percentages, nor are they guaranteed, since credits can vary by facility, type of service provided and the specific provider agreement at a given facility.

4.4.2. The provider's charge to BlueCross will usually be less than the rate charged for a similar service to the general public. In some cases, however, the rate negotiated by BlueCross for a particular service may be higher than the provider's normal billing rate for that service, and BlueCross will pay the negotiated rate.

4.4.3. BlueCross has certain special arrangements with some providers that may exempt those providers from certain administrative and medical management requirements, including, but not limited to, prior authorization, appropriateness review, notification and written referral requirements.

4.4.4. BlueCross may negotiate a settlement of a reimbursement dispute with a provider as part of its internal administrative procedures.

4.5. Negotiating Discounts with Out-of-Network Providers. When permitted by Association rules and guidelines, BlueCross shall negotiate a reduction in billed charges for Members' claims for covered services received from Out-of-Network Providers located outside of Tennessee. Claims eligible for this service must meet BlueCross' established criteria. As consideration for this service, BlueCross shall receive a fee of fifteen percent (15%) of the reduction of billed charges.

5. Reimbursement to Network and Out-of-Network Providers.

5.1. "Network Providers" are providers that have agreed to participate in the Blue Network P, and to accept BlueCross' applicable pre-negotiated payment allowance for certain covered services as payment in full, and therefore should not bill the Members for any amount in excess of the payment allowance for such service(s). The pre-negotiated payment will be based upon charges for Covered Services or upon an alternative method of payment, such as per diem amounts, percent of charges, global case rate and fee schedule arrangements, and may be further reduced by other contractual reductions, adjustments or offsets based on BlueCross' agreements with Network Providers. Network Providers will file Members' claims with BlueCross, and BlueCross will make payment directly to Network Providers.

5.1.1. In the unlikely event of a systems failure at BlueCross ("Outage,") rendering it temporarily impossible to determine which Network Provider rendered services during a specific time period while the Agreement is in force, BlueCross will make estimated payments to Network Providers. This estimate will be based on past service to BlueCross Members, and will be proportionately divided among Employer and other Groups which BlueCross insures or to which BlueCross provides administrative and claims processing service. When the capability to determine which Network Providers did provide services during the Outage is restored, BlueCross will adjudicate the claims submitted on behalf of Members, and

notify Employer of any adjustments necessary to Employer's claims processing funding.

5.2. When a Member receives services from a Network Provider, he or she will be responsible for payment of the Deductible, Coinsurance and/or Copayment, as well as charges for any non-covered services. A Member's Coinsurance for Covered Services received from a Network Provider will be based on the provisions of the Network Provider's contract, and the lesser of (i) the Network Provider's pre-negotiated payment allowance, or (ii) charges for Covered Services at the time such Services are provided. BlueCross will not recalculate Coinsurance in the event it recovers a discount or savings with respect to Covered Services after a claim for such Services is paid. Rather, Employer will receive a payment or credit for such savings or discounts.

5.3. The Member's liability for non-covered services, including services that are not covered because of a benefit maximum or other limitation contained in the Benefit Documents, will be based on the Network Provider's actual charges for such services.

5.4. "Out-of-Network Providers" are providers that do not participate in the Blue Network P. BlueCross' payment for Covered Services to any Out-of-Network Provider will be based on Maximum Allowable Charge for the service performed. Upon receipt of a completed claim form, BlueCross shall make payment for Covered Services to the Out-of-Network Provider and not the Member, unless BlueCross receives proof of payment from the Member before payment is made to the Provider. When the Member receives services from an Out-of-Network Provider, he or she will be responsible for the payment of any difference between BlueCross' payment and such Provider's charge(s), and responsible for any applicable Deductible, Copayment, and Coinsurance, as well as payment of charges for any non-covered services. The Member's responsibility for Coinsurance will be based on the Maximum Allowable Charge for that service.

5.5. When Members obtain Covered Services outside of Tennessee, BlueCross' Blue Network P reimbursement rules do not apply. Please refer to Exhibit G, Inter-Plan Arrangements, for a description of how out-of-state providers are reimbursed.

5.6. BlueCross is responsible for reporting and remitting only those abandoned property funds that were provider payments made with BlueCross funds.

5.7. Employer is required to reimburse the Veteran's Administration ("VA") according to federal law. BlueCross has an agreement with the VA in which there is an established fee schedule. Federal law requires payment to the VA, regardless of the network status, and regardless of the amount of benefits provided for services by an Out-of-Network Provider. BlueCross will reimburse the VA at the rate set forth in the agreement between BlueCross and the VA. The Plan will pay the VA as if it were a Network Provider.

5.8. BlueCross' contracts with Network Providers may include a variety of reimbursement methodologies. These reimbursement methods may obligate BlueCross to pay an amount that is in addition to the underlying cost of the service rendered. These additional costs may include, but are not limited to, program fees, incentive payments, bonus payments, or quality payouts. These

Network Provider payments will be passed to Employer as part of the billing process detailed in this Agreement.

6. Medical Management Services. BlueCross will provide certain services through its Medical Management program. These are described in Exhibit D to this Agreement.

7. Claims Payments Adjustments.

7.1. Whenever BlueCross becomes aware that a claims payment to a Provider or Member is less than the amount to which the Provider or Member is entitled, BlueCross shall promptly adjust the underpayment to reflect the proper amount that should be remitted.

7.2. Whenever BlueCross becomes aware of an overpayment, BlueCross shall make a diligent attempt to recover such overpayment, in accordance with its customary administrative procedures. In the event any part of an overpayment is recovered, Employer will receive a credit from BlueCross. BlueCross shall not be required to institute any legal proceeding to recover such overpayment. BlueCross may use its reasonable judgment to compromise and settle overpayments.

7.2.1. If a claim payment was made for services rendered through the Blue Card program, BlueCross has no obligation to attempt to collect claim payments that were for less than Fifty ($50) dollars, or in accordance with stated limits in effect at the Host Plan location.

7.2.2. BlueCross will assume liability for an unrecovered overpayment only if and when it is determined that:

7.2.2.1. the overpayment was caused by an act or omission of BlueCross that did not meet the standard of care set out in Article V of this Agreement;

7.2.2.2. all reasonable means of recovery under the circumstances have been exhausted; and

7.2.2.3. BlueCross' acts or omissions were not undertaken at the express direction of Employer.

7.2.3. BlueCross is not liable for interest on recovered overpayments.

7.2.4. Except in cases of fraud committed by the Provider, BlueCross cannot, under Tennessee state law, recover overpayments from Providers more than 18 months after the date that BlueCross paid the claim submitted by the Provider.

7.2.5. In no event does BlueCross have an obligation to recover on liability for overpayments of claims that were adjudicated for payment more than 3 years before the overpayment is discovered.

7.3. The parties acknowledge that Employer may not contact Network Providers directly or indirectly regarding rates or charges for services provided to Members. All such contact with Network Providers must be by and through BlueCross.

7.4. In the event that BlueCross becomes aware that a claims payment to a Provider or Member was or might have been the result of a fraud, BlueCross shall:

7.4.1. Notify the Plan as soon as possible about the alleged fraudulent claims;

7.4.2. Provide reasonable assistance to the Plan in recovering the alleged fraudulent claims; and

7.4.3. Report the suspected fraud to the appropriate law enforcement agency.

8. Annual Renewal Claims Analysis.

8.1. BlueCross will provide an annual renewal analysis of Employer's claims experience. BlueCross will also provide assistance in benefit design.

8.2. Upon request, but not more often than annually, BlueCross will provide an analysis of Employer's claims incurred but not yet reported.

8.3. Upon request, but not more often than annually, BlueCross will provide an analysis of the suggested funding levels for Employer's Plan, as administered by BlueCross.

8.4. Employer acknowledges that these analyses are estimates only, and that the actual experience may differ from these estimates. These are for Employer's use only, and are not prepared for distribution to or reliance by third parties.

9. Legal Actions.

9.1. If a demand is asserted that is based upon actions taken or the language of this Agreement, and litigation, arbitration and/or other legal proceeding is commenced against BlueCross by a Member or provider ("Action"):

9.1.1. BlueCross will provide written notice to Employer as soon as practicable, but in no event more than One hundred Twenty (120) days after the initial notice of such Action was received by BlueCross, where Employer is not also a party to such Action. Additionally, BlueCross will provide Employer with information with respect to the status of such Action at reasonable intervals. BlueCross may select and retain counsel as it deems appropriate in connection with such Action with respect to the interests of BlueCross. Employer has the right to approve or disapprove this selection, within reason.

9.1.2. Subject to the indemnity provisions of the Agreement, Employer shall indemnify and defend BlueCross in any such Action, and shall be responsible for the defense costs for BlueCross.

9.1.3. Employer will provide BlueCross with reasonable cooperation in the defense of such Action.

9.1.4. Subject to the indemnity provisions of the Agreement, Employer shall remain liable for the full amount of any benefits paid as a result of such Action, in addition to all costs of legal fees, penalties, interest and other expenses recovered by a Member or health care provider in connection with the Action. In no event will BlueCross be liable for any amount of benefits paid to a Member or provider as a result of any Action, or any legal fees or costs recovered by a Member or provider in connection therewith.

9.2. If an Action is brought against Employer:

9.2.1. Employer will select and retain counsel and will assume liability for the payment of legal fees, costs and disbursements in connection with such Action.

9.2.2. BlueCross will provide Employer with reasonable cooperation in the defense of such Action.

9.2.3. Subject to the indemnity provisions of the Agreement, Employer shall be liable for the full amount of any benefits paid as a result of such Action, as well as any legal fees, penalties, interest and costs recovered by a Member or provider in connection therewith. In no event will BlueCross be liable for any amount of benefits paid to a Member or provider as a result of such Action, or any legal fees or costs recovered by a Member or provider in connection therewith.

10. Records and Reports. BlueCross will establish, maintain and provide to Employer, in its standard reporting package, records and reports generated as a result of the Services performed under this Agreement. BlueCross will not provide any information with regard to BlueCross' provider pricing agreements or any other information that is of a confidential or proprietary nature, as determined by BlueCross, unless it is subject to an agreement that protects the confidential and proprietary nature of the information. The required agreement shall be determined by BlueCross based on the intended use of the information.

10.1. Custom Reports

11. Books and Records. BlueCross shall maintain books and records directly related to its payment of claims on behalf of Employer pursuant to this Agreement, in accordance with its customary business practices. It shall make such books and records available for inspection by authorized representatives of Employer at BlueCross' home office, during normal business hours, upon reasonable advance written request, at Employer's expense, during the term of this Agreement and for six (6) years from the date of the Final Settlement subject to Employer entering into an agreement that protects the confidential and proprietary nature of the information. The required agreement shall be determined by BlueCross based on the intended use of the information.

12. Duties with regard to non-BlueRe of Tennessee Stop Loss Vendor. For a separate Interface fee, BlueCross will perform the following services and provide the following information for Employer to a third party Stop Loss Vendor:

12.1. Provide Stop Loss Vendor and Employer with monthly Claimants at 50% of Specific Attachment Point Reports.

12.2. Provide Stop Loss Vendor and Employer with Monthly Aggregate Reports.

12.3. Submit claims to the Stop Loss Vendor. However, BlueCross will not be responsible for coordinating claims with Stop Loss Vendor for services or coverage that are not administered by BlueCross.

12.4. BlueCross does not coordinate the payment of the stop loss premium between the Stop Loss Vendor and Employer.

12.5. Provide Stop Loss Vendor the following information at renewal to prepare a renewal of Employer's stop loss coverage. Information to be provided is as follows:

Census	
Age/ Gender	Subscriber Count by age/gender

Zip Codes	Subscriber Count by LOB, State, Zip
Plan Design Summary/ Plan Document	Evidence of Coverage
Trigger Reports	
50% of Specific Report	50% Report (Includes Diagnosis Only)
Medical & Rx	
Aggregate Claim Reports	Monthly Aggregate Report (excluding claims over specific)
By Month	(included in report)
Enrollment Included	(included in report)
Large Claims Amounts Included	(included in report)

12.6. Regardless of whether a claim has met the stop loss dollar limit set out in the agreement between Stop Loss Vendor and Employer, Employer is still responsible for funding all claims processed by BlueCross.

12.7. At the termination of this Agreement, BlueCross has no further obligation to provide any reports referenced in this section to Employer or Stop Loss Vendor, other than standard reports for the time period the Agreement was in force.

13. External Audits. On an annual basis, BlueCross will hire an external auditor to perform a SSAE 16 SOC 1 or alternate type review as required to assist Employer in meeting its compliance requirements under federal law, such as the Sarbanes-Oxley Act. The review will cover a six-month period, ending on September 30 of each year that this Agreement is in force, and will cover services and actions performed by BlueCross.

14. Section 111 Mandatory Secondary Payor Reporting. Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA), titled Medicare Secondary Payor, (hereinafter "Section 111") mandates that, effective January 1, 2009, all group health plans or their representatives submit certain information to CMS. BlueCross is registered as a medical "Required Reporting Entity" as required under Section 111. BlueCross shall report the Plan's medical information required by Section 111. Under no circumstances will BlueCross be required to report workers' compensation or liability insurance information required under Section 111. Employer shall provide all Social Security numbers, tax identification numbers, and the "total number of employees" (as that is defined in the MMSEA) information to BlueCross. BlueCross will not be responsible for any deficiency resulting from Employer's failure to provide such information to BlueCross.

15. Distribution of Materials.

15.1. Employer shall handle and distribute enrollment materials in a timely manner and promptly provide to BlueCross the information necessary to administer this Agreement. Employer's failure to provide information in a timely manner may substantially delay and/or jeopardize the enrollment of eligible Members.

15.2. Employer shall distribute notices that Employer and/or BlueCross are legally required to provide (e.g., special enrollment rights) in a timely manner and in accordance with all applicable laws. Any off-renewal changes require 60-days advance notice to Members. Employer shall provide BlueCross with enough advance notice of any off-renewal changes, not to be less than 90 days, for BlueCross to meet its obligations under any applicable law and this Agreement. Employer shall indemnify BlueCross and hold BlueCross harmless from any damages, loss, action, claim or suit (including court costs and attorney's fees) arising from or related to its failure to provide such notices.

15.3. If BlueCross provides its enrollment and/or change forms ("Forms") and/or any benefit summaries, and/or comparison sheets ("Documents") in an electronic medium, and Employer delivers Documents electronically to Members or includes Documents on Employer's internal intranet or by similar means or for similar purposes, Employer agrees that:

15.3.1. electronic access shall be limited to Employer's enrolling employees and covered employees and be restricted to a "read-only" or similar basis;

15.3.2. they will replace any hard-copy Forms that have been modified by BlueCross;

15.3.3. the hard-copy documents on file with BlueCross shall control in the event of any discrepancy; and

15.3.4. Employer remains solely responsible for the content of the Documents and all other legal requirements pertaining to them (e.g., distribution).

15.4. BlueCross will create a draft Summary of Benefits and Coverage ("SBC"), based on services provided by BlueCross, and provide to Employer. Employer shall review SBC, and revise or supplement as required, prior to distribution. Employer remains solely responsible for SBC content and all other legal requirements pertaining to SBC (e.g., distribution). BlueCross shall not charge Employer for draft SBC. BlueCross may charge Employer for translation of SBC to any language other than English.

16. Member Outreach. BlueCross shall have the right to contact Members to perform services under this Agreement, or as otherwise required by law, a regulatory body, or an accrediting agency. Employer warrants that the contact information included in its enrollment data was obtained directly from the applicable Member and that Members are aware they may be contacted via that information for non-telemarketing calls, emails, and/or text messages

EXHIBIT D TO THE ADMINISTRATIVE SERVICES AGREEMENT

MEDICAL MANAGEMENT SERVICES PROVIDED BY BLUECROSS FOR STAND-ALONE NETWORK P

Employer has selected several of BlueCross' Medical Management programs for use by Employer in administering its Plan. All services utilize current medical guidelines and standards. While these services are described below, they may be updated from time to time.

MEDICAL MANAGEMENT

1. Inpatient Review.

   1.1. Inpatient Precertification. BlueCross will review inpatient admissions (hospital, subacute facility, skilled nursing facility, inpatient rehabilitation, and 23-hour observation stays) to evaluate the appropriateness of certain procedures and Medical Necessity of the requested services. An initial length of stay is assigned upon admission. Emergency inpatient admissions are reviewed within 24 hours of admission or the next business day. Employer's Plan follows BlueCross' standard precertification requirements.

   1.2. Concurrent Review of per diem admissions. BlueCross will review Members' inpatient care (hospital, subacute facility, skilled nursing facility, and inpatient rehabilitation) to ensure Medically Necessary and Medically Appropriate care is delivered. Concurrent review is performed as services are being rendered.

   1.3. Outlier Review of DRG admissions. BlueCross will review any outlier days billed by a DRG facility on targeted claims after a service is rendered and before payment is made to ensure cost-effectiveness.

2. Retrospective Review. BlueCross will review targeted claims after a service is rendered and before payment is made. The purpose of retrospective review is to provide determinations regarding Medical Necessity, eligibility and benefits.

3. Prospective Review. BlueCross will review targeted, non-emergency related care procedures, non-routine diagnostics and non-routine pharmacy treatments, as determined by BlueCross, for medical appropriateness and the necessity of the requested procedure and setting prior to the procedure being performed.

4. Pre-determination Review. When requested by a provider or Member, BlueCross will conduct a prospective review to determine whether a procedure will be covered.

5. Specialty Pharmacy Review. BlueCross will review specific drugs administered by licensed health care professionals that are covered under a medical benefit and not a pharmacy benefit.

6. Home Health, Home Infusion Therapy Review. BlueCross will review prescriptions for home health care services and home infusion therapy to evaluate the physician's plan of treatment, appropriateness of setting and Medical Necessity of the prescribed services, both prospectively and concurrently.

7. Lifestyle/Health Educational Program. BlueCross will send condition-specific educational materials to low-risk Members identified through the prior authorization process.

8. Care Coordination. BlueCross' Care Coordination process systematically identifies opportunities to coordinate and manage Members' total care.

   8.1. Emergency Services Management Program. Nurses will contact Members who frequently seek emergency room services, identify reasons for the frequent

utilization, and provide assistance in controlling future inappropriate use of emergency room services.

8.2. Transition of Care. Throughout the different stages of a Member's treatment, nurses coordinate the Member's transitions to more appropriate care settings.

8.3. Condition-specific Care Coordination Program. Through this program, BlueCross provides assessment and management of low-risk and moderate-risk Members with specific conditions, such as heart disease, respiratory disease, diabetes, asthma or hypertension.

9. Catastrophic Medical and Transplant Case Management. Members with high-risk conditions such as terminal illness, severe injury, major trauma, cognitive or physical disability, or transplant are identified through prior authorization, medical data and claims data. Registered nurses work with the Member, health care providers and primary caregivers to coordinate the most appropriate, cost-effective care settings.

BlueCross' Catastrophic Medical and Transplant Case Management program utilizes a comprehensive approach that includes benefit analysis, preauthorization, concurrent review, discharge planning and cost-effective continuity of care for Members.

Benefits paid through the Catastrophic Medical and Transplant Case Management program may vary from the benefits described in the Plan. This is done when BlueCross has determined that the alternative benefits are more Medically Appropriate, cost effective, and ensure the best outcomes. Employer will fund these benefits, and BlueCross' administration of benefits pursuant to the Catastrophic Medical and Transplant Case Management program shall be within the scope of its duties.

10. Reserved.

11. Behavioral Health Management. BlueCross will provide the following services as part of its Behavioral Health Inpatient Utilization Management program:

12. Inpatient Pre-certification. BlueCross will review all facility based level-of-care admissions (acute care, residential care, partial hospital care, intensive outpatient care and any other care in lieu of acute care) to evaluate the appropriateness of treatment applying Medical Necessity criteria. Emergency inpatient admissions are reviewed within 24 hours of admission or the next business day.

13. Concurrent Review. BlueCross will review the care of Members in facility-based treatment (acute, residential, partial hospital, intensive outpatient or any other care in lieu of behavioral health acute care) to ensure Medically Necessary and Medically Appropriate care is delivered. Lengths of stay are authorized when care requested meets Medical Necessity criteria.

14. Discharge Planning. BlueCross will assess the Member's behavioral health condition and monitor the behavioral health program's discharge planning to ensure appropriate continuation of care, as necessary, when the Member leaves that particular level of care.

15. Case Management. BlueCross' Behavioral Health Case management process identifies high risk Members in facility based levels of care and assesses opportunities to coordinate and manage the Member's total behavioral health care to ensure the best outcomes while the Member remains in facility based levels of care.

EXHIBIT E TO THE ADMINISTRATIVE SERVICES AGREEMENT

DUTIES OF EMPLOYER

1. Services. As long as this Agreement remains in effect, Employer shall:

   1.1 Provide BlueCross with a current, detailed description of the Benefit Documents and any subsequent changes, for approval by BlueCross;

   1.2 Provide BlueCross with the necessary Subscriber and Member eligibility information; and

   1.3 Perform other duties and services as described in this Agreement; and

   1.4 Provide electronic enrollment and status change data, as detailed in Exhibit M.

2. Notification Regarding Members. Employer shall notify BlueCross of the addition or deletion of Members as described below:

   2.1 When a new Member should be added, Employer shall notify BlueCross within forty-five (45) days of the effective date of coverage for that Member. If BlueCross is not notified that a new Member should be added within this time frame, BlueCross shall have no obligation to adjudicate any claims that were incurred prior to this time frame.

   2.2 When a Member should be terminated from coverage, Employer shall notify BlueCross within forty-five (45) days of the effective date of that Member's termination.

   2.3 Notice by Employer can be effectuated through Employer's entering of data online, as detailed in Exhibit M.

3. Final Authority. Except as otherwise specifically stated in this Agreement, Employer retains all final authority and responsibility for the Plan including, but not limited to, the benefit design of the Plan, claims payment decisions, cost containment program decisions, eligibility and benefit determinations, compliance with the requirements of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (COBRA), compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA), compliance with reporting and remitting abandoned property funds (except as referenced in Exhibit C, Section 5) if required by law, and compliance with any other state and federal laws or regulations applicable to Employer or the administration of the Plan. The phrase "eligibility and benefit determinations" means that Employer determines who is eligible to participate, (i.e., who are employees or dependents) and generally what medical procedures are included or excluded as identified in the Benefit Documents, but does not include the ultimate responsibility for making medical necessity determinations.

   If Employer uses the services of a third party to provide enrollment data and that third party's data does not match BlueCross' data, BlueCross' data will be used to determine the ASF. BlueCross will work with Employer to resolve the discrepancy. If no agreement can be reached, BlueCross' records will control. Until the dispute is resolved, Employer must pay the ASF as indicated, based on BlueCross' records.

   Employer must submit all information to BlueCross in writing. The accuracy of any changes performed and administered by BlueCross at the instruction of Employer in benefit design, enrollee status, etc., is the responsibility of Employer. BlueCross is entitled to rely on Employer's instructions in performing its duties under this Agreement.

BlueCross will administer claims in accordance with the terms and conditions of this Agreement. A Member has the right to appeal any decision regarding or arising out of this Agreement, and that appeals process is defined in the Plan.

4. Eligibility and Enrollment. As of the first day of the Term of this Agreement, Employer will have delivered enrollment information regarding Members to BlueCross. Employer shall deliver all employee and dependent eligibility status changes to BlueCross on a monthly basis, or more frequently as mutually agreed by the parties.

   4.1 Employer shall be responsible for providing each Subscriber with a copy of any required documents.

   4.2 If an employee waives his/her (or his/her dependents') coverage under the Plan at enrollment or open enrollment, Employer will maintain the original of the waiver, and if the employee has a qualifying event during the plan year, Employer will certify to BlueCross that the employee executed a waiver at enrollment or open enrollment.

5. Financial Obligations.

   5.1 Claims Funding. Employer is financially responsible for the funding of all Approved Claims, pursuant to Article II and Exhibit B, and is the Payor of benefits for Members. Employer will provide BlueCross with such authorizations as are necessary to ensure that required instruments are valid with respect to funding Approved Claims for Covered Services.

   5.2 ASFs; Late Charges. Employer agrees to pay promptly all ASF and/or other charges specified in Article II, Exhibit B, Exhibit F, and elsewhere in this Agreement.

   5.3 Modifications. BlueCross may modify the deposit or other requirements specified in Article II or Exhibit B at any time upon giving Sixty (60) days advance written notice to Employer.

6. Assessments.

   6.1 If at any time, during or after the term of this Agreement, BlueCross is required to pay any federal, state or local taxes, assessments, or similar government-imposed fees, other than BlueCross' income taxes, that are related to the Plan, the Plan's Members, enrollees, or participants, or BlueCross' services under this Agreement ("Assessments"), Employer will pay BlueCross an additional amount equal to the Assessment which will be disclosed to Employer via invoice. Assessments include, but are not limited to, Assessments based on the number of covered lives in the Plan, the number of covered lives in a given geographic region, fees paid or payable to BlueCross for services provided under this Agreement, including premiums or premium equivalents, Claims paid pursuant to this Agreement, or other assessment methodologies that measure the relative value of benefits or services provided or delivered under the Plan. If any taxes or penalties are imposed, assessed or accrued on any Assessment, Employer will pay BlueCross such additional amounts equal to the tax or penalty.

   6.2 Employer will pay these additional amounts to BlueCross within Thirty (30) days following mailing of invoice. Payments not received within the Thirty (30) day period are subject to the late payment charge described in Exhibit B.

   6.3 Employer will pay these additional amounts even if the validity of Assessments has not been finally determined. If it is finally determined that such Assessments

were not valid, to the extent such Assessments are refunded or otherwise returned to BlueCross by the appropriate Federal, state or local governmental entity, BlueCross will refund to Employer an amount equal to those additional amounts previously paid by Employer plus interest, if any, determined in accordance with BlueCross' regular procedures then in effect, less a pro rata share of any expenses incurred by BlueCross in contesting the validity of such Assessments.

7. Use of Names and Service Marks. Employer agrees to allow BlueCross to use Employer's name and service mark on I.D. cards and other forms necessary to implement this Agreement, and to promote Employer's relationship with BlueCross to potential or existing providers. BlueCross shall not use Employer's name or service mark for any other purpose without the prior written consent of Employer.

Employer agrees that the names, logos, symbols, trademarks, trade names, and service marks of BlueCross, whether presently existing or hereafter established, are the sole property of BlueCross and BlueCross retains the right to the use and control thereof. Employer shall not use BlueCross' name, logos, symbols, trademarks or service marks in advertising or promotional materials or otherwise without the prior written consent of BlueCross and shall cease any such usage immediately upon written notice by BlueCross or upon termination of this Agreement, whichever is sooner.

Employer agrees that the names, logos, symbols, trademarks, trade names, and service marks of Blue Cross and Blue Shield Association, whether presently existing or hereafter established, are the sole property of Blue Cross and Blue Shield Association and Blue Cross and Blue Shield Association retains the right to the use and control thereof. Employer shall not use Blue Cross and Blue Shield Association's name, logos, symbols, trademarks or service marks in advertising or promotional materials or otherwise without the prior written consent of Blue Cross and Blue Shield Association and shall cease any such usage immediately upon written notice by Blue Cross and Blue Shield Association or upon termination of this Agreement, whichever is sooner.

8. Audit of BlueCross. During the term of this Agreement, Employer has the right to audit certain of the functions performed by BlueCross pursuant to this Agreement. Employer may not have access to provider reimbursement or other proprietary information under the control of BlueCross, unless Employer has a compelling reason, to be determined at the discretion of BlueCross, and needs such information to perform its duties in administering the Plan. If Employer needs access to Confidential Information in order to perform such an audit of BlueCross, it shall be subject to Section 9 of this Exhibit to the Agreement.

8.1 The time period for a BlueCross Audit shall not exceed 12 months prior to the date the Audit Agreement is executed by the final signatory to the Audit Agreement ("BlueCross Audit Time Period.") The only Claims subject to audit are those Claims paid during the BlueCross Audit Time Period. Any Claims paid prior to the BlueCross Audit Time Period shall not be subject to audit. The only functions subject to audit are the functions that were performed by BlueCross within the BlueCross Audit Time Period. For each BlueCross Audit Time Period, no more than 250 Claims shall be submitted to BlueCross for review. However, if audit findings show benefits have been administered incorrectly, Employer may request a larger Claims sampling, the size of which shall be negotiated by the parties at the time of the request.

8.2 If Employer uses the services of a third party to perform all or any part of an audit, Employer and that third party must both execute BlueCross' current Audit Agreement.

8.3 Employer may perform a simple audit of BlueCross once during the calendar year while this Agreement is in force without any charge by BlueCross. A "simple audit" is one that requires less than Fifty (50) person hours of work by BlueCross employees to assist in the audit. Employer must negotiate the cost, parameters, etc. with BlueCross for an audit that does not fit this definition.

8.4 The parties agree that Employer shall not hire a third party to conduct a contingent fee audit, where the third party's compensation is based on a percentage of errors (or savings, or "uncovered recoveries", etc.), which may be found by the third party in its audit. Should Employer err and so contract with a third party to perform such contingent fee audit, BlueCross has no obligation under the terms of this Agreement to cooperate with said third party in the conduct of such contingent fee audit.

8.5 Employer's right to audit BlueCross without any additional charge terminates with the termination of this Agreement.

8.6 This provision applies whether Employer wishes to audit BlueCross or one of BlueCross' third party vendors.

9. Access to Confidential Information. From time to time, representatives of Employer may need access to certain Confidential Information, as defined in Article I, Section 1.4 of this Agreement, in order to perform its duties under this Agreement. Before BlueCross will release any Confidential Information, BlueCross must receive from Employer:

9.1 Authorization to release the Confidential Information to a specific representative; and

9.2 A statement that the representative must have such information in order to perform their job as it relates to the administration of the Plan.

Additionally, the representative must sign and return a BlueCross agreement designed to protect the confidential and proprietary nature of the information before BlueCross is under any obligation to release any Confidential Information. The required agreement shall be determined by BlueCross based on the intended use of the information.

9.3 If it is necessary to review BlueCross' Network Provider contracts, they may be reviewed only at BlueCross' headquarters in Chattanooga, Tennessee. Neither Employer nor its agent may have copies of provider contracts.

9.4 The parties have entered into a Business Associate Agreement, the terms of which control the release and use of Protected Health Information.

10. Claims Incurred and Submitted but not yet Adjudicated. Employer can request reports regarding claims incurred and submitted but not yet adjudicated through the Account Manager.

EXHIBIT F TO THE ADMINISTRATIVE SERVICES AGREEMENT

DIRECT DEBIT AUTHORIZATION AGREEMENT

Employer has signed a separate Direct Debit Authorization Agreement, which is hereby incorporated by reference as part of this Agreement.

EXHIBIT G TO THE ADMINISTRATIVE SERVICES AGREEMENT

INTER-PLAN ARRANGEMENTS

1. **Out-of-Area Services**

Overview

BlueCross has a variety of relationships with other Blue Cross and/or Blue Shield Licensees referred to generally as "Inter-Plan Arrangements". These Inter-Plan Arrangements operate under rules and procedures issued by the Blue Cross Blue Shield Association ("Association"). Whenever Members access healthcare services outside the geographic area BlueCross serves, the claim for those services may be processed through one of these Inter-Plan Arrangements. The Inter-Plan Arrangements are described generally below.

Typically, when accessing care outside the geographic area BlueCross serves, Members obtain care from healthcare providers that have a contractual agreement ("participating providers") with the local Blue Cross and/or Blue Shield Licensee in that other geographic area ("Host Blue"). In some instances, Members may obtain care from healthcare providers in the Host Blue geographic area that do not have a contractual agreement ("nonparticipating providers") with the Host Blue. BlueCross remains responsible for fulfilling our obligations to Employer. Our payment practices in both instances are described below.

This disclosure describes how claims are administered for Inter-Plan Arrangements and the fees that are charged in connection with Inter-Plan Arrangements. Note that Dental Care Benefits except when not paid as medical claims/benefits, and those Prescription Drug Benefits or Vision Care Benefits that may be administered by a third party contracted by Us to provide the specific service or services are not processed through Inter-Plan Arrangements.

1.1 **BlueCard® Program**

The BlueCard® Program is an Inter-Plan Arrangement. Under this Arrangement when Members access Covered Services within the geographic area served by a Host Blue, the Host Blue will be responsible for contracting and handling all interactions with its participating healthcare providers. The financial terms of the BlueCard Program are described generally below.

1.1.1 **Liability Calculation Method Per Claim – In General**

1.1.1.1 **Member Liability Calculation**

Unless subject to a fixed dollar copayment, the calculation of the Member liability on claims for Covered Services will be based on the lower of the participating provider's billed charges for Covered Services or the negotiated price made available to BlueCross by the Host Blue.

1.1.1.2 **Employer Liability Calculation**

The calculation of Employer's liability on claims for Covered Services processed through the BlueCard Program will be based on the negotiated price made available to BlueCross by the Host Blue under the contract between the Host Blue and the provider.

Sometimes, this negotiated price may be greater for a given service or services than billed charges in accordance with how the Host Blue has negotiated with its participating healthcare provider(s) for specific healthcare services. In cases where the negotiated price exceeds the billed charge, Employer may be liable for the excess amount even when the Member's deductible has not been satisfied. This excess amount reflects an amount that may be necessary to secure (a) the provider's participation in the network and/or (b) the overall discount negotiated by the Host Blue. In such a case, the entire contracted price is paid to the provider, even when the contracted price is greater than the billed charge.

1.1.2 **Claims Pricing**

Host Blues determine a negotiated price, which is reflected in the terms of each Host Blue's provider contracts. The negotiated price made available to BlueCross by the Host Blue may be represented by one of the following:

1.1.2.1 An actual price. An actual price is a negotiated rate of payment in effect at the time a claim is processed without any other increases or decreases; or

1.1.2.2 An estimated price. An estimated price is a negotiated rate of payment in effect at the time a claim is processed, reduced or increased by a percentage to take into account certain payments negotiated with the provider and other claim- and non-claim-related transactions. Such transactions may include, but are not limited to, anti-fraud and abuse recoveries, provider refunds not applied on a claim-specific basis, retrospective settlements, and performance-related bonuses or incentives; or

1.1.2.3 An average price. An average price is a percentage of billed charges for Covered Services in effect at the time a claim is processed representing the aggregate payments negotiated by the Host Blue with all of its healthcare providers or a similar classification of its providers and other claim- and non-claim-related transactions. Such transactions may include the same ones as noted above for an estimated price.

The Host Blue determines whether it will use an actual, estimated, or average price. The use of estimated or average pricing may result in a difference (positive or negative) between the price Employer pays on a specific claim and the actual amount the Host Blue pays to the provider. However, the BlueCard Program requires that the amount paid by the Member and Employer is a final price; no future price adjustment will result in increases or decreases to the pricing of past claims.

Any positive or negative differences in estimated or average pricing are accounted for through variance accounts maintained by the Host Blue and are incorporated into future claim prices. As a result, the amounts charged to Employer will be adjusted in a following year, as necessary, to account for over- or underestimation of the past years' prices. The Host

Blue will not receive compensation from how the estimated price or average price methods, described above, are calculated. Because all amounts paid are final, neither positive variance account amounts (funds available to be paid in the following year), nor negative variance amounts (the funds needed to be received in the following year), are due to or from Employer. If Employer terminates, Employer will not receive a refund or charge from the variance account.

Variance account balances are small amounts relative to the overall paid claims amounts and will be liquidated over time. The timeframe for their liquidation depends on variables, including, but not limited to, overall volume/number of claims processed and variance account balance. Variance account balances may earn interest at the federal funds or similar rate. Host Blues may retain interest earned on funds held in variance accounts.

1.1.3 **BlueCard Fees and Compensation**

Employer understands and agrees to reimburse BlueCross for certain fees and compensation which BlueCross is obligated under the BlueCard Program to pay to the Host Blues, to the Association and/or to vendors of BlueCard Program-related services. The specific BlueCard Program fees and compensation that are charged to Employer are set forth in Exhibit B. BlueCard Program fees and compensation may be revised from time to time as described in section 1.7 below.

1.2 **Special Cases: Value-Based Programs**

1.2.1 *Value-Based Programs Overview*

Employer's Members may access Covered Services from providers that participate in a Host Blue's Value-Based Program. Value-Based Programs may be delivered either through the BlueCard Program or a Negotiated Arrangement. These Value-Based Programs may include, but are not limited to, Accountable Care Organizations, Global Payment/Total Cost of Care arrangements, Patient Centered Medical Homes and Shared Savings arrangements.

1.2.2 *Value-Based Programs under the BlueCard Program*

1.2.2.1 *Value-Based Programs Administration*

Under Value-Based Programs, a Host Blue may pay providers for reaching agreed-upon cost/quality goals in the following ways: Per member per month, provider incentives, gain share, risk share, retrospective settlements, prospective settlements, share of target savings, Care Coordination Fees and/or other allowed amounts.

The Host Blue may pass these provider payments to BlueCross, which BlueCross will pass directly on to Employer as either an amount included in the price of the claim or an amount charged separately in addition to the claim.

When such amounts are included in the price of the claim, the claim may be billed using one of the following pricing methods, as determined by the Host Blue:

- Actual Pricing: The charge to accounts for Value-Based Programs incentives/Shared Savings settlements is part of the claim. These charges are passed to Employer via an enhanced provider fee schedule.
- Supplemental Factor: The charge to accounts for Value-Based Programs incentives/Shared Savings settlements is a supplemental amount that is included in the claim as an amount based on a specified supplemental factor (e.g., a small percentage increase in the claim amount). The supplemental factor may be adjusted from time to time. This pricing method may be used only for non-attributed Value-Based Programs.

When such amounts are billed separately from the price of the claim, they may be billed as follows:

1.2.2.1.1 Per Member Per Month (PMPM) Billings: Per Member Per Month billings for Value-Based Programs incentives/Shared Savings settlements to accounts are outside of the claim system. BlueCross will pass these Host Blue charges directly through to Employer as a separately identified amount on the group billings.

The amounts used to calculate either the supplemental factors for estimated pricing or PMPM billings are fixed amounts that are estimated to be necessary to finance the cost of a particular Value-Based Program. Because amounts are estimates, there may be positive or negative differences based on actual experience, and such differences will be accounted for in a variance account maintained by the Host Blue (in the same manner as described in the BlueCard claim pricing section above) until the end of the applicable Value-Based Program payment and/or reconciliation measurement period. The amounts needed to fund a Value-Based Program may be changed before the end of the measurement period if it is determined that amounts being collected are projected to exceed the amount necessary to fund the program or if they are projected to be insufficient to fund the program.

At the end of the Value-Based Program payment and/or reconciliation measurement period for these arrangements, Host Blues will take one of the following actions:

1.2.2.1.2 Use any surplus in funds in the variance account to fund Value-Based Program payments or reconciliation amounts in the next measurement period.

1.2.2.1.3 Address any deficit in funds in the variance account through an adjustment to the PMPM billing amount or the reconciliation billing amount for the next measurement period.

The Host Blue will not receive compensation resulting from how estimated, average or PMPM price methods, described above, are calculated. If Employer terminates, Employer will not receive a refund or charge from the variance account. This is because any resulting surpluses or deficits would be eventually exhausted through prospective adjustment to the settlement billings in the case of Value-Based Programs. The measurement period for determining these surpluses or deficits may differ from the term of this Agreement.

Variance account balances are small amounts relative to the overall paid claims amounts and will be liquidated over time. The timeframe for their liquidation depends on variables, including, but not limited to, overall volume/number of claims processed and variance account balance. Variance account balances may earn interest, and interest is earned at the federal funds or similar rate. Host Blues may retain interest earned on funds held in variance accounts.

Note: Members will not bear any portion of the cost of Value-Based Programs except when a Host Blue uses either average pricing or actual pricing to pay providers under Value-Based Programs.

1.2.3 *Care Coordinator Fees*

Host Blues may also bill BlueCross for Care Coordinator Fees for provider services which we will pass on to Employer as follows:

1.2.3.1 PMBM billings; or

1.2.3.2 Individual claims billings through applicable care coordination codes from the most current editions of either Current Procedural Terminology (CPT) published by the American Medical Association (AMA) or Healthcare Common Procedure Coding System (HCPCS) published by the U.S. Centers for Medicare and Medicaid Services (CMS).

As part of this Agreement/contract, BlueCross and Employer will not impose Member cost sharing for Care Coordinator Fees.

1.2.4 *Value-Based Programs under Negotiated Arrangements*

If BlueCross has entered into a Negotiated Arrangement with a Host Blue to provide Value-Based Programs to Members, BlueCross will follow the same procedures for Value-Based Programs administration and Care Coordinator Fees as noted in the BlueCard Program section.

As part of this Agreement, BlueCross and Employer have agreed to waive Member cost sharing for care coordinator fees.

1.2.5 Value-Based Programs Definitions

Accountable Care Organization (ACO): A group of healthcare providers who agree to deliver coordinated care and meet performance benchmarks for quality and affordability in order to manage the total cost of care for their member populations.

Care Coordination: Organized, information-driven patient care activities intended to facilitate the appropriate responses to a Member's healthcare needs across the continuum of care.

Care Coordinator: An individual within a provider organization who facilitates Care Coordination for patients.

Care Coordination Fee: A fixed amount paid by a Blue Cross and/or Blue Shield Licensee to providers periodically for Care Coordination under a Value-Based Program.

Global Payment/Total Cost of Care: A payment methodology that is defined at the patient level and accounts for either all patient care or for a specific groups of services delivered to the patient such as outpatient, physician, ancillary, hospital services and prescription drugs.

Negotiated Arrangement a.k.a., Negotiated National Account Arrangement: An agreement negotiated between a Control/Home Licensee and one or more Par/Host Licensees for any National Account that is not delivered through the BlueCard Program.

Patient-Centered Medical Home (PCMH): A model of care in which each patient has an ongoing relationship with a primary care physician who coordinates a team to take collective responsibility for patient care and, when appropriate, arranges for care with other qualified physicians.

Provider Incentive: An additional amount of compensation paid to a healthcare provider by a Blue Cross and/or Blue Shield Plan, based on the provider's compliance with agreed-upon procedural and/or outcome measures for a particular group of covered persons.

Shared Savings: A payment mechanism in which the provider and payer share cost savings achieved against a target cost budget based upon agreed upon terms and may include downside risk.

Value-Based Program (VBP): An outcomes-based payment arrangement and/or a coordinated care model facilitated with one or more local providers that is evaluated against cost and quality metrics/factors and is reflected in provider payment.

1.3 **Return of Overpayments**.

Recoveries of overpayments can arise in several ways, including, but not limited to, anti-fraud and abuse recoveries, audits, utilization review refunds and unsolicited refunds. Recoveries will be applied so that corrections will be made, in general, on either a claim-by-claim basis or prospective basis. If recovery amounts are passed on a claim-by-claim basis from a Host Blue to BlueCross, they will be credited to Employer's account. In some cases, the Host Blue will engage a third party to assist in identification or collection of overpayments. The fees of such a third party may be charged to Employer as a percentage of the recovery.

1.4 **Inter-Plan Programs: Federal/State Taxes/Surcharges/Fees**

In some instances federal or state laws or regulations may impose a surcharge, tax or other fee that applies to self-funded accounts. If applicable, BlueCross will disclose any such surcharge, tax or other fee to Employer, which will be Employer's liability. See also Exhibit E, paragraph 6.

1.5 **Nonparticipating Providers Outside BlueCross' Service Area**.

1.5.1 **Member Liability Calculation**.

1.5.1.1 In General.

When Covered Services are provided outside of BlueCross' service area by nonparticipating providers, the amount(s) a Member pays for such services will be based on either the Host Blue's nonparticipating healthcare provider local payment or the pricing arrangements required by applicable law. In these situations, the Member may be responsible for the difference between the amount that the nonparticipating provider bills and the payment BlueCross will make for the covered services as set forth in this paragraph. Payments for out-of-network emergency services will be governed by applicable federal and state law.

1.5.1.2 Exceptions.

In some exception cases, BlueCross may pay claims from nonparticipating healthcare providers outside of BlueCross' service area based on the provider's billed charge. This may occur in situations where a Member did not have reasonable access to a participating provider, as determined by BlueCross in BlueCross' sole and absolute discretion or by applicable law. In other exception cases, BlueCross may pay such claims based on the payment BlueCross would make if BlueCross were paying a nonparticipating provider inside of BlueCross' service area. This may occur where the Host Blue's corresponding payment would be more than BlueCross' in-service area nonparticipating provider payment, BlueCross may negotiate a payment. BlueCross may choose to negotiate a payment with such a provider on an exception basis.

Unless otherwise stated, in any of these exception situations, the Member may be responsible for the difference between the amount that the nonparticipating healthcare provider bills and the payment BlueCross will make for the Covered Services as set forth in this paragraph.

1.5.2 **Fees and Compensation**

Employer understands and agrees to reimburse BlueCross for certain fees and compensation which we are obligated under applicable Inter-Plan Arrangement requirements to pay to the Host Blues, to the Association and/or to vendors of Inter-Plan Arrangement-related services. The specific fees and compensation that are charged to Employer are set forth in Exhibit B. Fees and compensation under applicable Inter-Plan

Arrangements may be revised from time to time as provided for in section 1.7 below.

1.6 Blue Cross Blue Shield Global® Core

1.6.1 General Information

If Members are outside the United States, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands (hereinafter, "BlueCard service area"), they may be able to take advantage of the Blue Cross Blue Shield Global Core Program when accessing Covered Services. The Blue Cross Blue Shield Global Core Program is unlike the BlueCard Program available in the BlueCard service area in certain ways. For instance, although the Blue Cross Blue Shield Global Core Program assists Members with accessing a network of inpatient outpatient and professional providers, the network is not served by a Host Blue. As such, when Members receive care from providers outside the BlueCard service area, the Members will typically have to pay the providers and submit the claims themselves to obtain reimbursement for these services.

1.6.1.1 Inpatient Services

In most cases, if Members contact the BlueCross BlueShield Global Core Service Center for assistance, hospitals will not require Members to pay for covered inpatient services, except for their cost-share amounts. In such cases, the hospital will submit Member claims to the Blue Cross Blue Shield Global Core Service Center to initiate claims processing. However, if the Member paid in full at the time of service, the Member must submit a claim to obtain reimbursement for Covered Services. **Members must contact Us to obtain precertification for non-emergency inpatient services**.

1.6.1.2 Outpatient Services

Physicians, urgent care centers and other outpatient providers located outside the BlueCard service area will typically require Members to pay in full at the time of service. Members must submit a claim to obtain reimbursement for Covered Services.

1.6.1.3 Submitting a Blue Cross Blue Shield Global Core

When members pay for Covered Services outside the BlueCard service area, they must submit a claim to obtain reimbursement. For institutional and professional claims, Members should complete a Blue Cross Blue Shield Global Core International claim form and send the claim form with the provider's itemized bill(s) to the service center address on the form to initiate claims processing. The claim form is available from Us, the service center, or online at www.bcbsglobalcore.com. If Members need assistance with their claim submissions, they should call the service center at 1.800.810.BLUE (2583) or call collect at 1.804.673.1177, 24 hours a day, seven days a week.

1.6.2 Blue Cross Blue Shield Global Core -Related Fees

Employer understands and agrees to reimburse BlueCross for certain fees and compensation which we are obligated under applicable Inter-Plan Arrangement requirements to pay to the Host Blues, to the Association and/or to vendors of Inter-Plan Arrangement-related services. The specific fees and compensation that are charged to Employer under the BlueCross BlueShield Global Core Program are set forth in Exhibit B. Fees and compensation under applicable Inter-Plan Arrangements may be revised from time to time as provided for in section 1.7 below.

1.7 Modifications or Changes to Inter-Plan Arrangement Fees or Compensation

Modifications or changes to Inter-Plan arrangement fees are generally made effective January 1 of the calendar year, but they may occur at any time during the year. In the case of any such modifications or changes, BlueCross shall provide Employer with at least thirty (30) days' advance written notice of any modification or change to such Inter-Plan arrangement fees or compensation describing the change and the effective date thereof and Employers right to terminate this Agreement without penalty by given written notice of termination before the effective date of this change. If Employer fails to respond to the notice and does not terminate this Agreement during the notice period, Employer will be deemed to have approved the proposed changes, and BlueCross will then allow such modifications to become part of this Agreement.

EXHIBIT H TO THE ADMINISTRATIVE SERVICES AGREEMENT

COBRA ADMINISTRATION PROVIDED BY EMPLOYER OR A THIRD PARTY

In the event that any Member is entitled to continuation of their benefits under the Benefit Documents, BlueCross will continue to perform its duties under this Agreement with regard to that Member as outlined below. BlueCross' and Employer's obligations under this Exhibit shall terminate at the same time this Agreement ends.

1. Once notified by Employer that a Subscriber and/or Dependents are eligible for and enrolled in COBRA continuation ("Eligible COBRA Participant"), BlueCross shall:

   1.1 Administer health benefits for Eligible COBRA Participants for all benefits selected to be continued by the Eligible COBRA Participants;

   1.2 Provide claims processing services;

   1.3 Provide access to the provider network(s) selected by Employer, and the BlueCard/BlueCard PPO program;

   1.4 Terminate the COBRA continuation coverage for each Eligible COBRA Participant once notified by Employer. Termination shall be governed by the terms of this Agreement as a whole;

2. Employer is the Plan Administrator for the purposes of COBRA, and shall:

   2.1 Provide the eligibility information for all Qualified Beneficiaries to BlueCross with the monthly eligibility information;

   2.2 Pay all required premium equivalents or administrative fees for all COBRA qualified beneficiaries to BlueCross as required;

   2.3 Perform all COBRA administrative duties, including providing notice to members of a qualifying event, eligibility information, premium collection, and reconciliation of premium and eligibility information;

   2.4 Hold harmless and indemnify BlueCross for any claims or causes of action that arise from, or are related to, employer's obligations required by COBRA, including without limitation, lawsuits, IRS fines, or claims, that result from incorrect premium collection or eligibility information supplied to BlueCross;

   2.5 Notify BlueCross of any changes that it becomes aware of that might affect the Eligible COBRA Participant's coverage under COBRA;

   2.6 Fund all health claims of qualified beneficiaries, including those that may have been processed using incorrect eligibility information supplied to BlueCross by employer.

3. Should employer utilize the services of a third party vendor to perform some or all of its COBRA administration duties, employer must still provide all information directly to BlueCross. BlueCross will not accept any enrollment, termination, etc. notices from a third party.

4. As consideration for the above-referenced services, Employer shall pay BlueCross the current ASF being charged Employer for active Members.

5. The parties agree that all provisions of the Agreement will apply to this Exhibit and the services and duties required hereunder.

EXHIBIT I TO THE ADMINISTRATIVE SERVICES AGREEMENT

HEALTH AND WELLNESS SERVICES

Employer has selected the Health and Wellness Services described below.

1. Services.

   1.1 Healthy Maternity Management. BlueCross will provide access to prenatal health education and telephonic support.

   1.2 Chronic Condition Management. Chronic Condition Management is proactive identification and outreach for the purpose of health coaching to address Members' conditions including congestive heart failure, diabetes, asthma and coronary artery disease. Chronic Condition Management aims to stabilize Member health status, assist individuals in improving self-management of conditions, improve adherence to evidence-based guideline recommended preventive care, as well as promote healthy behavior changes designed to improve quality of life and reduce risk factors.

   1.3 24/7 Nurseline. BlueCross provides access to experienced nurses via telephone and instant messaging for symptom assessment, general health information, self-care education, and personalized support.

EXHIBIT J TO THE ADMINISTRATIVE SERVICES AGREEMENT

RESERVED

EXHIBIT K TO THE ADMINISTRATIVE SERVICES AGREEMENT

RESERVED

EXHIBIT L TO THE ADMINISTRATIVE SERVICES AGREEMENT

RESERVED

EXHIBIT M TO THE ADMINISTRATIVE SERVICES AGREEMENT

ONLINE ENROLLMENT SPECIFICATIONS THROUGH BLUECROSS SECURED WEBSITE

BlueCross' Duties and Responsibilities:

1. BlueCross will provide a PIN for website access.
2. BlueCross will provide instruction upon Employer's request. Such instruction may be done by telephone or personal contact.
3. BlueCross will accept data and process enrollment, status change and termination requests in accordance with the eligibility guidelines outlined in the Self-funded Group Application.
4. BlueCross has the right to audit Employer's data transmissions for accuracy and completeness.

Employer's Duties and Responsibilities:

1. Employer will submit data only on eligible individuals as outlined in the Self-funded Group Application.
2. Employer will assure that the data submitted is accurate.
3. Employer will submit data on a timely basis in accordance with this Agreement.
4. Employer assumes responsibility for notifying BlueCross when Employer's group administrator or enrollment contact changes, so that BlueCross can revoke that individual's website access. BlueCross will revoke access within 5 working days of being notified. If Employer does not inform BlueCross of any such change, and a former group administrator or enrollment contact enters fraudulent or incorrect information through the website, Employer is responsible for these actions.

EXHIBIT N TO THE ADMINISTRATIVE SERVICES AGREEMENT

GRIEVANCE SERVICES

This Exhibit describes duties regarding grievance services:

1. First Level Grievance.

   1.1 BlueCross shall conduct the first level grievance on Employer's behalf. For purposes of handling the first level Grievance, BlueCross is a limited fiduciary under ERISA.

   1.2 BlueCross' first level grievance committee shall have full discretionary authority to make eligibility, benefit, claim, or any other applicable benefit determinations.

   1.3 A written decision concerning the grievance shall be sent to the Member and to Employer within the timeframe set forth in the Benefit Documents.

   1.4 Member shall have the opportunity to submit written testimony and any additional written information to the committee. Oral testimony will not be permitted at the first level grievance.

   1.5 First level grievance shall be the only mandatory level of grievance.

2. Second Level Grievance.

   2.1 BlueCross shall conduct the second level grievance for Employer. For purposes of handling the second level Grievance, BlueCross is a limited fiduciary under ERISA.

   2.2 BlueCross' second level grievance committee shall have full discretionary authority to make eligibility, benefit, claim, or any other applicable benefit determinations.

   2.3 A written decision concerning the grievance shall be sent to the Member and to Employer within the timeframe set forth in the Benefit Documents.

   2.4 Member shall have the opportunity to present oral testimony and to provide additional information to the committee.

3. External Review.

   3.1 BlueCross shall coordinate the external review procedure on Employer's behalf. For purposes of handling the external review process, BlueCross is a limited fiduciary under ERISA.

   3.2 BlueCross' external review procedure shall be based on and follow the external review procedure set forth in the Tennessee Code Annotated.

4. Employer's grievance processes shall be subject to and comply with the review standards applicable to ERISA plans, whether or not it is otherwise governed by ERISA.

5. BlueCross shall, upon Employer's request, provide to Employer any grievance information related to a grievance handled by BlueCross.

6. Nothing shall establish a grievance process that contradicts any statement in this Section.

7. BlueCross shall not be required to perform any grievance services not expressly stated in this Section.

8. BlueCross guarantees compliance with the grievance requirements set forth in the Patient Protection and Affordable Care Act.

EXHIBIT O TO THE ADMINISTRATIVE SERVICES AGREEMENT

RESERVED

EXHIBIT P TO THE ADMINISTRATIVE SERVICES AGREEMENT

PHARMACY SERVICES

Employer has selected BlueCross to provide pharmacy benefit management services with respect to Employer's Plan.

1. DEFINITIONS

The following definitions apply for purposes of this Exhibit only.

"Covered Drug(s)" means those Prescription Drugs, supplies, and other items that are covered under the Plan.

"Drug Formulary" means the list of FDA-approved prescription drugs and supplies developed by BlueCross' Pharmacy and Therapeutics Committee. The drugs and supplies included on the Drug Formulary will be modified by BlueCross from time to time as a result of factors, including, but not limited to, medical appropriateness, pharmaceutical manufacturer Pharmacy Rebate arrangements, and patent expirations.

"Home Delivery Network" means BlueCross' network of Participating Pharmacies where prescriptions are filled and delivered to Members via mail delivery service.

"Manufacturer Administrative Fees" means those administrative fees paid by manufacturers to the pharmacy benefit manager pursuant to a contract between the pharmacy benefit manager and the manufacturer in connection with the pharmacy benefit manager's administering, invoicing, allocating, and collecting Pharmacy Rebates.

"Member Submitted Claim" means a paper claim submitted by a Member for Covered Drugs dispensed by a Pharmacy for which the Member paid cash.

"Over the Counter Drug" or **"OTC"** means a drug available without a written prescription.

"Participating Pharmacy" means any licensed Pharmacy within BlueCross' Pharmacy network to provide Covered Drugs to Members.

"Pharmacy Rebate" is revenue received by BlueCross from rebate aggregators or pharmaceutical manufacturers, which is related to Members' utilization of Covered Drugs. The following are specifically excluded from the definition of Pharmacy Rebate and shall be retained by BlueCross: (a) contractual obligations to BlueCross that require payment of a penalty or other amount to BlueCross if contractual obligations are not met; and (b) rebates attributable to any payment BlueCross receives for a claim that is adjudicated under the Member's medical benefit; and (c) Manufacturer Administrative Fees.

"Prescription Drug Claim" means a Member Submitted Claim or claim for payment submitted by a Participating Pharmacy as a result of dispensing a Covered Drug to a Member.

"Retail 30 Network" means BlueCross' network of retail Participating Pharmacies that are permitted to dispense Covered Drugs to Members typically in a 30-day supply.

"Specialty Pharmacy Network" means BlueCross' network of Participating Pharmacies that are permitted to dispense Specialty Pharmacy Drugs to Members.

"Specialty Pharmacy Drug" means those injectable and non-injectable drugs on the BlueCross Specialty Drug List. Specialty Pharmacy Drugs typically have one or more of several key characteristics, including frequent dosing adjustments and intensive clinical monitoring to decrease the potential for drug toxicity and increase the probability for

beneficial treatment outcomes; intensive patient training and compliance assistance to facilitate therapeutic goals; limited or exclusive product availability and distribution; specialized product handling and/or administration requirements.

2. PHARMACY SERVICES

BlueCross will provide the following pharmacy benefit management services:

Employer and Member Services	
Toll-free consumer advisor number for Members	Designated account team
Coordinated eligibility submission	Benefit plan setup
Member Submitted Claim processing	Electronic claims processing
Network Pharmacy Services	
Pharmacy help desk	Pharmacy reimbursement
Pharmacy network management	ePrescribing
Home Delivery Services	
Customer service for Members	Benefit education
Extended Payment Program	Prescription delivery – standard
"Worry Free" Fills	Bridge supply
Specialty Pharmacy Network Services	
Benefit education	Prescription delivery – standard
Reporting Services	
Web-based client reporting	Billing reports
Website Services	
BlueAccess - access to benefit, drug, health and wellness information; prescription ordering capability; My RX Choices and customer service	Specialist pharmacist - access to specialized pharmacists to answer non-urgent questions via email about medications for chronic conditions.

Cost Containment and Trend Management Solutions		
Solution	**Description**	**Fee**
Formulary Management	Drug Formulary program based on evidence-based medicine, integrated utilization management leveraging best practice guidelines and physician expertise to comparatively review and assess new and existing drugs for safety, efficacy and cost control.	No Additional Fee

Concurrent Drug Utilization Review	Designed to assist with preventing drug-related adverse events. Online, real-time drug utilization analysis is performed at the point of prescription dispensing, whether the dispensing occurs at the retail Pharmacy or at the home delivery Pharmacy.	No Additional Fee
Utilization Management	Represents a wide variety of rules-driven programs such as prior authorization, quantity limits, and step therapy to manage trends in patient drug utilization and client drug spend. • Prior Authorization - Review process to determine appropriateness of therapy using evidence-based criteria. Includes administrative vacation overrides and lost or stolen medications. • Step Therapy - Program manages Prescription Drug waste within specific therapy classes by guiding patients to first-line medications before "stepping up" to more costly second-line medications. • Quantity Limitations - Reduces wasteful spending in the pharmacy benefit by aligning the dispensed quantity of Prescription Drug with dosage guidelines.	No Additional Fee
Drug Coverage Determinations	Includes initial determinations and reconsideration processes and criteria for benefit design related requests, plan exclusion reviews (clinical or administrative reviews of non-Covered Drugs), copay reviews, plan limit reviews (e.g. age, gender, days' supply limits), administrative reviews, clinical benefit reviews and direct claim reject reviews. The initial determinations and reconsideration processes are in addition to and occur before the Grievance Procedure. Members may submit Grievances in accordance with the Grievance Procedure outlined in their EOC.	No Additional Fee
Integrated Benefit Management	Integrated solution that provides real-time shared deductible and out-of-pocket accumulations between the medical and pharmacy benefit.	No Additional Fee
Specialty Management Program	Program encourages the adherence to safe and effective use of Specialty Pharmacy Drugs according to prescribed regimens. The program achieves savings by establishing benefits for specialty prescriptions, limiting distribution to preferred vendors, establishing prior authorization criteria to assure appropriate utilization, and renegotiating of drug prices annually.	No Additional Fee
RxSafety	Program provides enhanced fraud, waste and abuse monitoring solution focused on combating the misuse and unintentional overuse of medications in Tennessee and nationally. This program protects Members by coupling the safety components of BlueCross' medical, behavioral and pharmacy programs by combing strategies into a holistic solution.	No Additional Fee
Therapeutic Resource Centers	Specialty pharmacy practices for high risk members with chronic and complex conditions. Specialist pharmacists provide personalized care, conduct safety and quality reviews, and offer information and counseling that members need to achieve healthier outcomes.	No Additional Fee

High Cost Claimant Review	An integrated management program targeting cost stratification and focused interventions for high dollar pharmacy claimants as part of a comprehensive Member population health solution.	No Additional Fee
Vaccine Program	This preventive services program broadens the reach of flu and other vaccines while reducing costs by providing a convenient and less expensive alternative through the Retail 30 Network.	No Additional Fee
RationalMed	Advanced solution that improves clinical and financial outcomes by integrating and evaluating medical, pharmacy, and lab data to identify critical, actionable health and safety issues and gaps in essential care, and then directs effective outreach to physicians, pharmacies, and patients.	No Additional Fee

2.1 Participating Pharmacies. The amount paid to the Participating Pharmacy for Prescription Drug Claims may or may not be equal to the amount charged to Employer, and BlueCross will absorb any negative margin or retain any positive margin. Subject to applicable law, BlueCross may communicate with Members regarding benefit design, cost savings, availability and use of the selected networks, as well as provide supporting services.

A list of Participating Pharmacies is available to Members on-line. BlueCross does not direct or exercise any control over the professional judgment exercised by any pharmacist providing pharmaceutical related services.

2.2 Any reports requested upon termination will incur an *ad hoc* fee. BlueCross shall not be obligated to release such report until the fee has been paid.

EXHIBIT Q TO THE ADMINISTRATIVE SERVICES AGREEMENT

BUSINESS ASSOCIATE AGREEMENT
Between
BLUE CROSS BLUE SHIELD OF TENNESSEE, INC.
and
CITY OF KINGSPORT, TN

This Business Associate Agreement ("BAA") is effective upon execution and amends and is made part of the Administrative Services Agreement ("ASA") by and between BlueCross BlueShield of Tennessee, Inc. ("BlueCross"), City of Kingsport, TN ("Employer") assigned Employer Group Number 130434, and the Group Health Plan ("GHP").

The ASA is modified to incorporate the terms of this HIPAA Agreement to comply with the requirements of the implementing regulations at 45 Code of Federal Regulations ("C.F.R.") Parts 160-64 for the Administrative Simplification provisions of Title II, Subtitle F of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as modified by the Health Information Technology for Economic and Clinical Health Act, as incorporated in the American Recovery and Reinvestment Act of 2009 ("HITECH Act"), and the implementing regulations ("HIPAA Rules") that are applicable to BlueCross, along with any guidance and/or regulations issued by United States Department of Health and Human Services ("DHHS"). BlueCross and GHP agree to incorporate into this HIPAA Agreement any regulations issued with respect to the HITECH Act that relate to the obligations of BlueCross. BlueCross recognizes and agrees that it is obligated by law to meet the applicable provisions of the HITECH Act.

1. Privacy of Protected Health Information.

   a. Permitted Uses and Disclosures. BlueCross is permitted to use and disclose Protected Health Information that it creates or receives on GHP's behalf or receives from GHP (or another business associate of GHP) and to request Protected Health Information on GHP's behalf (collectively, "GHP's Protected Health Information") only as follows:

      i. Functions and Activities on GHP's Behalf. BlueCross will be permitted to use and disclose GHP's PHI to perform functions, activities, services, and operations on behalf of GHP, consistent with the Privacy Rule and the HITECH Act as specified in the ASA, including but not limited to: (a) management, operation, and administration of the GHP offered to Members; and (b) services set forth in the ASA, which include payment activities, Health Care Operations, and Data Aggregation.

      ii. BlueCross' Operations. For BlueCross' proper management and administration or to carry out BlueCross' legal responsibilities, provided that, with respect to disclosure of GHP's Protected Health Information, either:

         A) The disclosure is Required by Law; or

         B) BlueCross obtains reasonable assurance from any person or entity to which BlueCross will disclose GHP's Protected Health Information that the person or entity will:

1) Hold GHP's Protected Health Information in confidence and use or further disclose GHP's Protected Health Information only for the purpose for which BlueCross disclosed GHP's Protected Health Information to the person or entity or as Required by Law; and

2) Promptly notify BlueCross (who will in turn notify GHP in accordance with Section 4(a) of this HIPAA Agreement) of any instance of which the person or entity becomes aware in which the confidentiality of GHP's Protected Health Information was breached.

C) BlueCross also may use GHP's Protected Health Information to provide Data Aggregation Services. BlueCross may de-identify GHP's PHI it obtains or creates in the course of providing services to Employer.

b. Minimum Necessary and Limited Data Set. BlueCross' use, disclosure or request of Protected Health Information shall utilize a Limited Data Set if practicable. Otherwise, BlueCross will, in its performance of the functions, activities, services, and operations specified in Section 1(a) above, make reasonable efforts to use, to disclose, and to request of a Covered Entity only the minimum amount of GHP's Protected Health Information reasonably necessary to accomplish the intended purpose of the use, disclosure or request, except that BlueCross will not be obligated to comply with this minimum necessary limitation with respect to:

i. Disclosure to or request by a health care provider for Treatment;

ii. Use for or disclosure to an individual who is the subject of GHP's Protected Health Information, or that individual's personal representative;

iii. Use or disclosure made pursuant to an authorization compliant with 45 C.F.R. § 164.508 that is signed by an individual who is the subject of GHP's Protected Health Information to be used or disclosed, or by that individual's personal representative;

iv. Disclosure to the DHHS in accordance with Section 5(a) of this HIPAA Agreement;

v. Use or disclosure that is Required by Law; or

vi. Any other use or disclosure that is excepted from the minimum necessary limitation as specified in 45 C.F.R. § 164.502(b)(2).

c. Prohibition on Unauthorized Use or Disclosure. BlueCross will neither use nor disclose GHP's Protected Health Information, except as permitted or required by the ASA and this HIPAA Agreement or in writing by GHP or as Required by Law. This HIPAA Agreement does not authorize BlueCross to use or disclose GHP's Protected Health Information in a manner that will violate the 45 C.F.R. Part 164, Subpart E "Privacy of

Individually Identifiable Health Information" ("Privacy Rule") if done by GHP, except as set forth in Section 1(a)(ii) of this HIPAA Agreement.

d. Information Safeguards.

i. Privacy of GHP's Protected Health Information. BlueCross will develop, implement, maintain, and use appropriate administrative, technical, and physical safeguards to protect the privacy of GHP's Protected Health Information. The safeguards must reasonably protect GHP's Protected Health Information from any intentional or unintentional use or disclosure in violation of the Privacy Rule, 45 C.F.R. Part 164, Subpart E and this HIPAA Agreement, and limit incidental uses or disclosures made pursuant to a use or disclosure otherwise permitted by this HIPAA Agreement.

ii. Security of GHP's Electronic Protected Health Information. BlueCross will develop, implement, maintain, and use administrative, technical, and physical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of Electronic Protected Health Information that BlueCross creates, receives, maintains, or transmits on GHP's behalf as required by the Security Rule, 45 C.F.R. Part 164, Subpart C and as required by the HITECH Act. BlueCross also shall develop and implement policies and procedures and meet the Security Rule documentation requirements as required by the HITECH Act.

e. Subcontractors and Agents. BlueCross will require any of its subcontractors and agents, to which BlueCross is permitted by the ASA and this HIPAA Agreement or in writing by GHP to disclose GHP's Protected Health Information, to provide reasonable assurance that such subcontractor or agent will comply with the same privacy and security safeguard obligations with respect to GHP's Protected Health Information that are applicable to BlueCross under this HIPAA Agreement.

2. Compliance with Transaction Standards. If BlueCross conducts in whole or part electronic Transactions on behalf of GHP for which DHHS has established Standards, BlueCross will comply, and will require any subcontractor or agent it involves with the conduct of such Transactions to comply, with each applicable requirement of the Transaction Rule, 45 C.F.R. Part 162. BlueCross will not enter into, or permit its subcontractors or agents to enter into, any Trading Partner Agreement in connection with the conduct of Standard Transactions on behalf of GHP that:

a. Changes the definition, data condition, or use of a data element or segment in a Standard Transaction;

b. Adds any data element or segment to the maximum defined data set;

c. Uses any code or data element that is marked "not used" in the Standard Transaction's implementation specification or is not in the Standard Transaction's implementation specification; or

d. Changes the meaning or intent of the Standard Transaction's implementation specification.

3. Individual Rights.

a. Access. BlueCross will, within Thirty (30) days following GHP's request, make available to GHP or, at GHP's direction, to an individual (or the individual's personal representative) for inspection and obtaining copies of GHP's Protected Health Information about the individual that is in BlueCross' custody or control, consistent with the requirements of 45 C.F.R. § 164.524 so that GHP may meet its access obligations under 45 C.F.R. § 164.524 and, where applicable, the HITECH Act. BlueCross shall make such information available in an electronic format where directed by GHP.

b. Amendment. BlueCross will, upon receipt of written notice from GHP, promptly amend or permit GHP access to amend any portion of GHP's Protected Health Information, so that GHP may meet its amendment obligations under 45 C.F.R. § 164.526.

c. Disclosure Accounting. So that GHP may meet its disclosure accounting obligations under 45 C.F.R. § 164.528:

i. Disclosures Subject to Accounting. BlueCross will record the information specified in Section 3(c)(iii) below ("Disclosure Information") for each disclosure of GHP's Protected Health Information, not excepted from disclosure accounting as specified in Section 3(c)(ii) below, that BlueCross makes to GHP or to a third party.

ii. Disclosures Not Subject to Accounting. BlueCross will not be obligated to record Disclosure Information or otherwise account for the following disclosures of GHP's Protected Health Information:

A) That occurred before April 14, 2003;

B) For Treatment, Payment or Health Care Operations activities;

C) To an individual who is the subject of GHP's Protected Health Information disclosed, or to that individual's personal representative;

D) Pursuant to an authorization compliant with 45 C.F.R. § 164.508 that is signed by an individual who is the subject of GHP's Protected Health Information disclosed, or by that individual's personal representative;

E) For notification of and to persons involved in the care or payment related to the health care of an individual who is the subject of GHP's Protected Health Information disclosed and for disaster relief;

F) To law enforcement officials or correctional institutions in accordance with 45 C.F.R. § 164.512(k)(5);

G) For national security or intelligence purposes in accordance with 45 C.F.R. § 164.512(k)(2);

H) In a Limited Data Set;

I) Incident to a use or disclosure that BlueCross is otherwise permitted to make by the ASA and this HIPAA Agreement; and

J) Otherwise excepted from disclosure accounting as specified in 45 C.F.R. § 164.528.

iii. Disclosure Information. With respect to any disclosure by BlueCross of GHP's Protected Health Information that is not excepted from disclosure accounting by Section 3(c)(ii) above, BlueCross will record the following Disclosure Information as applicable to the type of accountable disclosure made:

A) Disclosure Information Generally. Except for repetitive disclosures of GHP's Protected Health Information as specified in Section 3(c)(iii)(B) below and for disclosures for large Research studies as specified in Section 3(c)(iii)(C) below, the Disclosure Information that BlueCross must record for each accountable disclosure are the requirements set forth in the HIPAA Privacy Rule, including, but not limited to: (i) the disclosure date, (ii) the name and (if known) address of the entity to which BlueCross made the disclosure, (iii) a brief description of GHP's Protected Health Information disclosed, and (iv) a brief statement of the purpose of the disclosure. BlueCross further shall provide any additional information to the extent required by the HITECH Act and any accompanying regulations.

B) Disclosure Information for Repetitive Disclosures. For repetitive disclosures of GHP's Protected Health Information that BlueCross makes for a single purpose to the same person or entity (including GHP), the Disclosure Information that BlueCross must record is either the Disclosure Information specified in Section 3(c)(iii)(A) above for each accountable disclosure, or (i) the Disclosure Information specified in Section 3(c)(iii)(A) above for the first of the repetitive accountable disclosures, (ii) the frequency, periodicity, or number of the repetitive accountable disclosures, and (iii) the date of the last of the repetitive accountable disclosures.

C) Disclosure Information for Large Research Activities. For disclosures of GHP's Protected Health Information that BlueCross makes for particular Research involving Fifty (50) or more individuals and for which an Institutional Review Board or Privacy Board has waived authorization during the period covered by an individual's disclosure accounting request, the Disclosure Information that BlueCross must record is (i) the

name of the Research protocol or activity, (ii) a plain language description of the Research protocol or activity, including its purpose and criteria for selecting particular records, (iii) a brief description of the type of GHP's Protected Health Information disclosed for the Research, (iv) the dates or periods during which BlueCross made or may have made these disclosures, including the date of the last disclosure that BlueCross made during the period covered by an individual's disclosure accounting request, (v) the name, address, and telephone number of the Research sponsor and of the researcher to whom BlueCross made these disclosures, and (vi) a statement that GHP's Protected Health Information relating to an individual requesting the disclosure accounting may or may not have been disclosed for a particular Research protocol or activity. BlueCross will, upon request of GHP or an individual requesting the disclosure accounting, assist GHP or the individual to contact the Research sponsor and the researcher if it is reasonably likely that GHP's Protected Health Information relating to the individual was disclosed for the particular Research protocol or activity.

iv. Availability of Disclosure Information. Unless otherwise provided by applicable laws, BlueCross will maintain the Disclosure Information for at least Six (6) years following the date of the accountable disclosure to which the Disclosure Information relates.

Business Associate will make the Disclosure Information available to GHP within Sixty (60) days following GHP's request for such Disclosure Information to comply with an individual's request for disclosure accounting.

d. Restriction Agreements and Confidential Communications. BlueCross will comply with any agreement that GHP makes that either (i) restricts use or disclosure of GHP's Protected Health Information pursuant to 45 C.F.R. § 164.522(a), or (ii) requires confidential communication about GHP's Protected Health Information pursuant to 45 C.F.R. § 164.522(b), provided that GHP notifies BlueCross in writing of the restriction or confidential communication obligations that BlueCross must follow. GHP will promptly notify BlueCross in writing of the termination of any such restriction agreement or confidential communication requirement and, with respect to termination of any such restriction agreement, instruct BlueCross whether any of GHP's Protected Health Information will remain subject to the terms of the restriction agreement.

4. Privacy Obligation Breach and Security Incidents.

a. Reporting.

i. Privacy Breach. BlueCross will report to GHP any use or disclosure of GHP's Protected Health Information not permitted by the ASA and this HIPAA Agreement or in writing by GHP. In addition, BlueCross will report, following discovery and without unreasonable delay, but in no event later than ten (10) business days following discovery, any "Breach" of "Unsecured Protected

Health Information" as these terms are defined by the Breach Notification Regulation. BlueCross shall cooperate with GHP in investigating the Breach and in meeting the GHP's obligations under the Breach Notification Regulation and any other security breach notification laws.

ii. Any such report shall include the identification (if known) of each individual whose Unsecured Protected Health Information has been, or is reasonably believed by BlueCross to have been, accessed, acquired, or disclosed during such Breach. BlueCross will make the report to GHP's Privacy Division not more than Twenty (20) business days after BlueCross' notice pursuant to subsection (i). BlueCross will report the following as information is available:

A) Identify the nature of the non-permitted access, use or disclosure, including the date of the Breach and the date of discovery of the Breach;

B) Identify GHP's Protected Health Information accessed, used or disclosed as part of the Breach (e.g., full name, social security number, date of birth, etc.); and

C) Identify who made the non-permitted access, use or disclosure and who received the non-permitted disclosure.

iii. Security Incidents. BlueCross will report to GHP any attempted or successful (A) unauthorized access, use, disclosure, modification, or destruction of GHP's Electronic Protected Health Information or (B) interference with BlueCross' system operations in BlueCross' information systems, of which BlueCross becomes aware. BlueCross will make this report upon GHP's request, except if any such security incident resulted in a disclosure of GHP's Protected Health Information not permitted by this HIPAA Agreement, BlueCross will make the report in accordance with Section 4(a)(i) above.

b. Termination of Agreement.

i. Right to Terminate for Breach. GHP may terminate ASA if it determines, in its sole discretion, that BlueCross has breached any provision of this HIPAA Agreement and upon written notice to BlueCross of the breach, BlueCross fails to cure the breach within Thirty (30) days after receipt of the notice. GHP may exercise this right to terminate Agreement by providing BlueCross written notice of termination, stating the failure to cure the breach of the HIPAA Agreement that provides the basis for the termination. Any such termination will be effective immediately or at such other date specified in GHP's notice of termination. If for any reason GHP determines that BlueCross has breached the terms of this HIPAA Agreement and such breach has not been cured, but GHP determines that termination of the Agreement is not feasible, GHP may report such breach to the DHHS.

ii. BlueCross may terminate Agreement if it determines, after reasonable consultation with GHP, that GHP has breached any material provision of this HIPAA Agreement and upon written notice to GHP of the breach, GHP fails to cure the breach within Thirty (30) days after receipt of the notice. BlueCross may exercise this right to terminate Agreement by providing GHP written notice of termination, stating the failure to cure the breach of the HIPAA Agreement that provides the basis for the termination. Any such termination will be effective upon such reasonable date as the parties mutually agree. If BlueCross reasonably determines that GHP has breached the terms of this HIPAA Agreement and such breach has not been cured, but BlueCross and GHP mutually determine that termination of the Agreement is not feasible, BlueCross may report such breach to the DHHS.

c. Obligations on Termination.

i. Return or Destruction of GHP's Protected Health Information as Feasible. Upon termination or other conclusion of Agreement, BlueCross will, if feasible, return to GHP or destroy all of GHP's Protected Health Information in whatever form or medium, including all copies thereof and all data, compilations, and other works derived therefrom that allow identification of any individual who is a subject of GHP's Protected Health Information. BlueCross will require any subcontractor or agent, to which BlueCross has disclosed GHP's Protected Health Information as permitted by Section 1(e) of this HIPAA Agreement, to if feasible return to BlueCross (so that BlueCross may return it to GHP) or destroy all of GHP's Protected Health Information in whatever form or medium received from BlueCross, including all copies thereof and all data, compilations, and other works derived therefrom that allow identification of any individual who is a subject of GHP's Protected Health Information, and certify on oath to BlueCross that all such information has been returned or destroyed. BlueCross will complete these obligations as promptly as possible, but not later than Sixty (60) days following the effective date of the termination or other conclusion of Agreement.

ii. Procedure When Return or Destruction Is Not Feasible. BlueCross will identify any of GHP's Protected Health Information, including any that BlueCross has disclosed to subcontractors or agents as permitted by Section 1(e) of this HIPAA Agreement, that cannot feasibly be returned to GHP or destroyed and explain why return or destruction is infeasible. Where GHP agrees that such return or destruction is infeasible, BlueCross will limit its further use or disclosure of such information to those purposes that make return or destruction of such information infeasible. If GHP does not agree, subparagraph A above shall apply. BlueCross will require such subcontractor or agent to limit its further use or disclosure of GHP's Protected Health Information that such subcontractor or agent cannot feasibly return or destroy to those purposes that make the return or destruction of such information

infeasible. BlueCross will complete these obligations as promptly as possible, but not later than Sixty (60) days following the effective date of the termination or other conclusion of Agreement.

iii. Continuing Privacy and Security Obligation. BlueCross' obligation to protect the privacy and safeguard the security of GHP's Protected Health Information as specified in this HIPAA Agreement will be continuous and survive termination or other conclusion of Agreement and this HIPAA Agreement.

iv. Other Obligations and Rights. BlueCross' other obligations and rights and GHP's obligations and rights upon termination or other conclusion of Agreement will be those set out in the ASA.

d. Indemnity. BlueCross will indemnify and hold harmless GHP and any GHP affiliate, officer, director, employee or agent from and against any claim, cause of action, liability, damage, cost or expense, including attorneys' fees and court or proceeding costs, arising out of or in connection with any non-permitted use or disclosure of GHP's Protected Health Information or other breach of this HIPAA Agreement by BlueCross or any subcontractor or agent under BlueCross' control.

i. Right to Tender or Undertake Defense. If GHP is named a party in any judicial, administrative or other proceeding arising out of or in connection with any non-permitted use or disclosure of GHP's Protected Health Information or other breach of this HIPAA Agreement by BlueCross or any subcontractor or agent under BlueCross' control, GHP will have the option at any time either (A) to tender its defense to BlueCross, in which case BlueCross will provide qualified attorneys, consultants, and other appropriate professionals to represent GHP's interests at BlueCross' expense, or (B) undertake its own defense, choosing the attorneys, consultants, and other appropriate professionals to represent its interests, in which case BlueCross will be responsible for and pay the reasonable fees and expenses of such attorneys, consultants, and other professionals.

ii. Right to Control Resolution. GHP will have the sole right and discretion to settle, compromise or otherwise resolve any and all claims, causes of actions, liabilities or damages against it, notwithstanding that GHP may have tendered its defense to BlueCross. Any such resolution will not relieve BlueCross of its obligation to indemnify GHP under this Section 4(c).

5. General Provisions.

a. Inspection of Internal Practices, Books, and Records. BlueCross will make its internal practices, books, and records relating to its use and disclosure of GHP's Protected Health Information available to GHP and to DHHS to determine GHP's compliance with the Privacy Rule, 45 C.F.R. Part 164, Subpart E.

b. Definitions. The terms "Covered Entity," "Electronic Protected Health Information," "Protected Health Information," "Standard," "Trading Partner Agreement," and "Transaction" have the meanings set out in 45 C.F.R. § 160.103. The term "Standard Transaction" has the meaning set out in 45 C.F.R. § 162.103. The term "Required by Law" has the meaning set out in 45 C.F.R. § 164.103. The terms "Health Care Operations," "Payment," "Research," and "Treatment" have the meanings set out in 45 C.F.R. § 164.501. The term "Limited Data Set" has the meaning set out in 45 C.F.R. § 164.514(e). The term "use" means, with respect to Protected Health Information, utilization, employment, examination, analysis or application within Business Associate. The terms "disclose" and "disclosure" mean, with respect to Protected Health Information, release, transfer, providing access to or divulging to a person or entity not within Business Associate. For purposes of this HIPAA Agreement, GHP's Protected Health Information encompasses GHP's Electronic Protected Health Information. Any other capitalized terms not identified here shall have the meaning as set forth in the HIPAA Rules.

c. Amendment to Agreement. Upon the compliance date of any final regulation or amendment to final regulation promulgated by DHHS that affects BlueCross' use or disclosure of GHP's Protected Health Information or Standard Transactions, the Agreement and this HIPAA Agreement will automatically amend such that the obligations imposed on BlueCross remain in compliance with the final regulation or amendment to final regulation.

d. Other Acceptable Forms of this HIPAA Agreement. The following shall have the same legal effect as an original: facsimile copy, imaged copy, scanned copy, or an electronic version.

e. Communications. Member requests or other communications or notices required or contemplated by this HIPAA Agreement shall be in writing and shall be delivered by hand, by overnight courier service, or by first class mail, postage prepaid, addressed to the appropriate party at the address below, or to such other party or address as may be hereafter specified by written notice:

BlueCross BlueShield of Tennessee, Inc.
Privacy Office 1.4
1 Cameron Hill Circle
Chattanooga, TN 37402
Telephone: 888-455-3824

Member requests or other communications or notices shall be considered effectively given as of the date of hand delivery; as of the date specified for overnight courier service delivery; or as of Three (3) business days after the date of mailing.

6. Conflicts. The terms and conditions of this HIPAA Agreement will override and control any conflicting term or condition of the ASA. All non-conflicting terms and conditions of the ASA remain in full force and effect.

IN WITNESS WHEREOF, GHP and BlueCross execute this HIPAA Agreement in multiple originals to be effective on the last date written below

BLUE CROSS BLUE SHIELD OF TENNESSEE, INC.		**CITY OF KINGSPORT, TN**	
By		By	Mike McIntire
Printed Name	John Maki	Printed Name	MIKE McINTIRE
Title	Vice President, Sales and Account Management	Title	VICE MAYOR
Date	**October 18, 2016**	Date	12/29/2016
Address	1 Cameron Hill Circle Chattanooga, TN 37402	Address	

ATTEST:

DEPUTY CITY RECORDER

APPROVED AS TO FORM

CITY ATTORNEY

EXHIBIT R TO THE ADMINISTRATIVE SERVICES AGREEMENT

RESERVED

EXHIBIT S TO THE ADMINISTRATIVE SERVICES AGREEMENT

RESERVED

EXHIBIT T TO THE ADMINISTRATIVE SERVICES AGREEMENT

RESERVED

EXHIBIT U TO THE ADMINISTRATIVE SERVICES AGREEMENT

RESERVED

EXHIBIT V TO THE ADMINISTRATIVE SERVICES AGREEMENT

RESERVED

EXHIBIT W TO THE ADMINISTRATIVE SERVICES AGREEMENT

SHARED SAVINGS

BlueCross will perform recovery services in the identified areas and, as compensation for these services, BlueCross will retain a percentage of any recovery as identified below. Shared Savings will be taken in accordance with BlueCross' administrative processes. Shared Savings will be reconciled via reporting updated on a weekly basis.

1. Legal Recoveries. BlueCross may represent the interest of Employer in any litigation against a third party where the claims are related to subrogation or overpayments for pharmaceutical products, medical devices, durable medical equipment/supplies, and/or other such claims resulting in causes of action related to antitrust, consumer protection, fraud, unjust enrichment, RICO, deceptive trade practices. This representation grants BlueCross the ability to identify, pursue, negotiate settlements of, and/or recover direct legal or equitable claims related to the services performed pursuant to this Agreement. Employer grants to BlueCross the specific authority to opt Employer in or out of any class or direct settlement in which both BlueCross and/or Employer may be considered class members or settling parties, and the authority to pursue any recoveries. The authority granted herein survives the termination of this Agreement.

   1.1 Subrogation Recoveries.

      1.1.1 BlueCross will enforce Employer's subrogation rights. For all subrogation recoveries received on or after January 1, 2018, BlueCross will retain a fee of 29% of the gross subrogation recovery. Employer is responsible for payment of: (a) any outside attorneys' fees incurred in enforcing Employer's subrogation rights; and (b) any other expenses arising in connection with litigation to enforce its subrogation interest, including, but not limited to, court costs and discovery expenses.

      1.1.2 For any recoveries received before the Process Conclusion Date, BlueCross will deduct its fee, and any expenses associated with the litigation. The remaining amount is the net recovery, and the amount that Employer will receive as a credit.

   1.2 Mass Tort Recoveries.

      1.2.1 BlueCross will perform mass tort recoveries on behalf of Employer. BlueCross will retain a fee of 29% of all mass tort recoveries received on or after January 1, 2018.

      1.2.2 For any recoveries received before the Process Conclusion Date, BlueCross will deduct its fee, the attorneys' fee (if any) and any other litigation expenses from each recovery amount received. This net recovery is the amount that Employer will receive as a credit.

   1.3 Class Action Recoveries.

      1.3.1 BlueCross will perform class action recoveries on behalf of Employer. BlueCross will retain a fee of 29% of all class action recoveries received on or after January 1, 2018.

      1.3.2 For any recoveries received before the Process Conclusion Date, BlueCross will deduct its fee, the attorneys' fee (if any) and any other

litigation expenses from each recovery amount received. This net recovery is the amount that Employer will receive as a credit.

2. Audit Services. BlueCross will conduct audits in varying manners and forms, including but not limited to, pre-payment claims audits, post-payment claims audits, eligibility overpayment audits, and provider audits. BlueCross, in its sole discretion, will determine when and how to conduct such activities and nothing in this Agreement shall limit BlueCross' right or authority to conduct such activities. When BlueCross identifies an overpayment or prevents an overpayment from occurring as a result of these activities, BlueCross will retain 29% of any such overpayment recoveries or overpayment prevention savings. Savings are determined at the time of the initial audit finding. BlueCross will credit Employer for any savings, less the BlueCross retention amount, as appropriate.

3. Coordination of Benefit Services. BlueCross will conduct coordination of benefits activities. BlueCross, in its sole discretion, will determine when and how to conduct such activities and nothing in this Agreement shall limit BlueCross' right or authority to conduct such activities. When BlueCross identifies an overpayment or prevents an overpayment from occurring as a result of these activities, BlueCross will retain 29% of any such overpayment recoveries or overpayment prevention savings. Savings are determined at the time of the initial finding. BlueCross will credit Employer for any savings, less the BlueCross retention amount, as appropriate.

4. Medical Drug Rebates. BlueCross may receive Medical Drug Rebates. Unless otherwise stated herein, a "Medical Drug Rebate" is any payment BlueCross receives that is attributable to a claim for a Prescription Drug that is adjudicated under the Member's medical benefit.

   4.1 Contractual obligations to BlueCross that require payment of a penalty or other amount to BlueCross if contractual obligations are not met are specifically excluded from the definition of Medical Drug Rebate and shall be retained by BlueCross.

   4.2 For Medical Drug Rebates received by BlueCross on or after January 1, 2017, BlueCross retains 100% of Medical Drug Rebates.

5. Pharmacy Rebates.

   5.1 For Pharmacy Rebates based on service dates occurring on or after January 1, 2018, Employer will receive 100% of Pharmacy Rebates (as defined in Pharmacy Services Exhibit).

KINGSPORT
TENNESSEE

AGENDA ACTION FORM

Awarding the Bid for the Purchase of One (1) Standard Cab Pickup Truck

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-98-2019
Work Session: May 6, 2019
First Reading: N/A

Final Adoption: May 7, 2019
Staff Work By: Committee
Presentation By: R. McReynolds, S. Hightower

Recommendation:
Approve the Resolution.

Executive Summary:
Bids were opened on April 9, 2019 for the purchase of One (1) Standard Cab Pickup Truck for use by Streets & Sanitation. The advertisement for the Invitation to Bid was published in the Kingsport Times News on March 24, 2019 and placed on our website for 16 calendar days. It is the recommendation of the committee to accept the lowest responsible compliant bid from World Wide Ford Sales for One (1) 2019 Ford F250:

	$25,428.00	Unit Cost
	$30,921.00	Option A (Refuse Body Insert)
Less	$1,177.00	Trade-In Allowance Equipment #1844
	$55,172.00	Total Purchase Price

This unit is a fleet replacement.

Funding is identified in Project/Account # 51150085019010.

Attachments:
1. Resolution
2. Bid Opening Minutes
3. Recommendation Memo w/ Photo

Funding source appropriate and funds are available: _____

	Y	N	O
Adler			
Begley			
Cooper			
George			
McIntire			
Olterman			
Clark			

RESOLUTION NO. _____

A RESOLUTION AWARDING THE BID FOR THE PURCHASE OF ONE STANDARD CAB PICKUP TRUCK TO WORLD WIDE FORD SALES AND AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE ORDER FOR THE SAME

WHEREAS, bids were opened April 9, 2019, for the purchase of (1) one standard cab pickup truck for the use at the streets and sanitation department; and

WHEREAS, the city will receive $1,177.00 for a trade-in allowance for vehicle #1844; and

WHEREAS, upon review of the bids, the board finds World Wide Ford Sales 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 (1) 2019 Ford F250 pickup truck from World Wide Ford Sales at a total purchase cost of $55,172.00, which includes $30,921.00 for Option A (Refuse body insert) and the deduction of the $1,177.00 trade-in allowance; and

WHEREAS, funding is identified in account #51150085019010.

Now therefore,

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

SECTION I. That the bid for the purchase of one (1) 2019 Ford F250 pickup truck at a total purchase cost of $55,172.00, which includes $30,921.00 for Option A (Refuse body insert) and the deduction of the $1,177.00 trade-in allowance, is awarded to World Wide Ford Sales, and the city manager is authorized to execute a purchase order for same.

SECTION II. That the board finds that the actions authorized by this resolution are for a public purpose and will promote the health, comfort and prosperity of the citizens of the city.

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

ADOPTED this the 7th day of May, 2019.

_____
JOHN CLARK, MAYOR

ATTEST:

_____
SIDNEY H. COX, CITY RECORDER

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, CITY ATTORNEY

MINUTES
BID OPENING
April 9, 2019
4:00 P.M.

Present: Brent Morelock, Procurement Manager; Nikisha Eichmann, Assistant Procurement Manager

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

The Procurement Manager opened with the following bids:

STANDARD CAB PICKUP TRUCK							
Vendor:	Qty.:	Unit Cost:	Options:	Trade-In #1844:	Delivery Time:	Make/Model:	Comments
Auto World of Big Stone Gap	1	$58,307.77	$ 1,027.00	$1,507.00	180 Days	2019 Ram Regular Cab 4x2	N/A
[illegible]way Ford	1	$24,700.00	$21,283.00	$2,500.00	150 Days	Ford F250	Additional Specs.
[illegible]dwide Ford Sales	1	$25,428.00	$30,921.00	$1,177.00	120 Days	2019 Ford F250	N/A
Worldwide Ford Sales	1	$25,428.00	$21,283.00	$1,177.00	120 Days	2019 Ford F250	N/A

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

FLEET MAINTENANCE DIVISION

City of Kingsport, Tennessee

Memo

To: Nikisha Eichmann, Assistant Procurement Manager

From: Truck Committee: Rodney Deel, Sanitation Supervisor
Steve Hightower, Fleet Manager

Date: April 16, 2019

Re: Standard Cab Pickup Truck with Refuse Body Insert Purchase Recommendation

---

This will confirm our review and recommendation to purchase the compliant bid of the following vendor and accept the $1,177 trade in offering for unit #1844. It is further recommended to accept the Option A: Refuse Body Insert at $30,921.

Item	Quantity	Description	Award to Vendor	Fuel Economy
1	1	2019 Ford F250	World Wide Ford Sales	10 - 14 MPG

Low Compliant Bidder

The bidder offering recommended is compliant in all major aspects of the minimum specification requirements for the Standard Cab Truck with Refuse Body Insert specified. The lower bid offerings of Fairway Ford and World Wide Ford Sales were primarily non-compliant with regards to the Refuse Body Insert. The most critical exception taken by the lower bid offerings was the lack of the metal sweep lid requirement that is needed for preventing garbage from blowing out of the Refuse Insert as the unit is traveling during the daily route.

This unit will be a Fleet Replacement

Delivery and Compliance to Specifications expectations have been added to insure prompt delivery of any vehicle or piece of equipment purchased by the City of Kingsport. Failure of the awarded vendor to deliver on time or correct pre acceptance inspection deficiencies within the allotted time results in a monetary penalty assessed on a daily basis. This process will insure the departments receive their replacement units in a timely manner. Specified time allotted for delivery of this unit is 120 days after notification with 15 days to correct inspection deficiencies after delivery inspection and a $50 dollar a day penalty assessed for non-compliance.

Review of Specifications

The bid offerings were reviewed by Sanitation Supervisor - Rodney Deel and Fleet Manger - Steve Hightower, who are agreement with this recommendation. Confirming email of agreement is attached.

Fuel Economy Improvement 0%

The unit(s) being replaced have a similar fuel economy to the unit(s) being purchased so there will be no estimated improvement in fuel economy ratings.

Trade In Information

1. Trade in(s):
    a. Unit Number: 1844 – 2008 FORD F250 4X2– Age: 11 Years
        i. Fuel Economy – 8.36 MPG
        ii. Current Mileage – 164,433

Origin Information

1. New Unit Origin of Manufacture:
    a. Cab/ Chassis Mfg.– Dearborn, Michigan
        i. 5% Domestic/ 90% Foreign Materials
    b. Body Manufacture – Scranton, Io.
        i. 90% Domestic/ 10% Foreign Materials
2. New Unit Purchase Dealer:
    a. Cab/ Chassis/ Body – World Wide Ford Sales – Abingdon, VA
    b. Body Dealership – Municipal Equipment - Louisville, KY

Should you have any questions about this recommendation, please do not hesitate to contact us.

Thank you

Picture for demonstration purposes only and is not the exact product being purchased

From: Deel, Rodney
Sent: Monday, April 15, 2019 4:13 PM
To: Hammonds, Ronnie <RonnieHammonds@KingsportTN.gov>; Willis, Greg <GregWillis@KingsportTN.gov>; Hightower, Steve <SteveHightower@KingsportTN.gov>
Cc: Owens, Sharon <SharonOwens@KingsportTN.gov>
Subject: FW: Bid Minutes

Ronnie,

After reviewing the bids for a Standard Cab Pickup Truck the lowest complaint bid is Worldwide Ford Sale with Municipal Equipment body insert. They are two bids that are lower but did not comply with the spec. We ask for a metal sweep lid on the insert and this two were bid with just a trap. Without the metal sweep lid as we pick up the items on the route litter would come out of the bed. The metal sweep is a lid that opens and closes at each stop and will keep items in the truck for stop to stop. With that been said Worldwide Ford Sales Unit cost 25,428 and options 30,921 with trade in of 1,177 is the selection.

Thanks,

Rodney Deel
Household Refuse Supervisor
City of Kingsport
P: 423-224-2675
C: 423-914-0667
rodneydeel@kingsporttn.gov

KINGSPORT
TENNESSEE
509 W. Industry Dr
Kingsport, TN 37660
www.kingsporttn.gov

KINGSPORT
TENNESSEE

AGENDA ACTION FORM

Awarding the Bid for the Purchase of Copier Paper for FY20

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-99-2019
Work Session: May 6, 2019
First Reading: N/A

Final Adoption: May 7, 2019
Staff Work By: Committee
Presentation By: C. McCartt

Recommendation:
Approve the Resolution.

Executive Summary:
Bids were opened on April 16, 2019 for the purchase of copier paper for use in City and Schools locations for FY20. It is recommended to approve the award to the apparent low bidder American Paper & Twine Company @ $31.50 per case for 8.5" x11", $45.50 per case for 8.5"x14" & $36.00 per case for 11"x17". The estimated annual cost for copier paper is $90,000.00. American Paper & Twine is now utilizing Domtar as their supplier for paper received by the City.

Recognizing that industry wide price changes do occur with paper products, the City included the following provision in the bid document: "Prices will remain firm until an industry wide price increase or decrease occurs. At which time, the City will receive a written notice at least ten days prior to the effective date of the change in pricing stating such changes. Additional documentation regarding industry wide price changes will be required from the manufacturer through the vendor at the request of the City."

Funding is identified in various City and Schools accounts.

Attachments:
1. Resolution
2. Opening Bid Minutes

Funding source appropriate and funds are available: _____

	Y	N	O
Adler			
Begley			
Cooper			
George			
McIntire			
Olterman			
Clark			

RESOLUTION NO. _____

A RESOLUTION AWARDING THE BID FOR PURCHASE OF COPIER PAPER FOR FISCAL YEAR 2020 FOR USE BY THE CITY, INCLUDING THE CITY SCHOOLS, TO AMERICAN PAPER AND TWINE COMPANY AND AUTHORIZING THE CITY MANAGER TO EXECUTE PURCHASE ORDERS FOR THE SAME

WHEREAS, bids were opened April 16, 2019, for the purchase of copier paper for use by the city and the city schools; and

WHEREAS, upon review of the bids, the board finds American Paper and Twine Company is the lowest responsive compliant bidder in the best interest and advantage to the city, and the City of Kingsport desires to purchase copier from American Paper and Twine Company, at an estimated annual cost of $90,000.00; and

WHEREAS, funding will be provided from various city and schools accounts.

Now therefore,

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

SECTION I. That the bid for purchase of copier paper for use by the city, including the city schools, for fiscal year 2020 is awarded to American Paper and Twine Company at an estimated annual cost of $90,000.00, and the city manager is authorized to execute purchase orders for same.

SECTION II. That the board finds that the actions authorized by this resolution are for a public purpose and will promote the health, comfort and prosperity of the citizens of the city.

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

ADOPTED this the 7th day of May, 2019.

_____
JOHN CLARK, MAYOR

ATTEST:

_____
SIDNEY H. COX, CITY RECORDER

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, CITY ATTORNEY

MINUTES
BID OPENING
April 16, 2019
4:00 P.M.

Present: Brent Morelock, Procurement Manager; and Nikisha Eichmann, Assistant Procurement Manager

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

The Procurement Manager opened with the following bids:

COPIER PAPER	
Vendor:	American Paper & Twine
Item:	Unit Cost:
8.5 x 11, White, 20 Lb., Long Grain, 500 Sheets per Ream, 10 Reams per Case	$31.50
8.5 x 14, White, 20 Lb., Long Grain, 500 Sheets per Ream, 10 Reams per Case	$45.50
11 x 17, White, 20 Lb., Long Grain, 500 Sheets per Ream, 5 Reams per Case	$36.00

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

KINGSPORT
TENNESSEE

AGENDA ACTION FORM

Extending the Bid Award for Tire Recapping Services for FY20

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-100-2019
Work Session: May 6, 2019
First Reading: N/A

Final Adoption: May 7, 2019
Staff Work By: Committee
Presentation By: R. McReynolds, S. Hightower

Recommendation:
Approve the Resolution.

Executive Summary:
Bids were opened on June 14, 2017 for the purchase of Tire Recapping Services for use by the Fleet Maintenance Department for FY18. The Invitation to Bid contained a renewal option clause and it is recommended to extend the bid award for FY20 to the apparent low bidder The Goodyear Tire & Rubber Company @ an estimated annual cost of $67,500.00. The Goodyear Tire & Rubber Company has agreed to hold the current pricing from 7/1/19-6/30/20.

Funding is identified in account # 51100001410000 Fleet Inventory Stock.

Attachments:
1. Resolution
2. Bid Opening Minutes
3. Recommendation Memo & Vendor Letter

Funding source appropriate and funds are available: Je

	Y	N	O
Adler			
Begley			
Cooper			
George			
McIntire			
Olterman			
Clark			

RESOLUTION NO. _____

A RESOLUTION RENEWING THE CONTRACT FOR PURCHASE OF TIRE RECAPPING SERVICES FOR FLEET MAINTENANCE FOR FISCAL YEAR 2020 TO THE GOODYEAR TIRE AND RUBBER COMPANY AND AUTHORIZING THE CITY MANAGER TO EXECUTE PURCHASE ORDERS FOR THE SAME

WHEREAS, bids were opened June 14, 2017, for the tire recapping services for use by the fleet maintenance; and

WHEREAS, the bid documents included an option to renew the agreement, provided pricing and quality of services are acceptable to the city; and

WHEREAS, the city would like to renew the contract with Goodyear Tire and Rubber Company for the purchase of tire recapping services on an as needed basis for use by fleet maintenance from Goodyear Tire and Rubber Company at an annual estimated cost of $67,500.00; and

WHEREAS, funding will be provided in account # 51100001410000 Fleet Inventory Stock.

Now therefore,

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

SECTION I. That the renewal of the contract for tire recapping services at an estimated annual cost of $67,500.00 is awarded to Goodyear Tire and Rubber Company is approved and the city manager is authorized to execute purchase orders for same.

SECTION II. That the board finds that the actions authorized by this resolution are for a public purpose and will promote the health, comfort and prosperity of the public.

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

ADOPTED this the 7th^{h} day of May, 2019.

_____
JOHN CLARK, MAYOR

ATTEST:

_____
SIDNEY H. COX, CITY RECORDER

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, CITY ATTORNEY

MINUTES
BID OPENING
June 14, 2017
4:00 P.M.

Present: Brent Morelock, Assistant Procurement Manager; and Michelle Ramey, Assistant Procurement Manager, Schools

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

The Assistant Procurement Manager opened with the following bids:

TIRE RECAPPING SERVICE				
Description of Items:	Est. Qty.:	*Goodyear:	Best One Tire:	Tire Centers, LLC:
Tire Cap Cold MS – 12R22.5 – Gripper 22/32"	20	$120.00	$120.00	$ 2.00
Tire Cap Cold MS – 10R22.5 – Gripper 22/32"	20	$135.00	$110.00	$129.88
Tire Cap Cold MS – 11R22.5 – Gripper 22/32"	70	$115.00	$112.00	$139.88
Tire Cap Cold MS Lug – 425/65R22.5 – 26/32"	10	$200.00	$225.00	$ 2.00
Tire Recap All Position – 315/80R22.5 – Wide Base Rib 16/32"	20	$145.00	$120.00	$ 2.00
Tire Recap All Position – 275/80R22.5 – Highway 18/32"	6	$111.56	$115.00	$119.88
Tire Recap Mud and Snow – 255/70R22.5 – Gripper 22/32"	6	$105.00	$103.00	$119.88
Tire Recap Mud & Snow – 12R22.5 – XDUS Refuse Tread 32/32"	100	$178.00	$230.00	$259.00
Tire Recap Mud & Snow – 11R22.5 – XDUS Refuse Tread 32/32"	120	$165.00	$215.00	$249.00
Tire Recap Mud & Snow – 315/80R22.5 – XDUS Refuse Tread 32/32"	50	$210.00	$250.00	$269.00

*Taken exception to Terms and Conditions regarding patents.

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

Kingsport

FLEET MAINTENANCE DEPARTMENT

City of Kingsport, Tennessee

MEMO

To: Nikisha Eichmann, Assistant Procurement Manager

From: Steve Hightower, Fleet Manager

Mike Creasman, Fleet Stores Clerk

Date: April 29, 2019

Re: Annual Recap Tires Purchase Recommendation

This Memo will serve as our confirmation and review of the Annual Recap Tire Bid Documents. It is our recommendation to extend the recapping service offering of Goodyear and to purchase Kingsport's Recapping Tire Services from them for the upcoming Fiscal Year 19-20.

Goodyear's tread options are with compliance of the City of Kingsport's current specifications and their past years' service has been satisfactory.

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

Thank you.

GOODYEAR
COMMERCIAL TIRE & SERVICE CENTERS

April 11, 2019

Nikisha Eichmann
Assistant Procurement Manager
City of Kingsport
225 W. Center Street
Kingsport, TN 37660

Subject: Proposal to extend current retread contact for period 7/1/19-6/30/20

Dear Nikisha Eichmann:

Goodyear Commercial Tire & Service Centers and its location in Candler, NC are pleased to accept the City's offer to renew our current retread contract on the same basis as our original bid for a new year beginning 07/01/2019 through 06/30/2020. I am enclosing a copy of those prices for your reference.

Goodyear appreciates the City's offer. Please contact me with your questions.

Sincerely,

Richard J. Bevington
Senior Manager Operations
Goodyear Commercial Tire & Service Centers

Attachment as cover letter for Proposal to extend current retread contact for period 7/1/19-6/30/20

CC: Risk Management
Legal
Goodyear CT&SC – Candler, NC
PEG

200 Innovation Way, Akron, Ohio 44316 Telephone: 330-796-3782 Facsimile: 330-796-4276

COLD CAP		
Description:	Estimated Annual Quantity:	Price:
Tire Cap Cold MS 12R22.5 – Gripper 22/32" Goodyear Precure RDA 22/32	20	$120.00
Tire Cap Cold MS 10R22.5 = Gripper 22/32" Goodyear Precure G167 22/32	20	$135.00
Tire Cap Cold MS 11R22.5 – Gripper 22/32" Goodyear Precure G167 22/32	70	$115.00
Tire Cap Cold MS Lug 425/65R22.5 – 26/32" Goodyear Precure G177 Mod, 27/32	10	$200.00
Tire Recap All Position 315/80R22.5 – Wide Base Rib 16/32" Goodyear Precure G686 23/32	20	$145.00
Tire Recap All Position 275/80R22.5 – Highway 18/32" Goodyear Precure All Position 18/32	6	$111.56
Tire Recap Mud and Snow 255/70R22.5 – Gripper 22/32" Goodyear Precure G167 22/32	6	$105.00
Tire Recap Mud & Snow 12R22.5 – ~~XDUS~~ Refuse Tread 32/32" Goodyear PC G292 WHD 32/32	100	$178.00
Tire Recap Mud & Snow 11R22.5 – ~~XDUS~~ Refuse Tread 32/32" Goodyear PC G292 WHD 32/32	120	$165.00
Tire Recap Mud & Snow 315/80R22.5 – ~~XDUS~~ Refuse Tread 32/32" Goodyear PC G292 WHD 32/32	50	$210.00

Please provide specific information regarding the retreads that are being offered such as manufacturer, brand name, model number, type, etc.

SPECIFICATIONS
FOR RETREADS

Those retread procedures wherein the curing (vulcanizing) of the tread to the worn and prepared casing is done at 210° using a pressure chamber, tires mounted on curing rims for inflation to a pressure 30 psi higher than the pressure within the chamber, encapsulation of the tire exterior by means of an envelope sealed at the curing rim edge and exhausting air from between tire and inner face of the envelope to the atmosphere. Those retread systems wherein the vulcanization of tread to casing is performed at 220°F thru 325°F within a pressure vessel or matrix. Each retread facility bidding on retreading should have in the shop area, and be able to demonstrate usage, a complete shop manual which fully describes established procedures for initial inspection, repairing, processing, vulcanizing, labeling, and final inspection of the tires being retreaded. If work will not be performed in your shop, indicate the location where the work will be performed. Casings containing any of the following weaknesses or injuries must be rejected:

1. Ply separation
2. Broken, kinked, damaged or exposed bead wire
3. Injuries to the body plies in the bead area
4. Flex breaks
5. Loose cords on the inside ply or evidence of having been run underinflated or overinflated
6. Tread separation and ply separation
7. Weather checking extending to the body plies
8. Non-repairable damage to the inner liner or bead sealing areas on tires identified as tubeless
9. Tires worn to the body plies on more than 10% of the worn tire circumference
10. Repairs exceeding size, number and type specified as follows:

Nail Hole	Surface Repairs	Spot Repairs	Reinforcements	Section Repair
Size				
3/8"	Any	Any	Any to 25% C.S.	25% C.S.
4	No Limit	No Limit	3 (patch edges not touching)	2 (patch edges not touching)

The following are acceptable depending upon traction needs:

A. Highway (rib design) - 16/32" to 18/32" original tread depth
B. Lug Designs - 19/32" to 21/32" original tread depth
C. Micro-Siped treads of designs A & B - 2 cuts/inch, cut half the tread depth to 2/32" beyond half

Goodyear Authorized Retread Tread Designs Proposed:

RDA
EFFECTIVE DRIVE RETREAD FOR ENHANCED TRACTION.

- Optimized tread design for improved traction and even wear.

Recommended Tread Design Applications

Retreads	Size	Available Width		Tread Depth
		in	mm	32nds
Procure	-	7½, 8, 8¼, 8¾, 9	195, 205, 215, 220, 235	22

ALL POSITION 18
ALL POSITION TAG AXLE, DELIVERY VEHICLE.

- A long wearing rib tread

Recommended Tread Design Applications

Retreads	Size	Available Width		Tread Depth
		in	mm	32nds
Procure	-	8, 8¼	205, 220	18

G167™
HIGH-MILEAGE TREAD FOR MULTIPLE APPLICATIONS.

- Wide, open shoulder grooves help enhance traction.

Recommended Tread Design Applications

Retreads	Size	Available Width		Tread Depth
		in	mm	32nds
Procure	-	7½, 8, 8½, 8, 8¾	195, 205, 215, 220, 235	22

Goodyear Authorized Retread Tread Designs Proposed:

G686
AN ALL-POSITION RETREAD FOR WASTE HAUL AND MIXED SERVICE APPLICATIONS.

- Deep 23/32" tread depth helps provide many miles to removal.
- Aggressive mixed service design offers toughness for running short distances.
- Solid shoulder elements help reduce stone retention.
- Wide shoulders help achieve long mileage.

Recommended Tread Design Applications

Retreads	Size	Available Width		Tread Depth
		in	mm	32nds
Procure	-	8½, 8¾, 9¼, 9½, 9¾	215, 225, 235, 240, 250	23

G292 WHD
MORE MILES FOR WASTE HAULERS.

- Deep 32/32" tread depth helps provide many miles to removal.
- Waste haul compound helps scrub and cut resistance.
- Self-cleaning grooves help evacuate mud and snow.

Recommended Tread Design Applications

Retreads	Size	Available Width		Tread Depth
		in	mm	32nds
Procure	-	8½, 9, 9½, 9¾, 10¾	215, 230, 240, 250, 270	32

G177™ MODIFIED
FOR RUGGED OFF-ROAD CONDITIONS.

- Rugged tread design for excellent off-road traction.
- Open shoulder design enhances self-cleaning capabilities.

Recommended Tread Design Applications

Retreads	Size	Available Width		Tread Depth
		in	mm	32nds
Procure	-	8, 8½, 9, 9½	205, 215, 230, 240	27
Procure	-	9¾, 10¾	250, 275	32
Procure	-	9¾	240	38

KINGSPORT
TENNESSEE

AGENDA ACTION FORM

Enter into a Lease Agreement with Chris Bowen for the Use of City Owned Property Located at 151 East Main Street

To: Board of Mayor and Aldermen
From: Tilden J. Fleming, City Manager

Action Form No.: AF-102-2019
Work Session: May 6, 2019
First Reading: N/A

Final Adoption: May 7, 2019
Staff Work By: C. McCartt/ M. Billingsley
Presentation By: Chris McCartt

Recommendation:
Approve the Resolution.

Executive Summary
In July of 2014 the City entered into a lease agreement with Sleepy Owl Brewery for the use of a portion of the former loading dock attached to 151 East Main Street. While the lease was approved by the BMA it was never fully executed by the owners of Sleepy Owl Brewery. The space is now occupied by Model City Tap House and they have requested Chris Bowen, owner of 151 East Main Street, renew/execute a new lease with the City for this space. Chris Bowen/Model City Tap House have agreed to make improvements estimated to be approximately $6,000. These improvements will consist of railings and seating to allow the space to be used by customers of Model City Tap House. The lease will be for one year with nine one year renewals for an annual cost of $120/year. Fixed improvements to the dock will need to be approved by the Historic Zoning Commission.

The entire loading dock is not being leased, refer to the attached Exhibit A, in order to reserve space for a pedestrian bridge should the City desire to move forward with that project. Finally, the Centennial Park Committee envisioned private redevelopment of the dock when it was determined that public/private funding for the park would not be available.

Attachments:
1. Resolution
2. Supplemental Information

	Y	N	O
Adler			
Begley			
Cooper			
George			
McIntire			
Olterman			
Clark			

RESOLUTION NO. _____

A RESOLUTION APPROVING A LEASE WITH CHRIS BOWEN AND AUTHORIZING THE MAYOR TO EXECUTE THE AGREEMENT AND ALL OTHER DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE AGREEMENT

WHEREAS, Chris Bowen is the owner of the property located at 151 East Main Street, Kingsport, Tennessee, and has leased a portion of the property to Model City Tap House; and

WHEREAS, he has requested to lease a portion of the loading dock adjacent to the building from the city, in order to expand the outdoor seating area for customers; and

WHEREAS, Chris Bowen intends to make certain improvements to the loading dock, with an estimate to be approximately $6,000.00; and

WHEREAS, in consideration of the improvements, the lease will have a rent of $120.00 per year for one year, with an option of nine 1 year renewals by mutual agreement of the parties.

Now therefore,

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

SECTION I. That a lease agreement with Chris Bowen is approved.

SECTION II. 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 and subject to the requirements of Article X, Section 10 of the Charter of the City of Kingsport, a lease with Chris Bowen and all other documents necessary and proper, and to take such acts as necessary, to effectuate the purpose of the agreement or this resolution, said agreement being as follows:

LEASE

This Lease (hereinafter called "Lease") is made effective as of the ___ day of May, 2019 by and between the City of Kingsport, Tennessee, a municipal corporation organized under the laws of state of Tennessee (hereinafter called "Landlord") and Chris Bowen, (hereinafter called "Tenant").

WITNESSETH:

In consideration of the mutual covenants, promises and rents contained herein the parties agree as follows:

SECTION 1. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, in consideration of the rents to be paid and the covenants and agreements to be performed and observed by Tenant, a parcel of land (hereinafter called "Leased Premises") located at 151 East Main Street, Kingsport, Tennessee and described as follows:

A 70 foot long by 15 foot wide portion of the loading dock shaded in red on attached Exhibit A, adjacent to 151 East Main Street, Kingsport, Tennessee.

SECTION 2.

2.1 As part of its rent Tenant shall make and maintain in good condition certain improvements to the Leased Premises, subject to the requirements of Section 7 herein below. The improvements shall include a fence or railing around the Leased Premises to prevent a person from falling off the Leased Premises, which shall be permanently affixed to the Leased Premises. The improvements must be fully and properly completed to the satisfaction of Landlord within 90 days of the effective date of this Lease. Tenant shall not allow the Leased Premises to be open to the public until the improvements are fully completed to the satisfaction of Landlord. Landlord may, in its sole discretion and for any reason, including esthetics, reject to proposed improvements and Tenant shall be obligated to

installed improvement satisfactory to Landlord. In addition to the improvements listed in this paragraph 2.1, Tenant shall pay to Landlord, without previous demand therefor and without any setoff or deduction whatsoever, except as may be specifically provided herein, rent for the Leased Premises at the rate of One Hundred Twenty Dollars ($120.00) per annum payable in advance in equal monthly installments of Ten Dollars ($10.00) each on the first day of each month during the term hereof.

2.2 All rentals payable by Tenant to Landlord under this Lease shall be paid to Landlord at the office of Landlord herein designated by it for notices or to such other place as Landlord may designate in writing to Tenant at least ten (10) days before such rental payment.

2.3 Tenant shall promptly pay all rentals herein prescribed when and as the same shall become due and payable.

2.4 If Landlord shall pay any monies or incur any expenses to cure any default of Tenant hereunder, the amounts so paid or incurred shall, at Landlord's option, and on notice to Tenant, be considered additional rentals, payable by Tenant with the first installment of rental thereafter becoming due and payable, and may be collected or enforced as by law provided in respect of rentals.

SECTION 3.

3.1. The Leased Premises shall be used by Tenant only for the retail sale of beverages and food at its adjacent facility and for no other purpose or use.

3.2. Tenant shall comply in all respects with all applicable federal, state and local laws, rules, regulations and orders, including, without limitation, those relating to pollution, reclamation or protection of the environment, including laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, or hazardous or toxic materials or wastes into the air, water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants or hazardous or toxic materials or wastes. No part of the Leased Premises or improvements thereon shall be used in any manner whatsoever for any purposes in violation of the laws, ordinances, regulations or orders of the United States, or of the State, County and/or City where the Leased Premises are located, or of any duly constituted subdivision, department or board thereof.

3.3 Tenant shall not knowingly use or occupy the Leased Premises or any part thereof, or suffer or permit the same to be used or occupied for any business or purpose deemed extra hazardous on account of fire or otherwise; and if, by reason of the use and occupancy of the Leased Premises, the policy covering the Leased Premises (Fire Insurance, Extended Coverage or Liability) is to be cancelled or the rate of said insurance shall be increased, the Landlord shall have the option of terminating this Lease, or, on demand, Tenant shall pay to Landlord the amount of such increase (but such increase in the rate of insurance shall not be deemed a breach of this covenant by Tenant).

3.4 Tenant covenants and agrees that Tenant shall not create or maintain, or permit others to create or maintain, any nuisance, public or private, including, without limiting the foregoing, language, loud noises, sound effects, offensive odors, smoke or dust in or about the Leased Premises or do any act or fail to do any act which constitutes waste, and Tenant, at its own expense, shall keep the Leased Premises clean, neat and free from all trash and rubbish.

3.5 Tenant agrees that it shall not use, occupy or permit the Leased Premises to be used or occupied for any unlawful purposes or for purposes not specified in this Lease.

3.6 Tenant agrees that it shall not use, occupy or permit the Leased Premises or any part of the Leased Premises to be used or occupied, or do or permit anything to be done in or on the Leased Premises in any manner which shall cause or be likely to cause structural damage to the Leased Premises or any part thereof.

3.7. Tenant shall indemnify, defend and hold Landlord harmless from and against any loss, cost, damage or expense, including, without limitation, attorneys' fees and costs of site investigation and clean up, incurred by or imposed upon Landlord as a result of the breach by Tenant of its obligations in this Section 3.

SECTION 4.

4.1 The term of this Lease shall begin on the _____ day of _____, 2019, and end on the _____ day of _____, 2020. It is expressly understood and agreed that this Lease shall be binding upon both parties from the date first written above until the termination or expiration of the term of the Lease. By written mutual agreement of the parties the term of this Lease may be renewed for a one year term for a maximum of nine renewals following the initial term of this Lease.

4.2 After the initial term of the Lease either party may at any time terminate this Lease without cause and for such party's convenience and such termination shall not be deemed a breach of this Lease. The party exercising this termination for convenience shall give the other party thirty (30) days written notice prior to the effective date of the termination. As a result of a termination of the Lease under this paragraph 4.2 the nonterminating party shall have no right to any damages however characterized or incurred, including actual, general, special, incidental, consequential, or other damages.

4.3 If Tenant, for any reason and without exception, ceases or fails to operate a business on the adjacent property this Lease shall immediately and automatically terminate, and Tenant shall not be entitled to any damages from Landlord for such termination.

SECTION 5. Upon occupying the Leased Premises, Tenant thereby accepts the same as is and acknowledges that the improvements on the Leased Premises are in a habitable condition. Tenant has examined the Leased Premises and acknowledges the Lease Premises and the building thereon is in a condition and state of repair for Tenant's intended use and that the utilities available to the Leased Premises and the capacity of the mechanical equipment, including electrical, plumbing, heating and air conditioning are of adequate capacity for Tenant's use, and Landlord does not warrant their condition in any respect. All improvements to the Leased Premises by Tenant shall be may in accordance with the provisions contained in Section 8 herein.

SECTION 6. Tenant shall repair and maintain the Leased Premises, inside and out, in good order, condition, and repair (including any such replacement and restoration as is required for that purpose) without limitation, interior and exterior painting, all plate glass, windows, doors, hardware, plumbing lines and fixtures, gas pipes, electric wiring, electric fixtures and equipment, light fixtures, bulbs & ballasts, heating, ventilating, and air conditioning systems, walls, floors, floor coverings, ceilings and all machinery, equipment and facilities forming a part of the Leased Premises. Should Tenant fail to make any repairs or restoration for which Tenant is responsible under this Lease, Landlord may, but shall not be obligated to, make same at Tenant's expense, and the cost thereof shall be considered additional rent due hereunder payable immediately.

SECTION 7. Tenant shall not make any alterations or additions to the Leased Premises without Landlord's prior written consent, which consent may be withheld by the Landlord in its sole discretion for any reason. Landlord shall not be liable for the cost of any alterations or additions, all of which are hereinafter referred to in this Section 7 as "alterations" made by Tenant, and Tenant shall indemnify and save Landlord harmless on account of claim for mechanics', materialmen's or other liens in connection with any alterations made by Tenant, and any such liens shall exist only against Tenant's leasehold interest, and not against Landlord's interest, whether in fee or otherwise. Upon Landlord's request, Tenant shall provide Landlord a waiver of lien from any contractor performing work to the Leased Premises. All alterations made by Tenant shall be in full compliance with all applicable building laws, ordinances and regulations. All alterations made by either party shall inure to Landlord's benefit and shall become a part of the Leased Premises and shall belong to Landlord absolutely as soon as made.

SECTION 8. Tenant recognizes that the Leased Premises owned by the Landlord is not currently subject to real property taxes, but may become taxable due to this Lease. Tenant agrees to pay any real property taxes levied with respect to the Leased Premises due to the leasing of the Leased Premises to Tenant or because of its use, whether such real property tax is levied by the United States of America, the State of Tennessee, Sullivan County, Tennessee or the City of Kingsport, Tennessee. Tenant shall pay and be liable for all taxes levied against personal property and trade fixtures placed by Tenant in or on the Leased Premises. Taxes may be paid as additional rent, but in any event Tenant shall be liable for the payment of real property taxes or personal property taxes levied as a result of its use of the Leased Premises, whenever it is due and payable.

SECTION 9.

9.1. This Lease and the tenancy hereby created shall cease and terminate at the end of the Term, as the same may be extended as permitted in Section 4 hereof, without the necessity of any notice from either Landlord or Tenant to terminate the same, and Tenant hereby waives notice to vacate the Leased Premises and agrees that Landlord shall be entitled to the benefit of all provisions of law respecting the summary recovery of possession of Leased Premises from a Tenant holding over to the same extent as if statutory notice had been given.

9.2. At the expiration or earlier termination of this Lease, Tenant shall, at Tenant's expense, remove all of Tenant's personal property, and repair all injury done by or in connection with the installation or removal of said property, and surrender the Leased Premises, broom clean and in as good condition as it was at the beginning of the Term, reasonable wear and damage excepted. All property of Tenant remaining on the Leased Premises after the expiration or earlier termination of this Lease shall be conclusively deemed abandoned and at Landlord's option, may be retained by Landlord, or may be removed and disposed of by Landlord in any manner it sees fit in its sole discretion, and Tenant shall reimburse Landlord for the cost of such removal and disposal. Landlord may have any such property stored at Tenant's risk and expense.

9.3. Tenant may terminate this Lease upon the breach of any of the terms of this Lease by Landlord that is not adequately remedied within twenty (20) consecutive calendar days of the mailing of written notices thereof to Landlord, provided that if the nature of Landlord's default is such that more than twenty (20) consecutive calendar days are reasonably required for its cure, then Landlord shall not be deemed to be in default if the Landlord commences to cure within the twenty (20) day period and

thereafter diligently prosecutes such cure to completion.
9.4. Landlord may in its sole discretion terminate this Lease and take possession of the Leased Premises if Tenant fails to observe or perform any of the express covenants or provisions of this Lease where such failure shall continue for a period of twenty (20) consecutive calendar days after written notice thereof from Landlord to Tenant, provided that if the nature of Tenant's default is such that more than twenty (20) consecutive calendar days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences to cure within the twenty (20) day period and thereafter diligently prosecutes such cure to completion.
SECTION 10. Tenant shall pay for all utilities needed or used on the Leased Premises, including gas, electric, light, and water and sewer charges, along with private garbage service incurred during the term of this Lease or for any holdover period.
SECTION 11. No signs shall be constructed or painted on the windows, doors, outside walls, roof or exterior of the building on the Leased Premises or in or around the grounds of the Leased Premises, without the prior written consent of Landlord, which consent may be withheld by the Landlord in its sole discretion for any reason, and Landlord reserves the right to require Tenant to remove any such signs not previously consented to by Landlord from said roof, windows, doors, outside walls or exterior of the building on the Leased Premises. In the event Tenant does not promptly remove any such sign or signs upon notice from Landlord to do so Landlord shall have the right to remove such sign or signs at Tenant's expense, and Tenant shall promptly reimburse Landlord therefor.
SECTION 12.
12.1. Tenant shall keep in force at its own expense so long as this Lease remains in effect, public liability insurance covering the Leased Premises with a company or companies acceptable to Landlord and licensed to do business in Tennessee under a policy or policies in a form acceptable Landlord naming the Landlord as an additional insured with minimum limits of $1,000,000.00 on account of bodily injuries to or death of one person; $4,000,000.00 on account of bodily injuries to or death of more than one person as the result of any one accident or disaster; and property damage insurance with minimum limits of $100,000.00. Tenant shall deposit a certified copy of the policy or policies of such insurance, with Landlord not less than five (5) days prior to the effective date of such policy or policies. The policy or policies of insurance shall contain a provision that they may not be cancelled, changed or non-renewed without first giving thirty (30) days notice to Landlord of any change, cancellation, or non-renewal.
12.2 If the insurance policy or policies expire during the term of this Lease, a renewal certificate or binder shall be filed with Landlord fifteen (15) days prior to the renewal date. If Tenant shall not comply with its covenants made in this Section 13, Landlord may, at its option, cause insurance as aforesaid to be issued, and in such event Tenant agrees to pay the premiums for such insurance promptly upon Landlord's demand.
12.3. To the extent possible, Tenant shall obtain, for each policy of insurance secured by it, provisions permitting waiver of any claim against Landlord for loss or damage within the scope of the insurance, and Tenant, for itself and its insurers, waives all claims against the Landlord as to such claims covered by such insurance. Nothing herein shall be construed to vary the force and effect of paragraph 12.1 of this Section 12, and nothing contained in this Section 13 shall be deemed to excuse Landlord from its own negligence.
12.4 It shall be Tenant's sole responsibility to insure and keep insured, at Tenant's expense, all personal property which is owned by the Tenant, or any other authorized occupant of the Leased Premises, and which is placed or stored in or on the Leased Premises, and it is agreed that Landlord shall have no responsibility to effect such insurance.
SECTION 13. Tenant shall indemnify Landlord and save it harmless from and against any and all claims, actions, damages, liability, and expense in connection with loss of life, personal injury and/or damage to property arising from or out of the occupancy or use by Tenant of the Leased Premises or any part thereof, occasioned wholly or in part by any act or omission of Tenant, its agents, employees, invitees, or licensees.
SECTION 14. Landlord shall not be liable for loss of or damage to any property at any time located in or about the Leased Premises, whether or not Tenant is the owner thereof, including but not limited to any loss, damage or injury resulting from steam, gas, or electricity, or from water, rain, snow, ice, or other substance which may leak into, or issue or flow from any part of the Leased Premises, or from the pipes or plumbing work of the Leased Premises, or from or into any other place. Landlord shall be under no liability to Tenant on account of any discontinuance of heat, electricity, sewer, water, air-conditioning, sprinkler, gas, and/or other utility, convenience, service, or facility, however such discontinuance may be caused, and no such discontinuance shall constitute constructive eviction or any ground for termination of this Lease by Tenant.
SECTION 15. If at any time the Leased Premises become totally untenantable by reason of damage or loss by fire or other casualty and such fire or other casualty shall not have been caused by the

negligence or wrongful act or omission of Tenant, Tenant's servants, agents, licensees, or invitees, the rent shall abate until the Leased Premises shall have been restored to tenantable condition, but nothing herein is to be construed as requiring Landlord to restore or rebuild the Leased Premises. If the Leased Premises are so damaged, but not to the extent that they are totally untenantable, Tenant shall continue to occupy the tenantable portion thereof, and the rent shall abate in proportion to the untenantable portion of the Leased Premises. In the event of a loss from fire or other casualty, Landlord shall have an election not to rebuild or recondition the Leased Premises, which such election may be exercised by written notice thereof to Tenant, given within thirty (30) days from the date of such casualty. If Landlord exercises such election, this Lease shall cease and terminate, effective on the date of such loss, and Tenant shall pay the accrued rent up to the date of such loss, or Landlord, if the rent has been paid beyond such date, shall refund to Tenant the proportionate part of any such rent prepaid, and thereupon this Lease shall terminate, with no further obligation on the part of either party hereto for matters thereafter accruing, even though the building may at a later date be rebuilt, restored or reconditioned. No damage or destruction shall allow Tenant to surrender possession of the Leased Premises, nor affect Tenant's liability for the payment of rent, except as may be specifically provided in this Lease, and, as amended or recodified, shall have no application to this Lease or to the parties hereto.

SECTION 16. If the Leased Premises or any part thereof shall be taken by eminent domain or by negotiated purchase under threat thereof, this Lease shall terminate on the date when title vests pursuant to such taking, and the rent shall be apportioned as of said date. Tenant shall not be entitled to any part of the award or any payment in lieu thereof; excepting that Tenant shall be entitled to any separate award rendered for trade fixtures installed by Tenant at its own cost and expense and which are not part of the realty, and for Tenant's moving expenses.

SECTION 17. Tenant shall permit Landlord, its agents, and employees, upon reasonable notice to enter the Leased Premises and all parts thereof during business hours to inspect the same and to enforce or carry out any provision of this Lease, or to show it to prospective purchasers or tenants; provided that, in the case of emergency, Landlord may enter without notice. No compensation shall be asked or claim made by Tenant by reason of any inconvenience or annoyance arising from anything that may be done in repairing, altering, working on or protecting the Leased Premises or building, however the necessity may arise, but this Section 18 shall not be construed as imposing any duty on Landlord to make any repairs, alterations or additions.

SECTION 18. Tenant shall not assign, or transfer this Lease in whole or in part, nor sublet all or any part of the Leased Premises nor permit the use of any part of the Leased Premises by any other person, firm, affiliate, or entity without first obtaining the written consent of Landlord, except Tenant may sublet the Leased Premises to Model City Tap House. Consent by Landlord to any assignment or subletting shall not constitute a waiver of the necessity for such consent to any subsequent assignment or subletting. This prohibition against assigning or subletting shall be construed to include a prohibition against any assignment or subletting by operation of law. The consent of Landlord referred to herein may be withheld for any reason in Landlord's sole discretion.

SECTION 19. Tenant covenants and agrees that it shall perform all agreements herein expressed on its part to be performed, and that it shall promptly, upon receipt of written notice specifying Tenant's failure to comply with the terms hereof, commence to comply with such notice. If Tenant shall not commence and proceed diligently to comply with such notice to the reasonable satisfaction of Landlord within five (5) days after delivery thereof, then Landlord may, at its option, enter upon the Leased Premises, and do the things specified in said notice, and Landlord shall have no liability to Tenant for any loss or damage resulting in any way from such action by Landlord, and Tenant agrees to pay promptly upon demand, any reasonable expense incurred by Landlord in taking such action, including Landlord's administrative expenses.

SECTION 20. Except for the right to cure set out in Section 10 if Tenant defaults in the payment of rent or additional rent or defaults in the performance of any of the covenants or conditions hereof, if the Tenant shall compound its debts, or make an assignment for the benefit of creditors, or if a receiver or trustee is applied for or appointed for the Tenant, or if there be filed a petition in bankruptcy or insolvency, or for an arrangement for reorganization by or against the Tenant, or if the Tenant is adjudicated a bankrupt or is adjudged to be insolvent, or if there is advertised any sale of Tenant's property under process of law, or if the assets or property of the Tenant in the Leased Premises shall be attached or levied upon, then Landlord may terminate this Lease without further notice to Tenant, which notice is hereby expressly waived, and this Lease shall expire as fully and completely as if that day were the date herein originally fixed for the expiration of the term, and Tenant shall quit and surrender the Leased Premises to Landlord, but Tenant shall nevertheless continue to remain liable hereunder. Landlord may at any time thereafter re-enter the Leased Premises and remove all persons and property therefrom by any suitable action or proceeding at law or in equity or by force or otherwise, without being liable for any prosecution thereof or any damages arising therefrom and

repossess and enjoy the Leased Premises Such reentry shall not relieve Tenant of the obligation to make the rental payments required by this Lease at the time and in the manner provided herein. Upon such re-entry, Landlord may, but shall not be required to, repair, alter, remodel and/or change the character of the Leased Premises as Landlord may see fit and/or at any time relet the Leased Premises in whole or in part for any period of time that Landlord elects, whether longer or shorter than the unexpired portion of the term of this Lease, as agent of Tenant, or otherwise, in the name of Landlord or of Tenant, as Landlord shall see fit, and Landlord may receive the rents therefor, applying the same first to the payment of such reasonable expenses as Landlord may have incurred in entering, dispossessing, retelling, repairing or altering the Leased Premises, and then to the fulfillment of the covenants of Tenant herein, including but not limited to the rental payments required hereunder, retaining any balances until the date the term of this Lease would otherwise have expired as security for the payment of all obligations of Tenant which may arise and be unpaid during such period. In attempting to relet the Leased Premises, Landlord shall be the sole judge as to whether or not a proposed tenant is suitable and acceptable Landlord shall not, by receiving partial payments of rents in arrears, be deemed to have waived any rights herein for nonpayment of rent or for any other default on the part of Tenant.

SECTION 21. In any case where Landlord has recovered possession of the Leased Premises by reason of Tenant's default, Landlord may at Landlord's option occupy the Leased Premises or cause the Leased Premises to be redecorated, altered, divided, consolidated with other adjoining premises, or otherwise changed or prepared for reletting, and may relet the Leased Premises or any part thereof as agent of Tenant or otherwise, for a term or terms to expire prior to, at the same time as or subsequent to, the original expiration date of this Lease, at Landlord's option, and receive the rent therefor, applying the same first to the payment of such reasonable expense as Landlord may have incurred in connection with the recovery of possession, redecorating, altering, dividing, consolidating with other adjoining premises, or otherwise changing or preparing for reletting and the reletting, including reasonable brokerage and reasonable attorney's fees, and then to the payment of damages in amounts equal to the rent hereunder and to the cost and expense of performance of the other covenants of Tenant as herein provided; and Tenant agrees, whether or not Landlord has relet, to pay the Landlord damages equal to the rent and other sums herein agreed to be paid by Tenant, less the net proceeds of the reletting, if any, as ascertained from time to time, and the same shall be payable by Tenant on the several rent days above specified. In reletting the Leased Premises as aforesaid, Landlord may grant rent concessions, and Tenant shall not be credited therewith. No such reletting shall constitute a surrender and acceptance or be deemed evidence thereof. Tenant shall not be entitled to any surplus accruing as a result of any reletting. If Landlord elects pursuant hereto to occupy and use the Leased Premises or any part thereof during any part of the balance of the Term as originally fixed or since extended, there shall be allowed against Tenant's obligation for rent or damages as herein defined, during the period of Landlord's occupancy, the reasonable value of such occupancy, not to exceed in any event the rent herein reserved and such occupancy shall not be construed as a release of Tenant's liability hereunder.

SECTION 22. If for any reason Tenant shall refuse or decline to surrender the Leased Premises upon default or expiration or termination of the Lease, then Tenant's occupancy subsequent to such expiration or termination shall be deemed to be that of a tenant at will, and in no event from month to month, or from year to year, subject to all of the terms, covenants and conditions of this Lease applicable thereto, and no extension or renewal of this Lease shall be deemed to have occurred by such holding over.

SECTION 23. No mention in this Lease of any specific right or remedy shall preclude Landlord from exercising any other right or from having any other remedy, or from maintaining any action to which it may otherwise be entitled either at law or equity; and the failure of Landlord to insist in any one or more instance upon a strict performance of any covenant of this Lease or to exercise any option or right herein contained shall not be construed as a waiver or relinquishment for the future of such covenant, right or option, but the same shall remain in full force and effect unless the contrary is expressed in writing by Landlord.

SECTION 24. This Lease and the covenants and conditions herein contained shall inure to the benefit of and are binding upon Landlord, its successors and assigns, and shall be binding upon Tenant, its permitted successors and assigns, and shall inure to the benefit of Tenant and its permitted assigns.

SECTION 25. Landlord and Tenant shall be excused for the period of any delay in the performance of any obligation hereunder when prevented from so doing by cause or causes beyond its control which shall include, without limitation, all labor disputes, civil commotion, war, war-like operations, invasion, rebellion, hostilities, military or usurped power sabotage, governmental regulations or controls, fire or other casualty, inability to obtain any material, services or financing or through Acts of God.

SECTION 26. If Landlord, in Landlord's sole discretion, shall deem it necessary to employ an attorney

to assert any right of Landlord or enforce any obligation of Tenant hereunder, Landlord shall be entitled to recover, in addition to the other costs and expenses herein provided for, the reasonable costs and charges of such attorney.

SECTION 27. Tenant waives any and all notice required by law, other than such notice as may be specifically required in this Lease. All notices herein provided to be given, or which may be given, by either party to the other, shall be deemed to have been fully given when made in writing and deposited in the United States mail, certified and postage prepaid, and addressed as follows:

To the Landlord at:
City Manager
City of Kingsport
225 West Center Street
Kingsport, TN 37660
With a copy to:
City Attorney
City of Kingsport
225 West Center Street
Kingsport, TN 37660

To the Tennant at:

Either party may, at any time or from time to time, designate in writing a substitute address for that above set forth, or thereafter notices shall be directed to such substitute address.

SECTION 28. This Lease shall be governed by and construed in accordance with the laws of the state of Tennessee without regard to its conflict of laws rules. All legal proceedings relating to the subject matter of this Lease shall be maintained in the state courts for Kingsport, Sullivan County, Tennessee, and the parties agree that jurisdiction and venue for any such legal proceeding shall lie exclusively with such courts.

SECTION 29. The captions and headings throughout this Lease are for convenience and reference only, and the words contained therein shall in no way be held or deemed to define, limit, describe, explain, modify, amplify or add to the interpretation, construction or meaning of any provision or the scope or intent of this Lease nor in any way affect this Lease.

SECTION 30. In the event that two (2) or more individuals, corporations, partnerships or other business associations (or any combination of two (2) or more thereof) shall sign this Lease as Tenant, the liability of each such individual, corporation, partnership or other business association to pay rent and perform all other obligations hereunder shall be deemed to be joint and several. In like manner, in the event that Tenant shall be a partnership or other business association, the members of which are, by virtue of statute or general law, subject to personal liability, then the liability of each such member shall be deemed to be joint and several.

SECTION 31. Tenant shall be responsible for its own telephone service and installation of telephone equipment in the Leased Premises.

SECTION 32. Except for Hazardous Materials brought, kept, or used in the Leased Premises in commercial quantities similar to those quantities usually kept on similar premises by others in the same business, and which are used and kept in compliance with applicable public health, safety, and environmental laws, Tenant shall not allow any Hazardous Material to be located in, on, or under the Leased Premises or allow the Leased Premises to be used for the manufacturing, handling, storage, distribution, or disposal of any Hazardous Material. Tenant shall comply with all federal, state, or local laws, ordinances, regulations, and orders applicable to the Leased Premises or the use thereof relating to environmental protection, or the use, analysis, generation, manufacture, storage, disposal, or transportation of any Hazardous Material. Tenant shall, at its sole cost and expense, arrange for the removal and disposal of all Hazardous Materials generated or stored in the Leased Premises, which removal and disposal shall comply with all applicable federal, state, and local laws, rules, regulations, ordinances, and orders. If Tenant becomes aware of the presence of any Hazardous Material in the Leased Premises (except for those Hazardous Materials permitted above) or if Tenant or the Leased Premises become subject to any order to repair, close, or otherwise cleanup the Leased Premises, Tenant shall, at its own cost and expense, carry out and complete any repair, closure, or other cleanup of the Leased Premises. If Tenant fails to implement and diligently pursue any such repair, closure, or other cleanup, Landlord may, but shall not be obligated to, carry out such action and recover all of the costs and expenses from Tenant. As used herein, the term "Hazardous Materials" means any hazardous or toxic substance, material, or waste regulated or listed pursuant to any federal, state, or local environmental law, including without limitation, the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Comprehensive Environmental Response Compensation and Liability Act, the Resource Conversation and Recovery Act, the Federal Insecticide, Fungicide, Rodenticide Act, the Safe Drinking Water Act, and the Occupational Safety and Health Act, or any other toxic substance.

SECTION 33.

33.1. If any term or provision of this Lease is declared invalid or unenforceable, the remainder of this Lease shall not be affected by such determination and shall continue to be valid and enforceable.
33.2. The parties executing this Lease warrant that this Lease is being executed with full corporate authority and that the officers whose signatures appear hereon are duly authorized and empowered to make and execute this Lease in the name of the corporation by appropriate and legal resolution.
33.3. Wherever in this Lease either Tenant or Landlord shall have agreed or promised to perform certain acts or otherwise where the context of this Lease would require such performance to occur after the termination or expiration of the Lease, then those agreements and covenants shall survive the termination or expiration of the Lease and continue to bind Tenant and Landlord.
33.4. This written Lease constitutes the entire and complete agreement between the parties hereto and supersedes any prior oral or written agreements between the parties with respect to the Leased Premises. It is expressly agreed that there are no verbal understandings or agreements which in any way change the terms, covenants and conditions herein set forth, and that no modification of this Lease and no waiver of any of its terms and conditions shall be effective unless in writing and duly executed by the parties hereto.
33.5. This Lease may be executed in one or more counterparts, each of which shall be an original, and all of which when taken together shall constitute one and the same document.
IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

[Acknowledgements Deleted for Inclusion in this Resolution]

SECTION III. That the mayor is further authorized to make such changes approved by the mayor and the city attorney to the lease set out herein that do not substantially alter the material provisions of the lease, and the execution thereof by the mayor and the city attorney is conclusive evidence of the approval of such changes.

SECTION IV. That the board finds that the actions authorized by this resolution are for a public purpose and will promote the health, comfort and prosperity of the citizens of the city.

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

ADOPTED this the 7th day of May, 2019

_____
JOHN CLARK, MAYOR

ATTEST:

_____
SIDNEY H. COX, CITY RECORDER

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, CITY ATTORNEY

151 E. Main St.
Red area marks the section of the dock to be leased. Space is approximately 70x15.

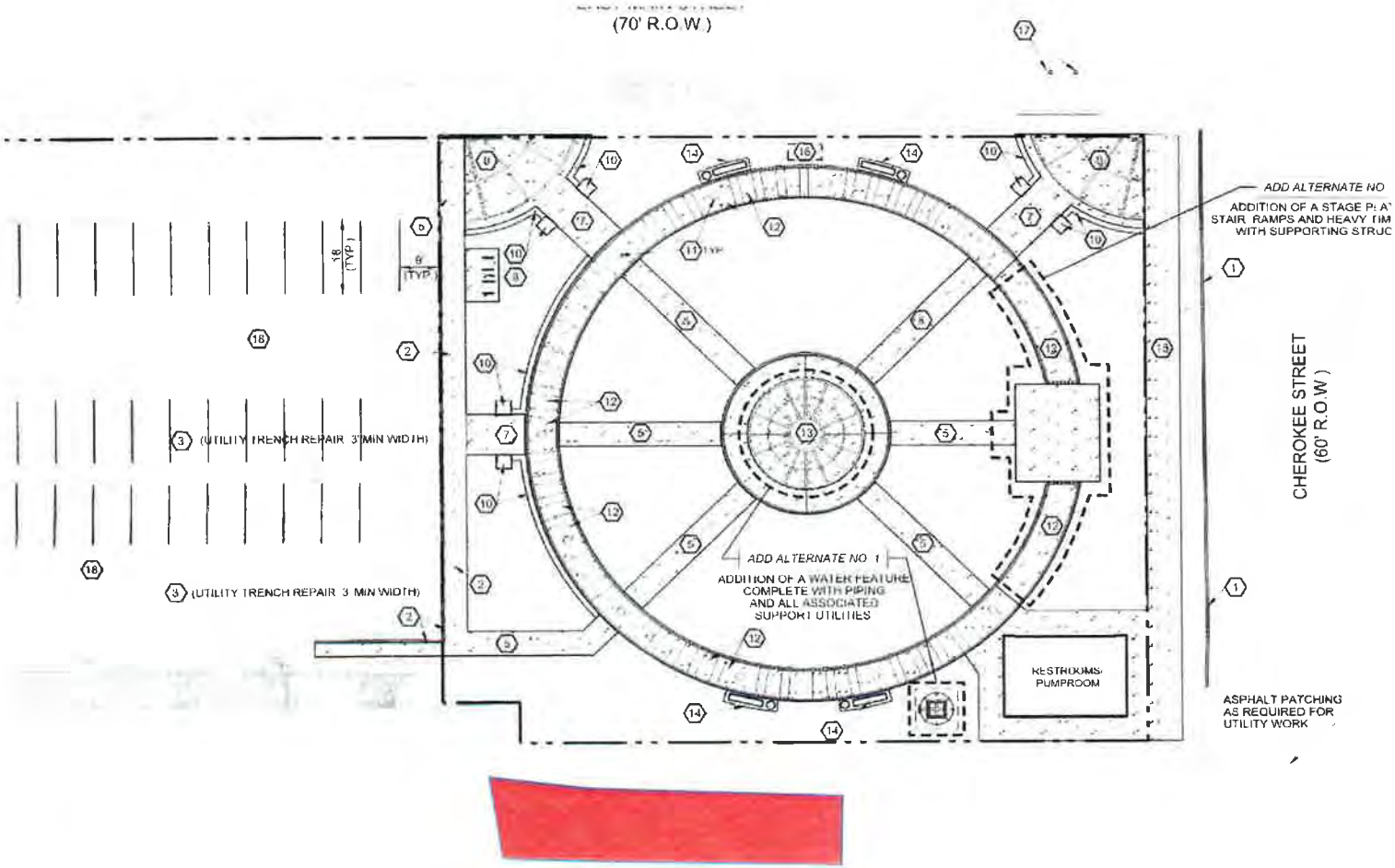

Exhibit A

KINGSPORT
TENNESSEE

AGENDA ACTION FORM

Awarding the Bid for the Purchase of One (1) Compact Track Excavator – Water Department

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-103-2019
Work Session: May 6, 2019
First Reading: N/A

Final Adoption: May 7, 2019
Staff Work By: Committee
Presentation By: R. McReynolds, S. Hightower

Recommendation:
Approve the Resolution.

Executive Summary:
Bids were opened on April 3, 2019 for the purchase of One (1) Compact Track Excavator for use by the Water Department. The advertisement for the Invitation to Bid was published in the Kingsport Times News on March 17, 2019 and placed on our website for 17 calendar days. It is the recommendation of the committee to accept the apparent low, responsible compliant bid from Kubota of Kingsport for One (1) Kubota KX080-4 in the amount of $92,612.75.

This unit is a fleet replacement.

Funding is identified in Project/Account # 45100006059006 WA1906; 45200006069006 SW1907.

Attachments:
1. Resolution
2. Bid Opening Minutes
3. Recommendation Memo w/ Photo

Funding source appropriate and funds are available: _____

	Y	N	O
Adler			
Begley			
Cooper			
George			
McIntire			
Olterman			
Clark			

RESOLUTION NO. _____

A RESOLUTION AWARDING THE BID FOR THE PURCHASE OF ONE COMPACT TRACK EXCAVATOR TO KUBOTA OF KINGSPORT AND AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE ORDER FOR THE SAME

WHEREAS, bids were opened April 3, 2019, for the purchase of one (1) compact track excavator for the use at the water department; and

WHEREAS, upon review of the bids, the board finds Kubota of Kingsport 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 (1) Kubota KX080-4 from Kubota of Kingsport, at a total purchase cost of $$92,612.75; and

WHEREAS, funding is identified in accounts #45100006059006 WA1906 and 45200006069006 SW1907.

Now therefore,

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

SECTION I. That the bid for the purchase of one (1) Kubota KX080-4 from Kubota of Kingsport, at a total purchase cost of $$92,612.75, is awarded to Kubota of Kingsport, and the city manager is authorized to execute a purchase order for same.

SECTION II. That the board finds that the actions authorized by this resolution are for a public purpose and will promote the health, comfort and prosperity of the citizens of the city.

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

ADOPTED this the 7th day of May, 2019.

_____
JOHN CLARK, MAYOR

ATTEST:

_____
SIDNEY H. COX, CITY RECORDER

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, CITY ATTORNEY

MINUTES
BID OPENING
April 3, 2019
4:00 P.M.

Present: Brent Morelock, Procurement Manager; and Nikisha Eichmann, Assistant Procurement Manager

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

The Procurement Manager opened with the following bids:

COMPACT TRACK EXCAVATOR					
Vendor:	Qty.:	Unit Cost:	Delivery Time:	Make/Model:	Comments:
Bobcat of Mountain Empire	1	$94,100.00	60-90 Days	Bobcat E85	N/A
Kubota of Kingsport	1	$92,612.75	30 Days	Kubota KX080-4	N/A
Stowers Machinery	1	$93,803.75	60-90 Days	CAT 308CR 2019	Additional Information

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

Equipment Vendors

E-mail address	Business
chrism@etra.biz	Bobcat of the Mountain Empire
boonescreek@aol.com	Boones Creek Outdoor Equip
rob@ciequipment.com	Carolina Industrial Equipment
cmiequip@bellsouth.net	CMI Equip
jcox1956@yahoo.com	Cox Tractor
dce1@bellsouth.net	Dickson County Equip
dsluder74@yahoo.com	Greenville Turf & Tractor
tip@kubotaofkingsport.com	Kubota
sallie@ciequipment.com	Carolina Industrial Equipment
tina.eldridge@westhillstractor.com	West Hills Tractor
cory@pweasi.com	Public Works Equipment
matt_mcqueen@bramco.com	Power Equipment
jredman@meadetractor.com	Meade Tractor
cbaton@cdjrcolumbia.com	Columbia Chrysler Dodge Jeep Ram
tip@kubotaofkingsport.com	Kubota
dtipton@kubotaofkingsport.com	Dorothy Tipton-Kubota
robert@mtjoyrv.com	Mid State Equipment
mequip@iglou.com	Municipal Equipment
dhigdon@stowerscat.com	Stowers

Memo

To: Nikisha Eichmann, Assistant Procurement Manager

From: Steve Hightower, Fleet Manager

Date: April 29, 2019

Re: Track Excavator 18K Purchase Recommendation

This will confirm our review and recommendation to purchase the low compliant bid of the following vendor.

Item	Quantity	Description	Award to Vendor	Fuel Economy
1	1	Kubota KX080-4 Excavator	Kubota of Kingsport	N/A

Low Compliant Bidder

The bidder offering recommended is compliant in all major aspects of the minimum specification requirements for the 18 K Compact Excavator/ Rubber Track Equipped specified.

This unit is a Department Purchase

Delivery and Compliance to Specifications expectations have been added to insure prompt delivery of any vehicle or piece of equipment purchased by the City of Kingsport. Failure of the awarded vendor to deliver on time or correct pre acceptance inspection deficiencies within the allotted time results in a monetary penalty assessed on a daily basis. This process will insure the departments receive their replacement units in a timely manner. Specified time allotted for delivery of this unit is 60-90 days after notification with 15 days to correct inspection deficiencies after delivery inspection and a $50 dollar a day penalty assessed for non-compliance.

Review of Specifications

The bid offerings were reviewed by Water Services Manager – Chad Austin, and Fleet Manger - Steve Hightower, who are agreement with this recommendation. Confirming email of agreement is attached.

Fuel Economy Improvement 0%

The unit(s) being replaced have a similar fuel economy to the unit(s) being purchased so there will be no estimated improvement in fuel economy ratings.

Trade In Information

1. Trade in(s):
   a. Unit Number: N/A
   b.– Age: N/A

Origin Information

1. New Unit Origin of Manufacture:
    a. Excavator – Japan
2. New Unit Purchase Dealer:
    a. Excavator – Kubota of Kingsport – Kingsport, TN.

Should you have any questions about this recommendation, please do not hesitate to contact us.

Thank you

Picture for demonstration purposes only and is not the exact product being purchased

From: Austin, Chad
Sent: Monday, April 29, 2019 10:53 AM
To: Hightower, Steve <SteveHightower@KingsportTN.gov>
Subject: Excavators

Steve,
The low bids for the excavators meet our needs and the specifications.

9k lb - the Bobcat meets the specifications. We do not want the trailer that they provided as an option. As we discussed, a better option can be purchased separately that better meets our needs.

18k lb - the Kubota as bid meets our needs and specifications.

Thanks
Chad Austin

KINGSPORT
TENNESSEE

AGENDA ACTION FORM

Awarding the Bid for the Purchase of One (1) Compact Track Excavator – Stormwater Department

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-104-2019
Work Session: May 6, 2019
First Reading: N/A

Final Adoption: May 7, 2019
Staff Work By: Committee
Presentation By: R. McReynolds, S. Hightower

Recommendation:
Approve the Resolution.

Executive Summary:
Bids were opened on April 9, 2019 for the purchase of One (1) Compact Track Excavator for use by the Stormwater Department. The advertisement for the Invitation to Bid was published in the Kingsport Times News on March 24, 2019 and placed on our website for 16 calendar days. It is the recommendation of the committee to accept the apparent low, responsible compliant bid from Bobcat of the Mountain Empire for One (1) Bobcat E42 Excavator:

	$44,790.00	Unit Cost
	$7,138.64	Option B
Less	$13,500.00	Trade in Allowance Equipment #1661
	$38,428.64	Total Purchase Price

This unit is a fleet replacement.

Funding is identified in Project/Account # 51150085019010.

Attachments:
1. Resolution
2. Bid Opening Minutes
3. Recommendation Memo w/ Photo

Funding source appropriate and funds are available: _____

	Y	N	O
Adler			
Begley			
Cooper			
George			
McIntire			
Olterman			
Clark			

RESOLUTION NO. _____

A RESOLUTION AWARDING THE BID FOR THE PURCHASE OF ONE COMPACT TRACK EXCAVATOR TO BOBCAT OF THE MOUNTAIN EMPIRE AND AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE ORDER FOR THE SAME

WHEREAS, bids were opened April 9, 2019, for the purchase of one (1) compact track excavator for the use at the stormwater department; and

WHEREAS, the city will receive $13,500.00 for a trade-in allowance for vehicle #1661; and

WHEREAS, upon review of the bids, the board finds Bobcat of the Mountain Empire 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 (1) Bobcat E42 Excavator from Bobcat of the Mountain Empire, at a total purchase cost of $38,428.64, which includes the deduction of the $13,500.00 trade-in allowance and the addition of the $7,138.64 for Option B; and

WHEREAS, funding is identified in account #51150085019010.

Now therefore,

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

SECTION I. That the bid for the purchase of one (1) Bobcat E42 Excavator at a total purchase cost of $38,428.64, which includes the deduction of the $13,500.00 trade-in allowance and the addition of the $7,138.64 for Option B, is awarded to Bobcat of the Mountain Empire, and the city manager is authorized to execute a purchase order for same.

SECTION II. That the board finds that the actions authorized by this resolution are for a public purpose and will promote the health, comfort and prosperity of the citizens of the city.

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

ADOPTED this the 7th day of May, 2019.

_____
JOHN CLARK, MAYOR

ATTEST:

_____
SIDNEY H. COX, CITY RECORDER

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, CITY ATTORNEY

MINUTES
BID OPENING
April 9, 2019
4:00 P.M.

Present: Brent Morelock, Procurement Manager; Nikisha Eichmann, Assistant Procurement Manager

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

The Procurement Manager opened with the following bids:

COMPACT TRACK EXCAVATOR							
Vendor:	Qty.:	Unit Cost:	Option A:	Option B:	Trade-In #1661:	Delivery Time:	Make/Model:
Bobcat of Mountain Empire	1	$44,790.00	$7,925.00	$7,138.64	$13,500.00	60-90 Days	Bobcat E42 Excavator
Kubota of Kingsport	1	$90,000.00	$7,595.00	$7,570.00	$10,000.00	30 Days	Kubota KX080-4SR3A
Meade Equipment	1	$58,950.00	N/A	$9,949.00	$13,500.00	43 Days	John Deere 50G
Stowers Machinery	1	$56,110.10	$9,000.00	$8,950.00	$15,000.00	60-90 Days	CAT305E2CR 2019

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

Equipment Vendors

E-mail address	Business
chrism@etra.biz	Bobcat of the Mountain Empire
boonescreek@aol.com	Boones Creek Outdoor Equip
rob@ciequipment.com	Carolina Industrial Equipment
cmiequip@bellsouth.net	CMI Equip
jcox1956@yahoo.com	Cox Tractor
dce1@bellsouth.net	Dickson County Equip
dsluder74@yahoo.com	Greenville Turf & Tractor
tip@kubotaofkingsport.com	Kubota
sallie@ciequipment.com	Carolina Industrial Equipment
tina.eldridge@westhillstractor.com	West Hills Tractor
cory@pweasi.com	Public Works Equipment
matt_mcqueen@bramco.com	Power Equipment
jredman@meadetractor.com	Meade Tractor
cbaton@cdjrcolumbia.com	Columbia Chrysler Dodge Jeep Ram
tip@kubotaofkingsport.com	Kubota
dtipton@kubotaofkingsport.com	Dorothy Tipton-Kubota
robert@mtjoyrv.com	Mid State Equipment
mequip@iglou.com	Municipal Equipment
dhigdon@stowerscat.com	Stowers

Memo

To: Nikisha Eichmann, Assistant Procurement Manager

From: Steve Hightower, Fleet Manager

Date: April 29, 2019

Re: Track Excavator 9K Purchase Recommendation

This will confirm our review and recommendation to purchase the compliant bid of the following vendor and accept the $13,500 trade in offering for unit #1661. It is further recommended to accept the Option B: Breaker at $7,138.64.

Item	Quantity	Description	Award to Vendor	Fuel Economy
1	1	Bobcat E42 Long Arm Excavator	Bobcat of the Mountain Empire	N/A

Low Compliant Bidder

The bidder offering recommended is compliant in all major aspects of the minimum specification requirements for the Compact Excavator/ Rubber Track Equipped specified.

This unit will be a Fleet Replacement

Delivery and Compliance to Specifications expectations have been added to insure prompt delivery of any vehicle or piece of equipment purchased by the City of Kingsport. Failure of the awarded vendor to deliver on time or correct pre acceptance inspection deficiencies within the allotted time results in a monetary penalty assessed on a daily basis. This process will insure the departments receive their replacement units in a timely manner. Specified time allotted for delivery of this unit is 60-90 days after notification with 15 days to correct inspection deficiencies after delivery inspection and a $50 dollar a day penalty assessed for non-compliance.

Review of Specifications

The bid offerings were reviewed by Water Services Manager – Chad Austin and Fleet Manger - Steve Hightower, who are agreement with this recommendation. Confirming email of agreement is attached.

Fuel Economy Improvement 0%

The unit(s) being replaced have a similar fuel economy to the unit(s) being purchased so there will be no estimated improvement in fuel economy ratings.

Trade In Information

1. Trade in(s):
   a. Unit Number: 1661 – 2005 KOMATSU BACKHOE
   b.– Age: 14 Years

Origin Information

1. New Unit Origin of Manufacture:
   a. Excavator – West Fargo, North Dakota
2. New Unit Purchase Dealer:
   a. Excavator – Bobcat of the Mountain Empire – Johnson City, TN.

Should you have any questions about this recommendation, please do not hesitate to contact us.

Thank you

Picture for demonstration purposes only and is not the exact product being purchased

From: Austin, Chad
Sent: Monday, April 29, 2019 10:53 AM
To: Hightower, Steve <SteveHightower@KingsportTN.gov>
Subject: Excavators

Steve,
The low bids for the excavators meet our needs and the specifications.

9k lb - the Bobcat meets the specifications. We do not want the trailer that they provided as an option. As we discussed, a better option can be purchased separately that better meets our needs.

18k lb - the Kubota as bid meets our needs and specifications.

Thanks
Chad Austin

KINGSPORT
TENNESSEE

AGENDA ACTION FORM

Contract Between the City of Kingsport and the Tennessee Department of Transportation for Maintenance Activities Performed on Designated State Highways and for Mowing and Litter on John B. Dennis and I-26

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-90-2019
Work Session: May 6, 2019
First Reading: N/A

Final Adoption: May 7, 2019
Staff Work By: Ronnie Hammonds
Presentation By: Ryan McReynolds

Recommendation:
Approve the Resolution.

Executive Summary:
Each year the City of Kingsport enters into agreements with the State for reimbursement of maintenance performed on state routes. The first agreement includes Stone Drive, Center Street, Fort Henry Drive, Lynn garden Drive, Industry Drive, Wilcox Drive, Memorial Boulevard and limited portions of Rock Springs Road, Rock Springs Drive and Poplar Grove. Maintenance activities for this agreement include: shoulder work, snow removal, spot patching, ditch work, crack sealing, painting and striping, sweeping, mowing and litter control. A separate agreement covers John B. Dennis and a limited portion of I-26. Activities on these two roads include litter and mowing only. Tracked on a monthly basis, these activities are performed by Traffic Engineering, Street Maintenance and Right-of-Way Maintenance. Reimbursement is requested monthly based on the terms of the contract. Most costs are reimbursed at $0.15 per square yard. Reimbursement is limited to 12 litter control cycles and 6 mowing cycles annually. The limiting amount of the contract is $255,426.15 for FY 2020. Total roadway surface equals 1,592,301 square yards. Mowing acreage totals 201 at $45 per acre, and litter control covers 150.72 miles at $50 per mile. Mowing and litter control for John B. Dennis and I-26 includes 138.47 acres of mowing and 24.57 miles of litter control for a total contract amount of $52,137.

Attachments:
1. Resolution
2. Agreement

Funding source appropriate and funds are available: _____

	Y	N	O
Adler			
Begley			
Cooper			
George			
McIntire			
Olterman			
Clark			

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A CONTRACT FOR FISCAL YEAR 2020 WITH THE STATE OF TENNESSEE DEPARTMENT OF TRANSPORTATION FOR REIMBURSEMENT OF MAINTENANCE ACTIVITIES PERFORMED ON DESIGNATED STATE HIGHWAY ROUTES LOCATED IN THE KINGSPORT CITY LIMITS; TO EXECUTE A CONTRACT WITH THE STATE OF TENNESSEE DEPARTMENT OF TRANSPORTATION FOR MOWING AND LITTER CONTROL ON JOHN B. DENNIS; AND EXECUTE ALL DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE AGREEMENTS

WHEREAS, the city desires to enter into a contract for fiscal year 2020 with the State of Tennessee Department of Transportation for reimbursement of maintenance activities performed on designated state highway routes located in the Kingsport city limits;

WHEREAS, the routes included in the contract are Stone Drive, Center Street, Fort Henry Drive, Lynn Garden Drive, Industry Drive, Wilcox Drive, Memorial Boulevard, portions of John B. Dennis Highway, and, also this year, limited portions of I-26; and

WHEREAS, the maintenance activities include shoulder work, snow removal, spot patching, ditch work, crack sealing, paint and striping, sweeping, mowing and litter control; and

WHEREAS, the maximum amount of the contract is $255,426.15 for fiscal year 2020; and

WHEREAS, the contract for mowing and litter control for John B. Dennis includes 138.47 acres of mowing and 24.57 miles of litter control for a total contract amount of $52,137.00.

Now therefore,

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

SECTION I. That an agreement with the State of Tennessee Department of Transportation for reimbursement of maintenance activities performed on designated state highway routes located in the Kingsport city limits is approved.

SECTION II. That the mayor, or in his absence, incapacity, or failure to act, the vice-mayor, is authorized and directed to execute, in a form approved by the city attorney and subject to the requirements of Article X, Section 10 of the Charter of the City of Kingsport, the agreement with State of Tennessee Department of Transportation for reimbursement of maintenance activities performed on designated state highway routes located in the Kingsport city limits and all other documents necessary and proper, and to take such acts as necessary, to effectuate the purpose of the agreement or this resolution, said agreement being as follows:

CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF TRANSPORTATION AND
THE CITY OF KINGSPORT

This Contract, by and between the State of Tennessee, Department of Transportation, hereinafter referred to as the 'State" and the city of Kingsport, hereinafter referred to as the "Contractor," is for the provision of the routine maintenance of state routes as further defined in the "SCOPE OF SERVICES."

Contractor Edison Registration ID# 0000001562 Contract #: CMA 2014

A. *SCOPE OF SERVICES:*

A.1. The Contractor shall provide all service and deliverables as required, described, and detailed herein and shall meet all service and delivery timelines as specified by this Contract.

A.2. Tenn. Code Ann. § 54-5-201 provides that the State is authorized to enter into contracts with municipalities regarding the improvement and maintenance of streets over which traffic on state highways is routed.

A.3. Tenn. Code Ann. § 54-5-202 provides that streets constructed, reconstructed, improved and maintained by the State shall be of a width and type that the State deems proper, but the width so constructed, reconstructed, improved and maintained shall not be less than eighteen feet (18'); and, in the case of resurfacing and maintenance, from curb to curb where curbs exist, or the full width of the roadway where no curbs exist.

A.4. Tenn. Code Ann. § 54-5-203 provides that the State is authorized to enter into contracts with municipalities that are organized to care for streets to reimburse, subject to the approval of the State, for improvements and maintenance.

A.5. Tenn. Code Ann. § 54-16-106 provides that the highway authorities of the state, counties, cities, and town are authorized to enter into agreements with each other respecting the improvement and maintenance of controlled-access facilities, defined by Tenn. Code Ann.§ 54-16-101 as a highway or street specially designed for through traffic, and over, from or to which owners or occupants of abutting land or other persons have no right or easement of access from abutting properties.

A.6. Tenn. Code Ann. § 54-5-139 provides that the State may enter into a contract with a qualified county to perform maintenance activities upon the rights-of-way of state highways located outside of municipalities and metropolitan governments; and, that the reimbursement shall be on an actual cost basis.

A.7. The State is hereby contracting with the Contractor for the improvements and maintenance specified in Attachment "Exhibit A" titled "Guidelines Covering Maintenance of State Highways through Municipalities," attached and incorporated hereto as part of this Contract.

B. *TERM OF CONTRACT:*

This Contract shall be effective on July 1, 2019 ("Effective Date"), and extend for a period of twelve (12) months after the Effective Date ("Term"). The State shall have no obligation for goods or services provided by the Contractor prior to the Effective Date.

C. *PAYMENT TERMS AND CONDITIONS:*

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed two hundred fifty-five thousand four hundred twenty-six dollars and fifteen cents ($255,426.15). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

C.2. Compensation Firm. The payment rates and the maximum liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.

C.3. Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in section C.1.

a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in section A.

b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:

Service Description	Amount (per compensable increment)
"Exhibit A" titled "Guidelines Covering Maintenance of State Highways through Municipalities"	See Exhibit A
"Exhibit B" containing the maximum allowable labor and equipment rates.	See Exhibit B

C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.

C.5. Invoice Requirements. The Contractor shall invoice the State only for completed increments of service and for the amount stipulated in section C.3, above, and present said invoices no more often than monthly, with all necessary supporting documentation, to:

Brian Ramsey
3213 North Roan St.
Johnson City, TN 37601

a. Each invoice shall clearly and accurately detail all of the following required information (calculations must be extended and totaled correctly).

(1) Invoice Number (assigned by the Contractor)
(2) Invoice Date
(3) Contract Number (assigned by the State)
(4) Customer Account Name: Tennessee Department of Transportation
(5) Customer Account Number (assigned by the Contractor to the above-referenced Customer)
(6) Contractor Name
(7) Contractor Tennessee Edison Registration ID Number Referenced in Preamble of this Contract
(8) Contractor Contact for Invoice Questions (name, phone, and/or fax)
(9) Contractor Remittance Address
(10) Description of Delivered Service
(11) Complete Itemization of Charges, which shall detail the following:

i. Service or Milestone Description (including name & title as applicable) of each service invoiced
ii. Number of Completed Units, Increments, Hours, or Days as applicable, of each service invoiced
iii. Applicable Payment Rate (as stipulated in Section C.3.) of each service invoiced
iv. Amount Due by Service
v. Total Amount Due for the invoice period

b. The Contractor understands and agrees that an invoice under this Contract shall:

(1) include only charges for service described in Contract Section A and in accordance with payment terms and conditions set forth in Contract Section C;
(2) only be submitted for completed service and shall not include any charge for future work;
(3) not include sales tax or shipping charges; and
(4) initiate the timeframe for payment (and any discounts) only when the State is in receipt of the invoice, and the invoice meets the minimum requirements of this section C.5.

C.6. Payment of Invoice. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or matter in relation thereto. A payment by the State shall not be construed as acceptance of any part of the work or service provided or as approval of any amount invoiced.

C.7. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute proper remuneration for compensable services.

C.8. Deductions. The State reserves the right to deduct from amounts, which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts, which are or shall become due and payable to the State of Tennessee by the Contractor.

C.9. Prerequisite Documentation. The Contractor shall not invoice the State under this Contract until the State has received the following documentation properly completed.

a. The Contractor shall complete, sign, and present to the State the "Authorization Agreement for Automatic Deposit Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once this form is received by the State, payments to the Contractor, under this or any

other contract the Contractor has with the State of Tennessee, may be made by ACH; and

b. The Contractor shall complete, sign, and return to the State the State-provided W-9 form. The taxpayer identification number on the W-9 form must be the same as the Contractor's Federal Employer Identification Number or Social Security Number referenced in the Contractor's Edison registration information.

D. *STANDARD TERMS AND CONDITIONS:*

D.1. Required Approvals. The State is not bound by this Contract until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

D.2. Modification and Amendment. This Contract may be modified only by a written amendment signed by all parties hereto and approved by both the officials who approved the base contract and, depending upon the specifics of the contract as amended, any additional officials required by Tennessee laws and regulations (said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a breach of contract by the State. The State shall give the Contractor at least thirty (30) days written notice before the effective termination date. The Contractor shall be entitled to compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.

D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, each shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.

D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.

D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

D..8. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.

D.9. Prevailing Wage Rates. All contracts for construction, erection, or demolition or to install goods or materials that involve the expenditure of any funds derived from the State require compliance with the prevailing wage laws as provided in *Tennessee Code Annotated,* Section 12-4-401 *et seq.*.

D.10. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.

D.11. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as

requested.

D.12. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.

D.13. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create a employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor, being a Tennessee governmental entity, is governed by the provisions of the Tennessee Government Tort Liability Act, *Tennessee Code Annotated,* Sections 29-20-101 *et seq.,* for causes of action sounding in tort. Further, no contract provision requiring a Tennessee political entity to indemnify or hold harmless the State beyond the liability imposed by law is enforceable because it appropriates public money and nullifies governmental immunity without the authorization of the General Assembly.

D.14. State Liability. The State shall have no liability except as specifically provided in this Contract.

D.15. Force Majeure. The obligations of the parties to this Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, natural disasters, riots, wars, epidemics, or any other similar cause.

D.16. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.

D.17. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated,* Sections 9-8-101 through 9-8-407.

D.18. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

D.19. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.

D.20. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. *SPECIAL TERMS AND CONDITIONS:*

E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:
Brian Ramsey
District 17 Operations Supervisor
State of Tennessee Department of Transportation
3213 North Roan St.
Johnson City, TN 37601
Brian.Ramsey@tn.gov Telephone# (423) 282-0651
FAX# (423) 854-5310
The Contractor:
Ryan McReynolds

Public Works Director
225 West Center Street Kingsport, TN 37660-4237
RyanMcReynolds@KingsportTN.gov
Telephone# (423)229-9398
Fax# (423)229-9473
All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

E.4. MUTCD. In accordance with Tenn. Code Ann. 54-5-108, the Contractor shall conform to and act in accordance with the current edition of the Manual on Uniform Traffic Control Devices (MUTCD) as adopted by rules of the State. Particularly, the Contractor shall sign work-zones associated with this Contract in accordance with the aforesaid MUTCD.

E. 5. Maintenance. Nothing contained in this Contract shall change the maintenance obligations governed by the laws of the State of Tennessee, it being the intent of this Contract not to enlarge the present maintenance obligations of the State.

[Acknowledgements and Exhibits Deleted for Inclusion in this Resolution]

SECTION III. That the mayor is further authorized to make such changes approved by the mayor and the city attorney to the agreement set out herein 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 IV. That an agreement with State of Tennessee Department of Transportation for mowing and litter on John B. Dennis is approved.

SECTION V. That the mayor, or in his absence, incapacity, or failure to act, the vice-mayor, is authorized and directed to execute, in a form approved by the city attorney and subject to the requirements of Article X, Section 10 of the Charter of the City of Kingsport, the agreement with State of Tennessee Department of Transportation for mowing and litter on John B. Dennis and all other documents necessary and proper, and to take such acts as necessary, to effectuate the purpose of the agreement or this resolution, said agreement being as follows:

CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF TRANSPORTATION AND
THE CITY OF KINGSPORT

This Contract, by and between the State of Tennessee, Department of Transportation, hereinafter referred to as the 'State" and the city of Kingsport, hereinafter referred to as the "Contractor," is for the provision of a special agreement for mowing and litter, as further defined in the "SCOPE OF SERVICES."

Contractor Edison Registration ID# 0000001562 Contract#: CMA 2015

A. SCOPE OF SERVICES:

A.1. The Contractor shall provide all service and deliverables as required, described, and detailed herein and shall meet all service and delivery timelines as specified by this Contract.

A.2. Tenn. Code Ann. § 54-5-201 provides that the State is authorized to enter into contracts with municipalities regarding the improvement and maintenance of streets over which traffic on state highways is routed.

A.3. Tenn. Code Ann. § 54-5-202 provides that streets constructed, reconstructed, improved and maintained by the State shall be of a width and type that the State deems proper, but the width so constructed, reconstructed, improved and maintained shall not be less than eighteen feet (18'); and, in the case of resurfacing and maintenance, from curb to curb where curbs exist, or the full width of

the roadway where no curbs exist.
A.4. Tenn. Code Ann. § 54-5-203 provides that the State is authorized to enter into contracts with municipalities that are organized to care for streets to reimburse, subject to the approval of the State, for improvements and maintenance.
A.5. Tenn. Code Ann. § 54-16-106 provides that the highway authorities of the state, counties, cities, and town are authorized to enter into agreements with each other respecting the improvement and maintenance of controlled-access facilities, defined by Tenn. Code Ann.§ 54-16-101 as a highway or street specially designed for through traffic, and over, from or to which owners or occupants of abutting land or other persons have no right or easement of access from abutting properties.
A.6. Tenn. Code Ann. § 54-5-139 provides that the State may enter into a contract with a qualified county to perform maintenance activities upon the rights-of-way of state highways located outside of municipalities and metropolitan governments; and, that the reimbursement shall be on an actual cost basis.
A.7. The State is hereby contracting with the Contractor for the improvements and maintenance specified in Attachment "Exhibit A" titled "Guidelines Covering Maintenance of State Highways through Municipalities," attached and incorporated hereto as part of this Contract.

B. TERM OF CONTRACT:

This Contract shall be effective on July 1, 2019 ("Effective Date"), and extend for a period of twelve (12) months after the Effective Date ("Term"). The State shall have no obligation for goods or services provided by the Contractor prior to the Effective Date.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed fifty-two thousand one hundred thirty-seven dollars and zero cents ($52,137.00). The payment rates in section C 3 shall constitute the entire compensation due the Contractor for all service and Contractor obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.
The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.
C.2. Compensation Firm. The payment rates and the maximum liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.
C.3. Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in section C.1.
a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in section A.
b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:

Service Description	**Amount** (per compensable increment)
"Exhibit A" titled "Guidelines Covering Maintenance of State Highways through Municipalities"	See Exhibit A

C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.
C.5. Invoice Requirements. The Contractor shall invoice the State only for completed increments of service and for the amount stipulated in section C.3, above, and present said invoices no more often than monthly, with all necessary supporting documentation, to:
Brian Ramsey
3213 North Roan St.
Johnson City, TN 37601
a. Each invoice shall clearly and accurately detail all of the following required information (calculations must be extended and totaled correctly).
(1) Invoice Number (assigned by the Contractor)
(2) Invoice Date

(3) Contract Number (assigned by the State)
(4) Customer Account Name: Tennessee Department of Transportation
(5) Customer Account Number (assigned by the Contractor to the above-referenced Customer)Contractor Name
(6) Contractor Tennessee Edison Registration ID Number Referenced in Preamble of this Contract
(7) Contractor Contact for Invoice Questions (name, phone, and/or fax)
(8) Contractor Remittance Address
(9) Description of Delivered Service
(10) Complete Itemization of Charges, which shall detail the following:
i. Service or Milestone Description (including name & title as applicable) of each service invoiced
ii. Number of Completed Units, Increments, Hours, or Days as applicable, of each service invoiced
iii. Applicable Payment Rate (as stipulated in Section C.3.) of each service invoiced
iv. Amount Due by Service
v. Total Amount Due for the invoice period
b. The Contractor understands and agrees that an invoice under this Contract shall:
(1) include only charges for service described in Contract Section A and in accordance with payment terms and conditions set forth in Contract Section C;
(2) only be submitted for completed service and shall not include any charge for future work;
(3) not include sales tax or shipping charges; and
(4) initiate the timeframe for payment (and any discounts) only when the State is in receipt of the invoice, and the invoice meets the minimum requirements of this section C.5.
C.6. Payment of Invoice. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or matter in relation thereto. A payment by the State shall not be construed as acceptance of any part of the work or service provided or as approval of any amount invoiced.
C.7. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute proper remuneration for compensable services.
C.8. Deductions. The State reserves the right to deduct from amounts, which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts, which are or shall become due and payable to the State of Tennessee by the Contractor.
C.9. Prerequisite Documentation. The Contractor shall not invoice the State under this Contract until the State has received the following documentation properly completed.
a. The Contractor shall complete, sign, and present to the State the "Authorization Agreement for Automatic Deposit Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once this form is received by the State, payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee, may be made by ACH; and
b. The Contractor shall complete, sign, and return to the State the State-provided W-9 form. The taxpayer identification number on the W-9 form must be the same as the Contractor's Federal Employer Identification Number or Social Security Number referenced in the Contractor's Edison registration information.
D. STANDARD TERMS AND CONDITIONS:
D.1. Required Approvals. The State is not bound by this Contract until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).
D.2. Modification and Amendment. This Contract may be modified only by a written amendment signed by all parties hereto and approved by both the officials who approved the base contract and, depending upon the specifics of the contract as amended, any additional officials required by Tennessee laws and regulations (said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).
D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a breach of contract by the State. The State shall give the Contractor at least thirty (30) days written notice before the effective termination date. The Contractor shall be entitled to compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any

service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.

D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, each shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.

D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.

D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation iri, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

D.8. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.

D.9. Prevailing Wage Rates. All contracts for construction, erection, or demolition or to install goods or materials that involve the expenditure of any funds derived from the State require compliance with the prevailing wage laws as provided in *Tennessee Code Annotated,* Section 12-4-401 *et seq.*.

D.10. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representative's

D.11. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.

D.12. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.

D.13. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create a employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor, being a Tennessee governmental entity, is governed by the provisions of the Tennessee Government Tort Liability Act, *Tennessee Code Annotated,* Sections 29-20-101 *et seq.,* for causes of action sounding in tort. Further, no contract provision requiring a Tennessee political entity to indemnify or hold harmless the State beyond the liability imposed by Jaw is enforceable because it appropriates public money and nullifies governmental immunity without the authorization of the General Assembly.

D.14. State Liability. The State shall have no liability except as specifically provided in this Contract.

D.15. Force Majeure. The obligations of the parties to this Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including,

but not limited to, natural disasters, riots, wars, epidemics, or any other similar cause.

D.16. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.

D.17. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated,* Sections 9-8-101 through 9-8-407.

D.18. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

D.19. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of Jaw, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.

D.20. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:
Brian Ramsey
District 17 Operations Supervisor
State of Tennessee Department of Transportation 3213 North Roan St.
Johnson City, TN 37601
Brian.Ramsey@tn.gov Telephone# (423) 282-0651
FAX# (423) 854-5310

The Contractor:
Ryan McReynolds Public Works Director
225 West Center Street Kingsport, TN 37660-4237
RyanMcReynolds@KingsportTN.gov
Telephone# (423)229-9398
Fax# (423)229-9473

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

E.4. MUTCD. In accordance with Tenn. Code Ann. 54-5-108, the Contractor shall conform to and act in accordance with the current edition of the Manual on Uniform Traffic Control Devices (MUTCD) as adopted by rules of the State. Particularly, the Contractor shall sign work-zones associated with this Contract in accordance with the aforesaid MUTCD.

E. 5. Maintenance. Nothing contained in this Contract shall change the maintenance obligations governed by the laws of the State of Tennessee, it being the intent of this Contract not to enlarge the present maintenance obligations of the State.

[Acknowledgements and Exhibits Deleted for Inclusion in this Resolution]

SECTION VI. That the mayor is further authorized to make such changes approved by the mayor and the city attorney to the agreement set out herein 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 VII. That the board finds that the actions authorized by this resolution are for a public purpose and will promote the health, comfort and prosperity of the citizens of the city.

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

ADOPTED this the 7th day of May, 2019.

ATTEST:

JOHN CLARK, Mayor

SIDNEY H. COX, City Recorder

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY, City Attorney

CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF TRANSPORTATION
AND
THE CITY OF KINGSPORT

This Contract, by and between the State of Tennessee, Department of Transportation, hereinafter referred to as the 'State" and the city of Kingsport, hereinafter referred to as the "Contractor," is for the provision of the routine maintenance of state routes as further defined in the "SCOPE OF SERVICES."

Contractor Edison Registration ID # 0000001562
Contract #: CMA 2014

A. SCOPE OF SERVICES:

A.1 The Contractor shall provide all service and deliverables as required, described, and detailed herein and shall meet all service and delivery timelines as specified by this Contract.

A.2. Tenn. Code Ann. § 54-5-201 provides that the State is authorized to enter into contracts with municipalities regarding the improvement and maintenance of streets over which traffic on state highways is routed.

A.3. Tenn. Code Ann. § 54-5-202 provides that streets constructed, reconstructed, improved and maintained by the State shall be of a width and type that the State deems proper, but the width so constructed, reconstructed, improved and maintained shall not be less than eighteen feet (18'); and, in the case of resurfacing and maintenance, from curb to curb where curbs exist, or the full width of the roadway where no curbs exist.

A.4. Tenn. Code Ann. § 54-5-203 provides that the State is authorized to enter into contracts with municipalities that are organized to care for streets to reimburse, subject to the approval of the State, for improvements and maintenance.

A.5 Tenn. Code Ann. § 54-16-106 provides that the highway authorities of the state, counties, cities, and town are authorized to enter into agreements with each other respecting the improvement and maintenance of controlled-access facilities, defined by Tenn. Code Ann. § 54-16-101 as a highway or street specially designed for through traffic, and over, from or to which owners or occupants of abutting land or other persons have no right or easement of access from abutting properties.

A.6. Tenn. Code Ann. § 54-5-139 provides that the State may enter into a contract with a qualified county to perform maintenance activities upon the rights-of-way of state highways located outside of municipalities and metropolitan governments; and, that the reimbursement shall be on an actual cost basis.

A.7 The State is hereby contracting with the Contractor for the improvements and maintenance specified in Attachment "Exhibit A" titled "Guidelines Covering Maintenance of State Highways through Municipalities," attached and incorporated hereto as part of this Contract.

B. TERM OF CONTRACT:

This Contract shall be effective on July 1, 2019 ("Effective Date"), and extend for a period of twelve (12) months after the Effective Date ("Term"). The State shall have no obligation for goods or services provided by the Contractor prior to the Effective Date.

C. PAYMENT TERMS AND CONDITIONS:

C.1 Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed two hundred fifty-five thousand four hundred twenty-six dollars and fifteen cents ($255,426.15). The payment rates in section C.3 shall constitute the entire compensation due the Contractor for all service and Contractor obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

C.2 Compensation Firm. The payment rates and the maximum liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.

C.3 Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in section C.1.

a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in section A.

b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:

Service Description	**Amount** (per compensable increment)
"Exhibit A" titled "Guidelines Covering Maintenance of State Highways through Municipalities"	See Exhibit A
"Exhibit B" containing the maximum allowable labor and equipment rates.	See Exhibit B

C.4 Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.

C.5. Invoice Requirements. The Contractor shall invoice the State only for completed increments of service and for the amount stipulated in section C.3, above, and present said invoices no more often than monthly, with all necessary supporting documentation, to:

Brian Ramsey
3213 North Roan St.
Johnson City, TN 37601

a. Each invoice shall clearly and accurately detail all of the following required information (calculations must be extended and totaled correctly).

(1) Invoice Number (assigned by the Contractor)
(2) Invoice Date

(3) Contract Number (assigned by the State)
(4) Customer Account Name: Tennessee Department of Transportation
(5) Customer Account Number (assigned by the Contractor to the above-referenced Customer)
(6) Contractor Name
(7) Contractor Tennessee Edison Registration ID Number Referenced in Preamble of this Contract
(8) Contractor Contact for Invoice Questions (name, phone, and/or fax)
(9) Contractor Remittance Address
(10) Description of Delivered Service
(11) Complete Itemization of Charges, which shall detail the following:

i Service or Milestone Description (including name & title as applicable) of each service invoiced
ii Number of Completed Units, Increments, Hours, or Days as applicable, of each service invoiced
iii. Applicable Payment Rate (as stipulated in Section C.3.) of each service invoiced
iv. Amount Due by Service
v. Total Amount Due for the invoice period

b The Contractor understands and agrees that an invoice under this Contract shall

(1) include only charges for service described in Contract Section A and in accordance with payment terms and conditions set forth in Contract Section C;
(2) only be submitted for completed service and shall not include any charge for future work;
(3) not include sales tax or shipping charges; and
(4) initiate the timeframe for payment (and any discounts) only when the State is in receipt of the invoice, and the invoice meets the minimum requirements of this section C.5.

C.6. Payment of Invoice. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or matter in relation thereto. A payment by the State shall not be construed as acceptance of any part of the work or service provided or as approval of any amount invoiced.

C 7 Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute proper remuneration for compensable services.

C.8. Deductions. The State reserves the right to deduct from amounts, which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts, which are or shall become due and payable to the State of Tennessee by the Contractor.

C.9 Prerequisite Documentation. The Contractor shall not invoice the State under this Contract until the State has received the following documentation properly completed.

a. The Contractor shall complete, sign, and present to the State the "Authorization Agreement for Automatic Deposit Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once this form is received by the State, payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee, may be made by ACH; and

b The Contractor shall complete, sign, and return to the State the State-provided W-9 form The taxpayer identification number on the W-9 form must be the same as the

Contractor's Federal Employer Identification Number or Social Security Number referenced in the Contractor's Edison registration information.

D. STANDARD TERMS AND CONDITIONS:

D.1 Required Approvals. The State is not bound by this Contract until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

D.2. Modification and Amendment. This Contract may be modified only by a written amendment signed by all parties hereto and approved by both the officials who approved the base contract and, depending upon the specifics of the contract as amended, any additional officials required by Tennessee laws and regulations (said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

D.3 Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a breach of contract by the State. The State shall give the Contractor at least thirty (30) days written notice before the effective termination date. The Contractor shall be entitled to compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor

D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, each shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.

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D.8. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon

reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.

D.9 Prevailing Wage Rates. All contracts for construction, erection, or demolition or to install goods or materials that involve the expenditure of any funds derived from the State require compliance with the prevailing wage laws as provided in *Tennessee Code Annotated*, Section 12-4-401 *et seq*.

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D.11. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.

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D.13. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create a employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever

The Contractor, being a Tennessee governmental entity, is governed by the provisions of the Tennessee Government Tort Liability Act, *Tennessee Code Annotated*, Sections 29-20-101 *et seq*., for causes of action sounding in tort. Further, no contract provision requiring a Tennessee political entity to indemnify or hold harmless the State beyond the liability imposed by law is enforceable because it appropriates public money and nullifies governmental immunity without the authorization of the General Assembly.

D.14. State Liability. The State shall have no liability except as specifically provided in this Contract.

D.15. Force Majeure. The obligations of the parties to this Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, natural disasters, riots, wars, epidemics, or any other similar cause.

D.16. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.

D.17. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.

D.18. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

D.19 Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.

D.20. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

E.1 Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.

E.2 Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Brian Ramsey
District 17 Operations Supervisor
State of Tennessee Department of Transportation
3213 North Roan St.
Johnson City, TN 37601
Brian.Ramsey@tn.gov
Telephone # (423) 282-0651
FAX # (423) 854-5310

The Contractor:

Ryan McReynolds
Public Works Director
225 West Center Street Kingsport, TN 37660-4237
RyanMcReynolds@KingsportTN.gov
Telephone # (423)229-9398
Fax # (423)229-9473

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

E.4 MUTCD. In accordance with Tenn. Code Ann. 54-5-108, the Contractor shall conform to and act in accordance with the current edition of the Manual on Uniform Traffic Control Devices (MUTCD)

as adopted by rules of the State. Particularly, the Contractor shall sign work-zones associated with this Contract in accordance with the aforesaid MUTCD.

E. 5. Maintenance. Nothing contained in this Contract shall change the maintenance obligations governed by the laws of the State of Tennessee, it being the intent of this Contract not to enlarge the present maintenance obligations of the State.

IN WITNESS WHEREOF,

THE CITY OF KINGSPORT:

_____

CONTRACTOR SIGNATURE **DATE**

_____

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

APPROVED AS TO FORM AND LEGALITY

_____

CONTRACTOR ATTORNEY SIGNATURE **DATE**

_____

PRINTED NAME AND TITLE OF CONTRACTOR ATTORNEY SIGNATORY (above)

STATE OF TENNESSEE DEPARTMENT OF TRANSPORTATION:

_____

CLAY BRIGHT, COMMISSIONER **DATE**

APPROVED AS TO FORM AND LEGALITY

_____

JOHN REINBOLD, GENERAL COUNSEL **DATE**

GUIDELINES COVERING MAINTENANCE
OF STATE HIGHWAYS THROUGH MUNICIPALITIES

The following items where applicable are eligible for reimbursement by the State to the Contractor under the Standard Maintenance Agreement:

Activity	Maintenance Work Type	Unit Of Measure
401	Manual Spot Patching	Tons
402	Crack Repair	Pounds
404	Mechanical Continuous Patching	Tons
405	Milling	Square Yards
406	Surface Replacement	Tons
411	Concrete Pavement Repair	Cubic Yards
412	Concrete Joint Repair	Linear Feet
425	Grading Unpaved Surface (Shoulder)**	Linear Miles
427	Patching Unpaved Surface (Shoulder)**	Tons
435	Machine Mowing**	Acres
438	Debris Removal**	Man Hours
441	Litter Removal**	Roadway Miles
446	Mechanical Sweeping and Street Flushing	Miles
447	Manual Roadway Sweeping	Man Hours
460	Plowing Snow	Lane Miles
461	De-icing Salt and/or Sand for Snow & Ice Removal	Tons
463	Anti-icing (Salt Brine)	Gallons
470	Pavement Markings	Line Miles
471	Specialty Markings	Each

** Work must be inside the area eligible for reimbursements as detailed in "CITY MAINTENANCE ROADWAY TYPICAL SECTIONS".

The following items are the responsibility of the Contractor and are not eligible for reimbursement by the State:

1. Crosswalk Striping
2. Mowing right-of-way back of curbs or beyond edge of paved surface on roadway segments which are not access controlled.
3. Litter from right-of-way back of curbs or beyond edge of paved surface on roadway segments which are not access controlled.
4. Storm drainage
5. Traffic control signs and signals and any other traffic control or monitoring devices.
6. Street lighting
7. Street name signs
8. Tree removal and vegetation control on right-of-way back of curbs or beyond edge of paved surface on roadway segments which are not access controlled.
9. Sidewalks

NOTE:

1. Major resurfacing when generally required will be performed by the State as a construction project, in accordance with a program developed after consultation with the Contractor.

2. The State will furnish and maintain route markers through the Municipalities.

ROADWAY SURFACE INVENTORY FOR THE MAINTENANCE
OF STATE HIGHWAYS THROUGH MUNICIPALITIES

The following Table itemizes the current roadway surface area to the nearest whole square yard which will be routinely maintained. swept, or flushed by the Contractor under the terms of this contract. The State agrees to reimburse said Contractor in the amount actually expended for street maintenance, excluding machine mowing and litter removal, not to exceed the calculated maximum reimbursement below.

Approved Maximum Reimbursement Per Square Yard	$ 0.15
Total Roadway Surface Area (YD^2)	1592301
Calculated Maximum Reimbursement (Roadway Surface)	$ 238,845.15

Roadway Surface Inventory Worksheet

Route	Street Name	Action	Crossing Boundry Description	Rdwy. Profile Type	Access Control	Beg Log Mile	End Log Mile	Roadway Length(ft.)	Roadway Width(ft.)	Median Width(ft.)	Median Area (yd.^2)	Reimbursible Area (yd.^2)
SR001	West Stone Drive	BEGIN	Kaywood Avenue	1G	No	39.84	40.9	5596.8	102	16	5210	58220.40
SR001	West Stone Drive	CHANGE	Netherland Inn Rd	1G	No	40.9	41.3	2112	97	22	2976	19786.67
SR001	West Stone Drive	CHANGE	Hawkins/Sullivan County Line	1G	No	0	1 33	7022.4	98	20	9823	66643.13
SR001	West Stone Drive	CHANGE	Afton Street	1F	No	1.33	1.65	1689 6	86	16	2667	13478 07
SR001	East Stone Drive	CHANGE	End of I-26 W Ramp towards K	1D	No	1.97	7.42	28776	102	11	2020	324108.00
SR001	East Stone Drive	CHANGE	Beechnut Drive	1G	No	6.46	8.44	10454 4	99	27	11992	103006.40
SR001	East Stone Drive	END	Ollis Bowers Hill	1G	No	8.44	11.56	16473 6	98	30	51678	127701.20
SR036	Kingsport Highway	BEGIN	Regency Drive	1C	No	2.271	2.703	2280.96	24	0	0	6082.56
SR036	Kingsport Highway	CHANGE	I-81 Ramps	1C	No	2.703	3	1568.16	75	20	344	12724.00
SR036	Kingsport Highway	CHANGE	Colonial Heights	1C	No	3	4.37	7233 6	70	18	2080	54181.33
SR036	Fort Henry Drive	CHANGE	Overhead CSX Railroad	1G	No	4.37	5 36	5227 2	74	32	6902	36077.20
SR036	Fort Henry Drive	CHANGE	Kenridge Street	1D	No	5.36	6 47	5860 8	76	9	500	48991.20
SR036	Fort Henry Drive	CHANGE	SR 93	1D	No	6 47	7.819	7122 72	65	13	1294	50147.87
SR036	Fort Henry Drive	CHANGE	Indian Ct	1F	No	7.819	8 38	2962 08	66	19	4227	17494.92
SR036	West Center Street	CHANGE	Prospect Drive	1D	No	8.38	10 54	11404.8	60	0	0	76032 00
SR036	West Center Street	END	90 Degree Right Turn	1D	No	10.54	13 56	15945.6	44	9	1157	76799.27
SR093	Sullivan Gardens	BEGIN	Sullivan Gardens Drive	1D	No	4.48	5 01	2798.4	82	0	0	25496 53
SR093	Sullivan Gardens	CHANGE	Galemont Drive	1D	No	5.01	6.2	6283.2	65	21	1330	44048.67
SR093	John B. Dennis	CHANGE	End Crossover	1D	No	6 2	7 15	5016	98	22	5082	49536.67
SR093	John B. Dennis	END	Brookside Drive	1G	No	11.92	13.71	9451.2	98	16	13958	88955.07
SR126	South Wilcox Drive	BEGIN	SR 93	1F	No	0	0 445	2349.6	67	11	2284	15207.47
SR126	South Wilcox Drive	SHIFT	90 Degree Right Turn	1D	No	0.445	1 006	2962.08	78	0	0	25671.36
SR126	South Wilcox Drive	CHANGE	Haga Road	1D	No	1.006	1.23	1182 72	62	0	0	8147.63
SR126	South Wilcox Drive	CHANGE	Ward Place	1D	No	1.23	1.9	3537.6	78	0	0	30659.20
SR126	South Wilcox Drive	CHANGE	Overhead CSX Railroad	1D	No	1.9	2.18	1478.4	75	0	0	12320.00
SR126	South Wilcox Drive	CHANGE	Industry Drive	1F	No	2.18	2.52	1795.2	66	0	0	13164.80
SR126	North Wilcox Drive	CHANGE	Lincoln Street	1F	No	2.52	3.11	3115.2	44	21	4848	10381 87
SR126	Memorial Blvd.	CHANGE	East Center Street	1F	No	3 11	3 32	1108.8	88	13	938	9903.60

SR126	Memorial Blvd.	CHANGE	Kenmore Drive	1F	No	3.32	4 41	5755.2	60	15	3375	34993.00
SR126	Memorial Blvd.	CHANGE	Light at End of Control Access	1A	No	4 41	4.55	739.2	85	26	678	6303.33
SR126	Memorial Blvd.	CHANGE	Stratford Road	1A	No	4.55	4.895	1821.6	38	12	226	7465.20
SR 126	Memorial Blvd.	END	Old Stage Rd.	1A	No	4.895	5.81	4831.2	36	0	0	19324.80
SR346	West Carter Valley Rd	BEGIN	Mcconnell Rd.	1A	No	0.7	1 92	6441.6	22	0	0	15746.13
SR347	Poplar Grove Rd	BEGIN	Oak Forest Pl.	1A	No	8.5	10.62	11193.6	20	0	0	24874.67
SR355	Industrial Drive	BEGIN	SR 126	1B	No	0	2.1	11088	36	0	0	44352.00
SR355	Industrial Drive	CHANGE	Ft. Robinson Drive	1C	No	2.1	2.35	1320	60	11	1002	7798.00
SR355	Industrial Drive	END	Lynn Garden Drive	1C	No	2.35	2.58	1214.4	48	0	0	6476.80
							Total Length (mi.):	41.139			**Total Roadway Surface:**	1592301

INVENTORY OF ELIGIBLE MACHINE MOWING FOR THE MAINTENANCE
OF STATE HIGHWAYS THROUGH MUNICIPALITIES

The following Table itemizes the eligible mowing area in acres which will be maintained by the Contractor under the terms of this contract. The State agrees to reimburse said Contractor in the amount actually expended for machine mowing, not to exceed the number of cycles and the price per acre as detailed below.

Approved Mowing Reimbursement Per Acre:	$ 45.00
Calculated Maximum Reimbursement (Mowing)	$9,045.00

Mowing Inventory Worksheet

Route Number	Roadway Type	Begin Termini (LM)	End Termini(LM)	Median Area (acres)	Controlled Access Area (acres)	Segment Total Area (acres)	Number of Mowing Cycles	Contract Segment Total Area (acres)
SR001(Ha	1G	39.88	41.36	1.755		1.755	6	10.53
SR001(Sul	1G	6.83	11.48	13.172		13.172	6	79.032
SR036	1G	4.37 / 7.75	5.36 / 8.38	3.01		3.01	6	18.06
SR093	1G	6.08	7.16	1.995		1.995	6	11.97
SR093	1G	11.90	13.80	10.9		10.9	6	65.4
SR126	1F	0.0 / 2.09	0.26 / 4.47	2.55		2.55	6	15.3
SR355	1F	2.05	2.21	0.08		0.08	6	0.48
							Total Contract Area (acres):	201

INVENTORY OF ELIGIBLE LITTER REMOVAL FOR THE MAINTENANCE
OF STATE HIGHWAYS THROUGH MUNICIPALITIES

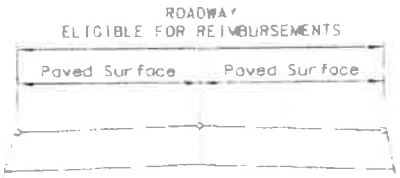
The following Table itemizes the eligible length of litter removal in linear miles which will be maintained by the Contractor under the terms of this contract. The State agrees to reimburse said Contractor in the amount actually expended for litter removal, not to exceed the number of cycles and the price per linear mile as detailed below.

Approved Litter Reimbursement Per Mile:	$ 50.00
Calculated Maximum Reimbursement (Litter):	$ 7,536.00

Litter Inventory Worksheet

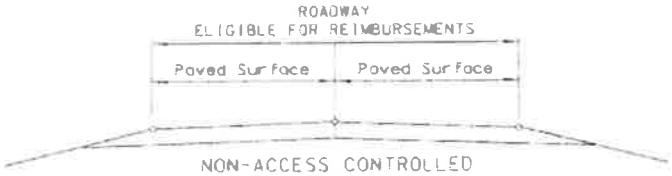
Route Number	Roadway Type	Beginning Termini (LM)	Ending Termini (LM)	Segment Length (mi.)	Litter Pass Miles Per Segment	Segment Total Litter (mi.)	Price per Litter Mile	Number of Litter Cycles	Contract Segment Total Litter (mi.)	Contract Segment Total Litter ($)
SR001	1G	39.84 / 6.83	2.31 / 11.44	6.81	1	6.81	$ 50.00	12	81.72	4086
SR036	1G	4.37 / 7.75	5.36 / 8.38	1.33	1	1.33	$ 50.00	12	15.96	798
SR093	1G	6.08	7.19	1.11	1	1.11	$ 50.00	12	13.32	666
SR093	1G	11.9	13.8	1.9	1	1.9	$ 50.00	12	22.8	1140
SR126	1F	0.0 / 2.09	0.26 / 4.47	1.31	1	1.31	$ 50.00	12	15.72	786
SR355	1F	2.047	2.211	0.1	1	0.1	$ 50.00	12	1.2	60
								Total Contract Litter (mi.):	150.72	$ 7,536.00

CITY MAINTENANCE
ROADWAY TYPICAL SECTIONS



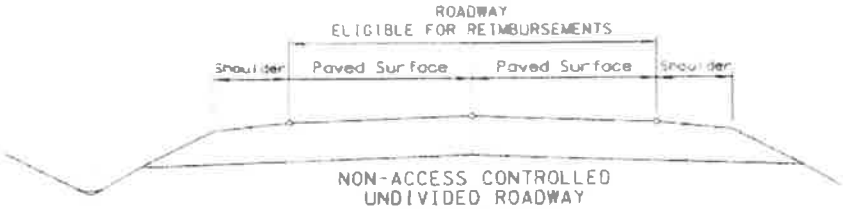
NON-ACCESS CONTROLLED
UNDIVIDED ROADWAY

FIGURE 1A



NON-ACCESS CONTROLLED
UNDIVIDED ROADWAY

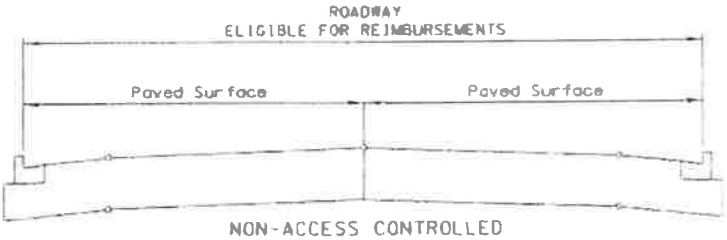
FIGURE 1B



NON-ACCESS CONTROLLED
UNDIVIDED ROADWAY
WITHOUT CURB

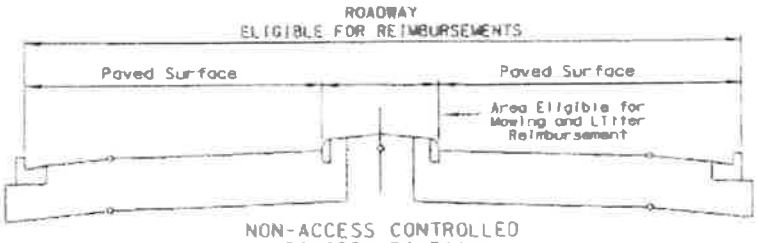
FIGURE 1C

NOTE: IN FIGURES 1A, 1B, AND 1C FOR NON-CONTROLLED ROUTES THE PAVED SURFACE WILL INCLUDE PAVED SHOULDERS.



NON-ACCESS CONTROLLED
UNDIVIDED ROADWAY
WITH CURB

FIGURE 1D



NON-ACCESS CONTROLLED
DIVIDED ROADWAY
WITH CURB

FIGURE 1E

CITY MAINTENANCE
ROADWAY TYPICAL SECTIONS

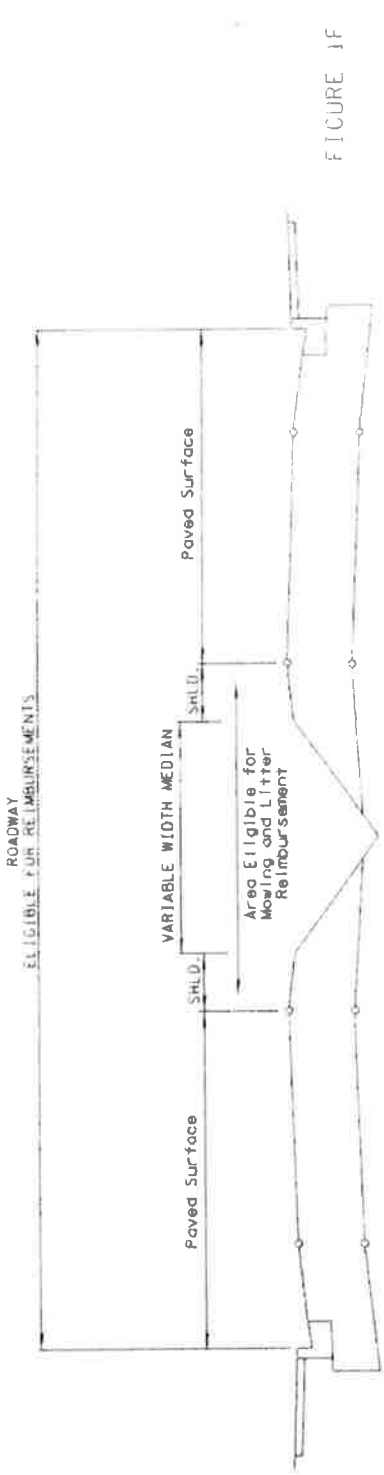


FIGURE 1F

NON-ACCESS CONTROLLED
DIVIDED ROADWAY WITH CURB

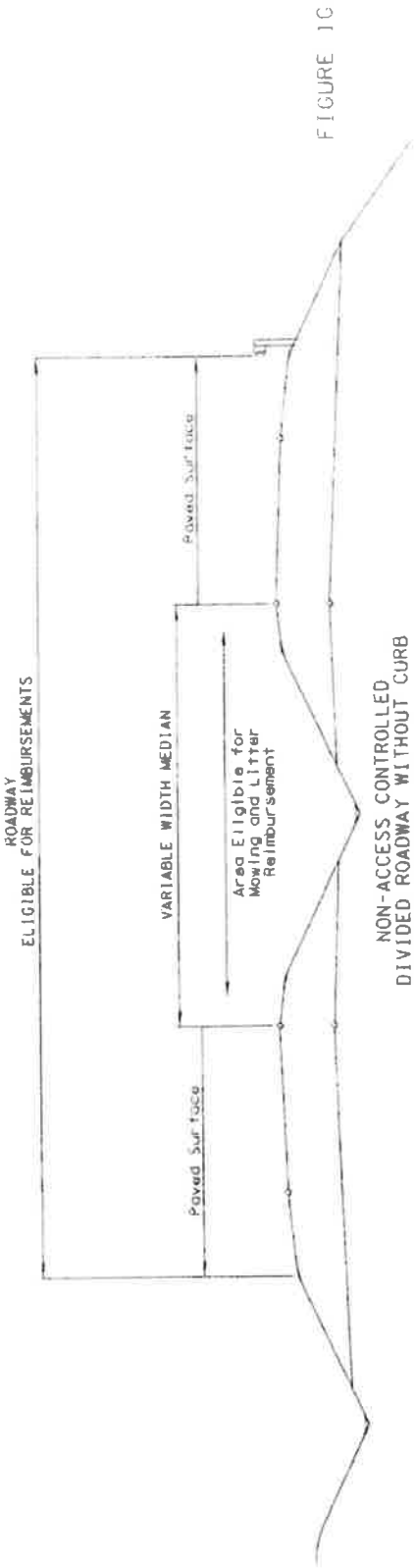


FIGURE 1G

NON-ACCESS CONTROLLED
DIVIDED ROADWAY WITHOUT CURB

NOTE:
IF FIGURES 1F AND 1G FOR NON-ACCESS CONTROLLED ROUTES
THE PAVED SURFACE WILL INCLUDE PAVED SHOULDERS.

CITY MAINTENANCE
ROADWAY TYPICAL SECTIONS

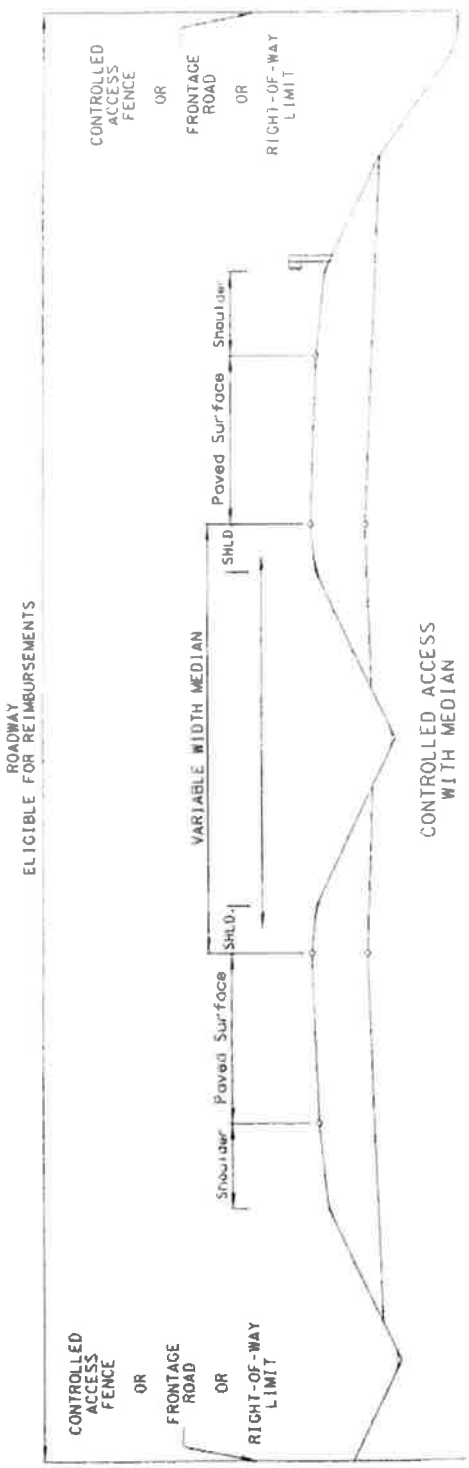


FIGURE 2A

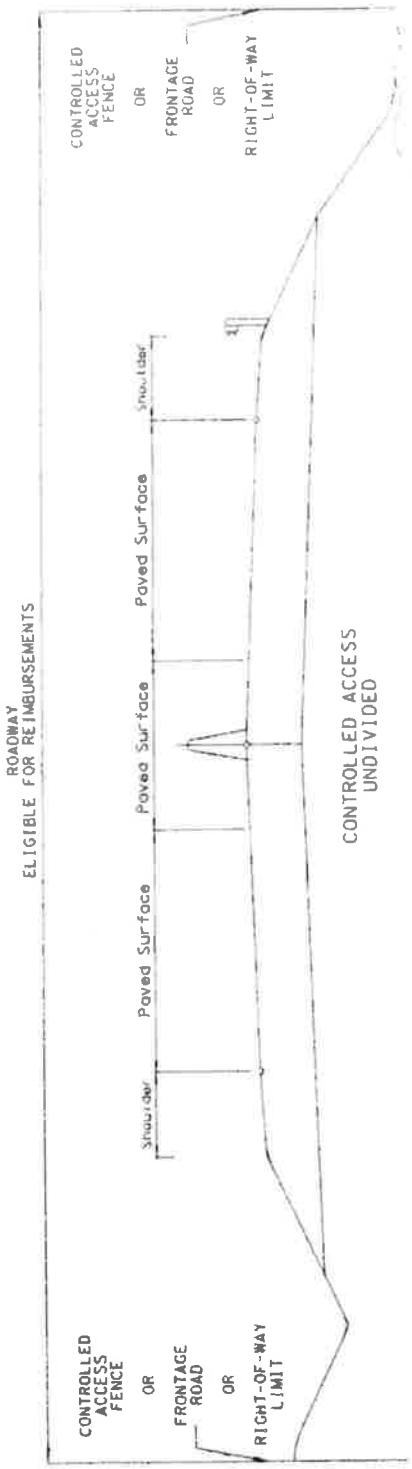


FIGURE 2B

"EXHIBIT B"

MAXIMUM ALLOWABLE EQUIPMENT RATES

2019-2020 FISCAL YEAR

ITEM NO.	DESCRIPTION OF EQUIPMENT	RATE	UNIT
1	SEDAN, POLICE OR FULL SIZE	12.00	HR
2	TRUCK, PICKUP	11.00	HR
3	TRUCK, ¾ TO 1 TON LIGHT DUTY	12.00	HR
4	TRUCK, ¾ TO 1 TON 4X4	13.00	HR
5	TRUCK, UTILITY/SERVICE BODY	14.00	HR
6	TRUCK, DUMP UP TO 15,000 GVWR	24.65	HR
7	TRUCK, DUMP OVER 15,000 UP TO 20,000 GVWR	28.12	HR
8	TRUCK, DUMP OVER 20,000 UP TO 40,000 GVWR	42.35	HR
9	TRUCK, DUMP TANDEM AXLE OVER 40,000 GVWR	68.00	HR
10	TRUCK, STAKE OR FLATBED UP TO 10,000 GVWR	17.45	HR
11	TRUCK, STAKE OR FLATBED OVER 10,000 UP TO 20,000 GVWR	26.10	HR
12	TRUCK, STAKE OR FLATBED OVER 20,000	42.00	HR
13	TRUCK, FLATBED OVER 32,500 GVWR	54.00	HR
14	TRUCK, TRACTOR SINGLE AXLE	37.00	HR
15	TRUCK, TRACTOR TANDEM AXLE	40.15	HR
16	TRUCK, SEWER/CULVERT/CATCH BASIN/ CLEANER (VAC-ALL)	82.20	HR
17	SWEEPER, TRUCK MOUNTED	55.89	HR
18	SWEEPER, SELF-PROPELLED	43.71	HR
19	TRUCK, W/STREET FLUSHER	70.16	HR
20	TRUCK, CRANE	28.28	HR
21	TRUCK, EXCAVATOR	64.73	HR
22	TRUCK, REFUSE COLLECTION	30.50	HR
23	TRACTOR, W/SWEEPER	32.68	HR
24	TRACTOR, W/DITCHER	62.12	HR
25	TRACTOR, WHEEL	48.22	HR
26	CHIPPER, BRUSH	36.81	HR
27	TRAILER, TILT	8.04	HR
28	TRAILER, PLATFORM OR GENERAL	10.12	HR
29	TRAILER, LOW BOY TANDEM	20.78	HR
30	JOINT & CRACK SEALING MACHINE	28.55	HR
31	ASPHALT RECLAIMER/RECYCLER MACHINE	135.78	HR
32	PAVER, ASPHALT SELF-PROPELLED	154.53	HR
33	PAVER, ASPHALT PULL TYPE	7.45	HR
34	DISTRIBUTOR, ASPHALT, PULL TYPE	27.37	HR
35	CHIP SPREADER MACHINE	57.42	HR
36	EXCAVATOR, TRACK TYPE (TRACKHOE)	87.31	HR

"EXHIBIT B"

MAXIMUM ALLOWABLE EQUIPMENT RATES

2019-2020 FISCAL YEAR

ITEM NO.	DESCRIPTION OF EQUIPMENT	RATE	UNIT
37	DRAGLINES AND CRANES	75.99	HR
38	TRACTOR, CRAWLER (DOZER)	98.18	HR
39	MOTOR GRADER	65.30	HR
40	BACKHOE	37.90	HR
41	LOADER, FT END RUBBER TIRED (ARTICULATED) UP TO 1 CU. YD	32.13	HR
42	LOADER, FT END RUBBER TIRED (ARTICULATED) OVER 1 UP TO 1.5 CY	47.50	HR
43	LOADER, FT END RUBBER TIRED (ARTICULATED) OVER 1.5 CU. YD.	59.71	HR
44	LOADER, FRONT END TRACK TYPE	71.50	HR
45	LOADER, SKID-STEER	58.46	HR
46	PROFILER, MILLING MACHINE	305.76	HR
47	ROLLER, WALK BEHIND	4.27	HR
48	ROLLER, STEEL WHEEL, 1 TO 5 TONS	88.84	HR
49	ROLLER, STEEL WHEEL, OVER 5 TONS	41.93	HR
50	GENERATOR, PORTABLE	8.30	HR
51	AIR COMPRESSOR, PORTABLE OR PULL TYPE	36.40	HR
52	WELDER, PORTABLE OR PULL TYPE	5.76	HR
53	CONCRETE MIXER, PORTABLE OR PULL TYPE	32.07	HR
54	CURBING MACHINE	65.74	HR
55	PAINT MACHINE, WALK BEHIND	31.57	HR
56	PAINT MACHINE, TRUCK MOUNTED (LARGE)	84.61	HR
57	THERMOPLASTIC MARKING MACHINE, WALK BEHIND	23.24	HR
58	TRAFFIC LINE REMOVER (WATER BLASTER)	43.68	HR
59	ARROW BOARD, TRAILER OR TRUCK MOUNTED	4.15	HR
60	MESSAGE SIGN, TRAILER MOUNTED	1.14	HR
61	LIGHT TOWER, TRAILER MOUNTED	24.18	HR
62	TRUCK MOUNTED ATTENUATOR	10.00	HR

"EXHIBIT B"

CITY OF KINGSPORT

MAXIMUM ALLOWABLE LABOR RATES

(To be supplied by the City at this time)

Beginning July 1, 2019 and ending June 30, 2020

Job Title Classification	Low Rate	High Rate
Maintenance Helper	10.73	15.46
Maintenance Worker	11.55	16.65
Dump Truck Driver	12.44	17.93
Equipment Operator	13.39	19.31
Heavy Equipment Operator	14.43	20.79
Traffic Maintenance Technician	13.39	19.31
Traffic Control Technician	14.43	20.79
Crew Leader	17.15	24.72
Foreman	18.47	26.62
Streets Supervisor	20.38	29.38

CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF TRANSPORTATION
AND
THE CITY OF KINGSPORT

This Contract, by and between the State of Tennessee, Department of Transportation, hereinafter referred to as the 'State" and the city of Kingsport, hereinafter referred to as the "Contractor," is for the provision of a special agreement for mowing and litter, as further defined in the "SCOPE OF SERVICES."

Contractor Edison Registration ID # 0000001562
Contract #: CMA 2015

A. SCOPE OF SERVICES:

A.1 The Contractor shall provide all service and deliverables as required, described, and detailed herein and shall meet all service and delivery timelines as specified by this Contract.

A 2 Tenn. Code Ann. § 54-5-201 provides that the State is authorized to enter into contracts with municipalities regarding the improvement and maintenance of streets over which traffic on state highways is routed.

A.3. Tenn. Code Ann. § 54-5-202 provides that streets constructed, reconstructed, improved and maintained by the State shall be of a width and type that the State deems proper, but the width so constructed, reconstructed, improved and maintained shall not be less than eighteen feet (18'); and, in the case of resurfacing and maintenance, from curb to curb where curbs exist, or the full width of the roadway where no curbs exist.

A 4. Tenn. Code Ann. § 54-5-203 provides that the State is authorized to enter into contracts with municipalities that are organized to care for streets to reimburse, subject to the approval of the State, for improvements and maintenance.

A.5 Tenn. Code Ann. § 54-16-106 provides that the highway authorities of the state, counties, cities, and town are authorized to enter into agreements with each other respecting the improvement and maintenance of controlled-access facilities, defined by Tenn. Code Ann. § 54-16-101 as a highway or street specially designed for through traffic, and over, from or to which owners or occupants of abutting land or other persons have no right or easement of access from abutting properties.

A.6 Tenn. Code Ann. § 54-5-139 provides that the State may enter into a contract with a qualified county to perform maintenance activities upon the rights-of-way of state highways located outside of municipalities and metropolitan governments; and, that the reimbursement shall be on an actual cost basis.

A.7 The State is hereby contracting with the Contractor for the improvements and maintenance specified in Attachment "Exhibit A" titled "Guidelines Covering Maintenance of State Highways through Municipalities," attached and incorporated hereto as part of this Contract.

B. TERM OF CONTRACT:

This Contract shall be effective on July 1, 2019 ("Effective Date"), and extend for a period of twelve (12) months after the Effective Date ("Term"). The State shall have no obligation for goods or services provided by the Contractor prior to the Effective Date.

C. PAYMENT TERMS AND CONDITIONS:

C.1 Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed fifty-two thousand one hundred thirty-seven dollars and zero cents ($52,137.00). The payment rates in section C 3 shall constitute the entire compensation due the Contractor for all service and Contractor obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

C.2. Compensation Firm. The payment rates and the maximum liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.

C.3. Payment Methodology. The Contractor shall be compensated based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in section C.1.

a The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in section A.

b The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates:

Service Description	**Amount** (per compensable increment)
"Exhibit A" titled "Guidelines Covering Maintenance of State Highways through Municipalities"	See Exhibit A

C.4 Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.

C.5 Invoice Requirements. The Contractor shall invoice the State only for completed increments of service and for the amount stipulated in section C.3, above, and present said invoices no more often than monthly, with all necessary supporting documentation, to:

Brian Ramsey
3213 North Roan St.
Johnson City, TN 37601

a. Each invoice shall clearly and accurately detail all of the following required information (calculations must be extended and totaled correctly).

(1) Invoice Number (assigned by the Contractor)
(2) Invoice Date
(3) Contract Number (assigned by the State)
(4) Customer Account Name: Tennessee Department of Transportation
(5) Customer Account Number (assigned by the Contractor to the above-referenced Customer)

(6) Contractor Name
(7) Contractor Tennessee Edison Registration ID Number Referenced in Preamble of this Contract
(8) Contractor Contact for Invoice Questions (name, phone, and/or fax)
(9) Contractor Remittance Address
(10) Description of Delivered Service
(11) Complete Itemization of Charges, which shall detail the following:

i. Service or Milestone Description (including name & title as applicable) of each service invoiced
ii. Number of Completed Units, Increments, Hours, or Days as applicable, of each service invoiced
iii Applicable Payment Rate (as stipulated in Section C.3.) of each service invoiced
iv Amount Due by Service
v. Total Amount Due for the invoice period

b. The Contractor understands and agrees that an invoice under this Contract shall:

(1) include only charges for service described in Contract Section A and in accordance with payment terms and conditions set forth in Contract Section C;
(2) only be submitted for completed service and shall not include any charge for future work;
(3) not include sales tax or shipping charges; and
(4) initiate the timeframe for payment (and any discounts) only when the State is in receipt of the invoice, and the invoice meets the minimum requirements of this section C.5.

C.6 Payment of Invoice. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or matter in relation thereto. A payment by the State shall not be construed as acceptance of any part of the work or service provided or as approval of any amount invoiced.

C.7 Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, not to constitute proper remuneration for compensable services.

C.8 Deductions. The State reserves the right to deduct from amounts, which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts, which are or shall become due and payable to the State of Tennessee by the Contractor.

C.9 Prerequisite Documentation. The Contractor shall not invoice the State under this Contract until the State has received the following documentation properly completed.

a The Contractor shall complete, sign, and present to the State the "Authorization Agreement for Automatic Deposit Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once this form is received by the State, payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee, may be made by ACH; and

b The Contractor shall complete, sign, and return to the State the State-provided W-9 form. The taxpayer identification number on the W-9 form must be the same as the Contractor's Federal Employer Identification Number or Social Security Number referenced in the Contractor's Edison registration information.

D. STANDARD TERMS AND CONDITIONS:

D.1 Required Approvals. The State is not bound by this Contract until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

D.2 Modification and Amendment. This Contract may be modified only by a written amendment signed by all parties hereto and approved by both the officials who approved the base contract and, depending upon the specifics of the contract as amended, any additional officials required by Tennessee laws and regulations (said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

D.3 Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a breach of contract by the State. The State shall give the Contractor at least thirty (30) days written notice before the effective termination date. The Contractor shall be entitled to compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

D.4 Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.

D.5 Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, each shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.

D.6 Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.

D.7 Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

D.8. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.

D.9 Prevailing Wage Rates. All contracts for construction, erection, or demolition or to install goods or materials that involve the expenditure of any funds derived from the State require compliance with the prevailing wage laws as provided in *Tennessee Code Annotated*, Section 12-4-401 *et seq.*.

D.10 Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives

D 11 Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.

D.12 Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.

D.13 Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create a employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor, being a Tennessee governmental entity, is governed by the provisions of the Tennessee Government Tort Liability Act, *Tennessee Code Annotated*, Sections 29-20-101 *et seq* , for causes of action sounding in tort. Further, no contract provision requiring a Tennessee political entity to indemnify or hold harmless the State beyond the liability imposed by law is enforceable because it appropriates public money and nullifies governmental immunity without the authorization of the General Assembly.

D.14 State Liability. The State shall have no liability except as specifically provided in this Contract.

D.15. Force Majeure. The obligations of the parties to this Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, natural disasters, riots, wars, epidemics, or any other similar cause.

D 16. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.

D.17 Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.

D.18. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

D.19 Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall

remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.

D.20. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

E.1 Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.

E.2 Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Brian Ramsey
District 17 Operations Supervisor
State of Tennessee Department of Transportation
3213 North Roan St.
Johnson City, TN 37601
Brian.Ramsey@tn.gov
Telephone # (423) 282-0651
FAX # (423) 854-5310

The Contractor:

Ryan McReynolds
Public Works Director
225 West Center Street Kingsport, TN 37660-4237
RyanMcReynolds@KingsportTN.gov
Telephone # (423)229-9398
Fax # (423)229-9473

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

E.4 MUTCD. In accordance with Tenn. Code Ann. 54-5-108, the Contractor shall conform to and act in accordance with the current edition of the Manual on Uniform Traffic Control Devices (MUTCD) as adopted by rules of the State. Particularly, the Contractor shall sign work-zones associated with this Contract in accordance with the aforesaid MUTCD.

E. 5. Maintenance. Nothing contained in this Contract shall change the maintenance obligations governed by the laws of the State of Tennessee, it being the intent of this Contract not to enlarge the present maintenance obligations of the State.

IN WITNESS WHEREOF,

THE CITY OF KINGSPORT:

_____

CONTRACTOR SIGNATURE **DATE**

_____

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

APPROVED AS TO FORM AND LEGALITY

_____

CONTRACTOR ATTORNEY SIGNATURE **DATE**

_____

PRINTED NAME AND TITLE OF CONTRACTOR ATTORNEY SIGNATORY (above)

STATE OF TENNESSEE DEPARTMENT OF TRANSPORTATION:

_____

CLAY BRIGHT, COMMISSIONER **DATE**

APPROVED AS TO FORM AND LEGALITY

_____

JOHN REINBOLD, GENERAL COUNSEL **DATE**

"EXHIBIT A"
GUIDELINES COVERING MAINTENANCE
OF STATE HIGHWAYS THROUGH MUNICIPALITIES

The following items where applicable are eligible for reimbursement by the State to the Contractor under the Special Maintenance Agreement:

Activity	Maintenance Work Type	Unit Of Measure
435	Machine Mowing**	Acres
441	Litter Removal**	Roadway Miles

** Work must be inside the area eligible for reimbursements as detailed in "CITY MAINTENANCE ROADWAY TYPICAL SECTIONS".

Machine Mowing work shall consist of cutting or trimming vegetation primarily consisting of, but not limited to, grasses and invasive weeds on State rights-of-way as detailed below to provide a consistent and aesthetically pleasing standing vegetation height as directed by the State.

Litter Removal Work shall consist of removal of litter from the entire highway rights-of-way where accessible (fence to fence where applicable), including shoulders and excluding the travel lanes on interstate and state routes as detailed below.

INVENTORY OF ELIGIBLE MACHINE MOWING FOR THE MAINTENANCE
OF STATE HIGHWAYS THROUGH MUNICIPALITIES

The following Table itemizes the eligible mowing area in acres which will be maintained by the Contractor under the terms of this contract. The State agrees to reimburse said Contractor in the amount actually expended for machine mowing, not to exceed the number of cycles and the price per acre as detailed below.

Approved Mowing Reimbursement Per Acre:	$ 45.00
Calculated Maximum Reimbursement (Mowing):	$ 37,395.00

Mowing Inventory Worksheet

Route Number	Roadway Type	Begin Termini (LM)	End Termini(LM)	Median Area (acres)	Controlled Access Area (acres)	Segment Total Area (acres)	Number of Mowing Cycles	Contract Segment Total Area (acres)
I-26	2A	3.1	6.55		86.2	86.2	6	517.20
SR93	2A	7.16	11.9		52.27	52.27	6	313.62
							Total Contract Area (acres):	831

INVENTORY OF ELIGIBLE LITTER REMOVAL FOR THE MAINTENANCE
OF STATE HIGHWAYS THROUGH MUNICIPALITIES

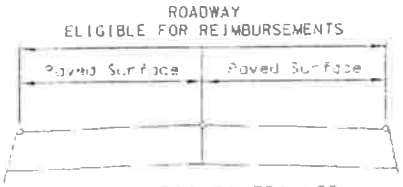
The following Table itemizes the eligible length of litter removal in linear miles which will be maintained by the Contractor under the terms of this contract. The State agrees to reimburse said Contractor in the amount actually expended for litter removal, not to exceed the number of cycles and the price per linear mile as detailed below.

Approved Litter Reimbursement Per Mile:	$ 50.00
Calculated Maximum Reimbursement (Litter):	$ 14,742.00

Litter Inventory Worksheet

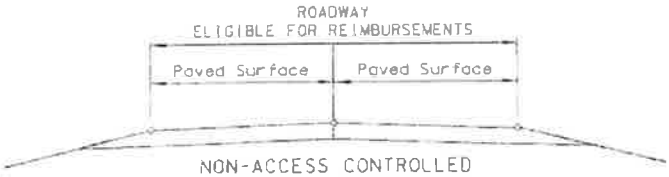
Route Number	Roadway Type	Beginning Termini (LM)	Ending Termini (LM)	Segment Length (mi.)	Litter Pass Miles Per Segment	Segment Total Litter (mi.)	Price per Litter Mile	Number of Litter Cycles	Contract Segment Total Litter (mi.)	Contract Segment Total Litter ($)
I-26		3.1	6.55	3.45	3	10.35	$ 50.00	12	124.2	$ 6,210.00
SR93	2A	7.16	11.9	4.74	3	14.22	$ 50.00	12	170.64	$ 8,532.00
								Total Contract Litter (mi.):	294.84	$ 14,742.00

CITY MAINTENANCE
ROADWAY TYPICAL SECTIONS



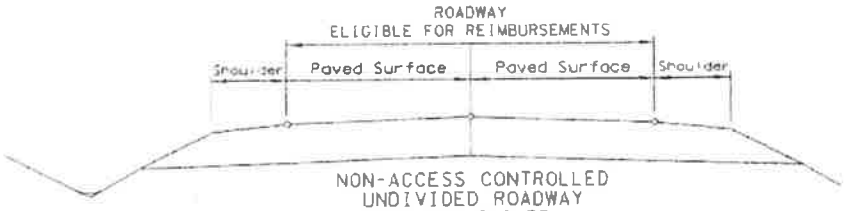
NON-ACCESS CONTROLLED
UNDIVIDED ROADWAY

FIGURE 1A



NON-ACCESS CONTROLLED
UNDIVIDED ROADWAY

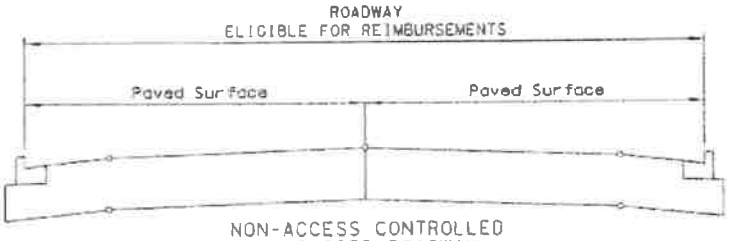
FIGURE 1B



NON-ACCESS CONTROLLED
UNDIVIDED ROADWAY
WITHOUT CURB

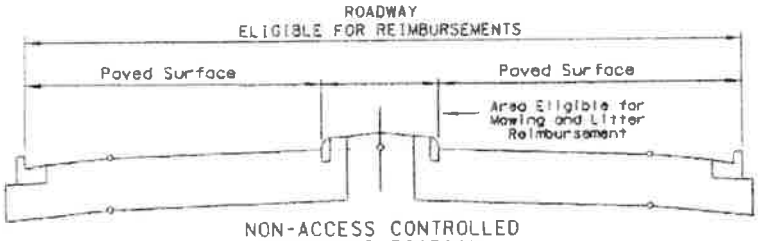
FIGURE 1C

NOTE: IN FIGURES 1A, 1B, AND 1C FOR NON-CONTROLLED ROUTES THE PAVED SURFACE WILL INCLUDE PAVED SHOULDERS.



NON-ACCESS CONTROLLED
UNDIVIDED ROADWAY
WITH CURB

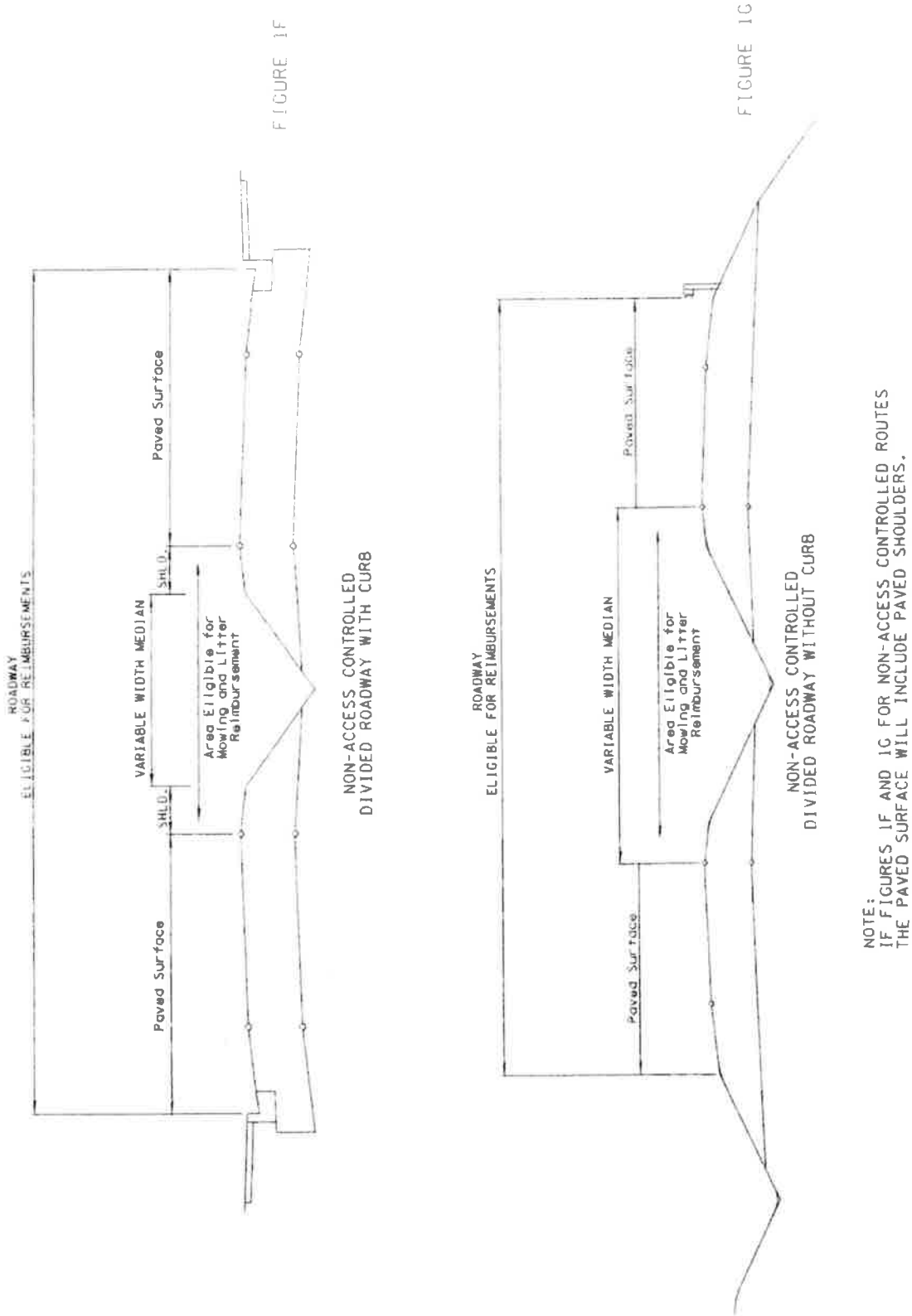
FIGURE 1D



NON-ACCESS CONTROLLED
DIVIDED ROADWAY
WITH CURB

FIGURE 1E

CITY MAINTENANCE
ROADWAY TYPICAL SECTIONS



NOTE:
IF FIGURES 1F AND 1G FOR NON-ACCESS CONTROLLED ROUTES
THE PAVED SURFACE WILL INCLUDE PAVED SHOULDERS.

CITY MAINTENANCE
ROADWAY TYPICAL SECTIONS

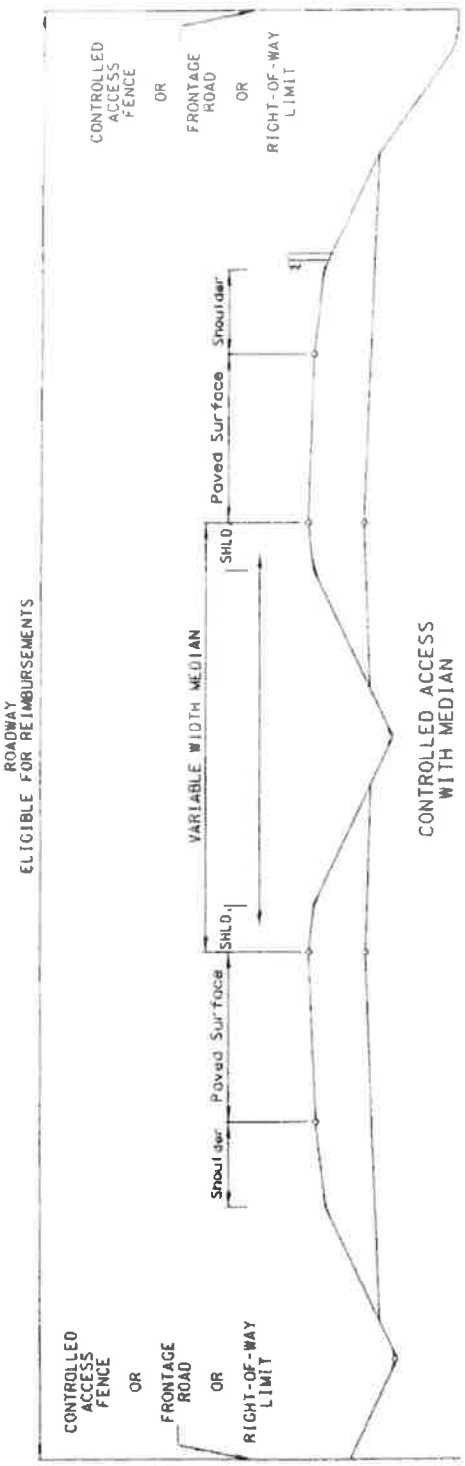


FIGURE 2A

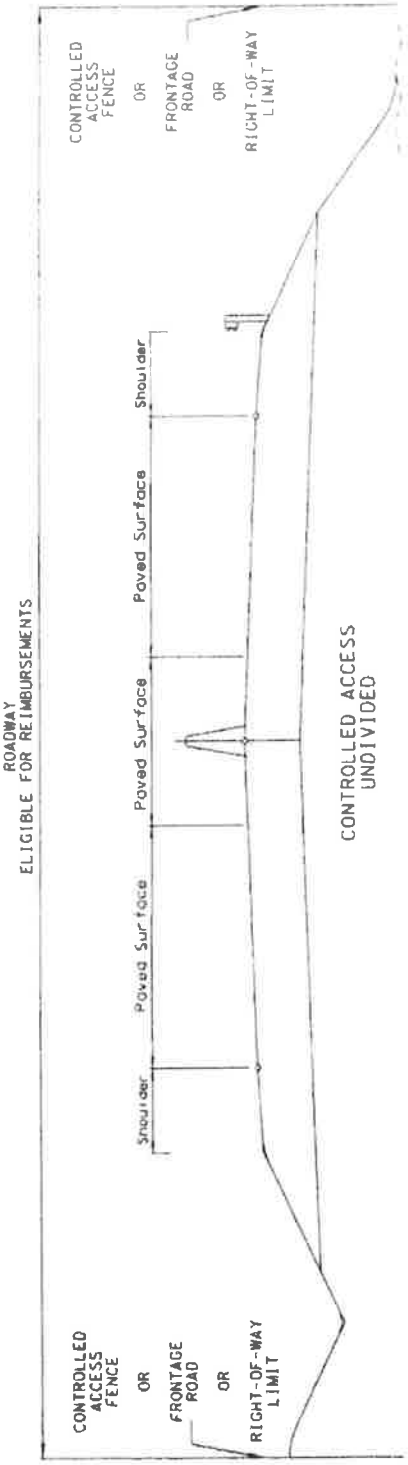


FIGURE 2B

"EXHIBIT B"

CITY OF KINGSPORT

MAXIMUM ALLOWABLE EQUIPMENT RATES

2019-2020 FISCAL YEAR

LABOR RATES **Beginning July 1, 2019 and ending June 30, 2020**

Job Title Classification	Low Rate	High Rate
Maintenance Helper	$10.73	$15.46
Maintenance Worker	11.55	16.65
Refuse/Dump Truck Driver	12.44	17.93
Traffic Maintenance Technician	13.39	19.31
Equipment Operator	13.39	19.31
Traffic Signal Technician	14.43	20.79
Heavy Equipment Operator	14.43	20.79
Crew Leader	17.15	24.72
Foreman	18.47	26.62
Streets Supervisor	20.38	29.38

1. NOTE: WHERE EMPLOYEES MIGHT BE REQUIRED TO WORK IN AN OVERTIME STATUS, REIMBURSEMENT WILL BE MADE AT TIME AND ONE-HALF (1.5 TIMES EMPLOYEE'S BASE RATE OF PAY).

2. NOTE: A FEE OF 30% FRINGE BENEFITS WILL BE CHARGED TO THE ABOVE LABOR PERFORMANCE RATES.

KINGSPORT
TENNESSEE

AGENDA ACTION FORM

Signature Authorization as Required by the Tennessee Highway Safety Office (THSO) for the Tennessee Highway Safety Office's 2018-2019 Specialized Motorcycle Enforcement Grant

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-93-2019
Work Session: May 6, 2019
First Reading: N/A

Final Adoption: May 7, 2019
Staff Work By: Capt. Gore
Presentation By: Chief Quillin

Recommendation:
Approve the Resolution.

Executive Summary:
The Tennessee Highway Safety Office (THSO) requires quarterly reports as well as other grant related documents be signed by a representative of the agency (City of Kingsport) receiving grant funds. To that effect, the THSO has included a Signature Authority Consent Form in the paperwork for the grant acceptance, which allows the Mayor to grant signatory authority to sign all grant related documents on behalf of the organization for the 2018-2019 THSO specialized motorcycle enforcement grant.

Attachments:
1. Resolution.

	Y	N	O
Adler			
Begley			
Cooper			
George			
McIntire			
Olterman			
Clark			

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A SIGNATURE AUTHORITY CONSENT FORM AND OTHER DOCUMENTS NECESSARY AND PROPER TO THE TENNESSEE HIGHWAY SAFETY OFFICE DESIGNATING THE CHIEF OF POLICE AS THE MAYOR'S DESIGNEE TO EXECUTE GRANT REPORTS AND OTHER DOCUMENTS REQUIRED BY GRANTS FROM THE TENNESSEE HIGHWAY SAFETY OFFICE

WHEREAS, the Tennessee Highway Safety Office grant, through the Tennessee Department of Safety and Homeland Security, require a new Signature Authority Consent Form for contracts, invoices, and other documents involved with the grants; and

WHEREAS, the Signature Authority Consent Form authorizes the mayor to execute formal documents, and to designate an individual as signatory authority "to sign grant documents required for reporting as contracted on behalf" of the city for a specialized motorcycle enforcement grant;

Now therefore,

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

SECTION I. That the mayor, or in his absence, incapacity, or failure to act, the vice-mayor, is authorized and directed to execute, in a form approved by the city attorney, and subject to the requirements of Article X, Section 10 of the Charter of the City of Kingsport, an Signature Authority Consent Form for contracts, invoices, and other documents with the Tennessee Highway Safety Office for a specialized motorcycle enforcement grant, said Signatory Authority Consent Form being generally as follows:

SIGNATURE AUTHORITY CONSENT FORM

I_____ as the _____ of
Name of Person Granting Signature Authority (Printed) **Title of Person Granting Authority**

_____ hereby grant the person(s) identified below signatory authority
Name of Organization Receiving Grant

for the 2018-2019 grant awarded by the Tennessee Highway Safety Office.
The following individual or individuals are entitled to sign all grant related documents on behalf of my organization.

Name and Title (Printed)	**Signature**
Name and Title (Printed)	**Signature**
Name and Title (Printed)	**Signature**

The above signatory authority granted to the above individual(s) may be revoked by me or by my organization at any time by written notice to the Tennessee Highway Safety Office.

[Acknowledgements Deleted for Inclusion in this Resolution]

SECTION II. That the mayor is authorized to designate the chief of police as his designee to complete and execute grant reports and other reporting documents, as required by the grant from the Tennessee Highway Safety Office.

SECTION III. That the board finds that the actions authorized by this resolution are for a public purpose and will promote the health, comfort and prosperity of the citizens of the city.

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

ADOPTED this the 7th day of May, 2019.

_____
JOHN CLARK, MAYOR

ATTEST:

_____
SIDNEY H. COX, CITY RECORDER

APPROVED AS TO FORM:

_____
J. MIKE BILLINGSLEY, CITY ATTORNEY

KINGSPORT
TENNESSEE

AGENDA ACTION FORM

Apply for and Receive a DOJ-Office of Justice Programs' Bureau of Justice Assistance Bulletproof Vest Partnership (BVP) Reimbursement Grant

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-95-2019
Work Session: May 6, 2019
First Reading: N/A

Final Adoption: May 7, 2019
Staff Work By: Capt. Gore
Presentation By: Chief Quillin

Recommendation:
Approve the Resolution.

Executive Summary:
The Bulletproof Vest Partnership (BVP), created by the Bulletproof Vest Partnership Grant Act of 1998 is a unique U.S. Department of Justice initiative designed to provide a critical resource to state and local law enforcement. The Office of Justice Programs' Bureau of Justice Assistance (BJA) administers the Bulletproof Vest Program.

The Police Department budgets for and purchases vests each year as they are replaced due to expiration, wear and tear, or as new officers are hired. This grant program provides reimbursement to law enforcement agencies at up to 50% of their total vest expenditures. This grant application requests approval of application for $5,525. The actual amount approved may be slightly more or less.

Attachments:
1. Resolution

	Y	N	O
Adler			
Begley			
Cooper			
George			
McIntire			
Olterman			
Clark			

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE ALL DOCUMENTS NECESSARY AND PROPER TO APPLY FOR AND RECEIVE A DEPARTMENT OF JUSTICE – OFFICE OF JUSTICE PROGRAMS' BUREAU OF JUSTICE ASSISTANCE BULLETPROOF VEST PARTNERSHIP (BVP) REIMBURSEMENT GRANT

WHEREAS, the city, through the Kingsport Police Department, would like to apply for a grant through the Department of Justice – Office of Justice Programs' Bureau of Justice Assistance, which will provide funds to assist with the acquisition of bulletproof vests; and

WHEREAS, the funds will assist the city and the Kingsport Police Department in the reimbursement to law enforcement agencies, up to fifty percent (50%) of their total vest expenditures; and

WHEREAS, this grant application requests approval of application for $5,525.00, although the actual amount approved may be slightly more or less.

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 and directed to execute, in a form approved by the city attorney, and subject to the requirements of Article X, Section 10 of the Charter of the City of Kingsport, all documents necessary and proper to apply for and receive grant funds from the Department of Justice – Office of Justice Bureau of Justice Assistance for the Bulletproof Vest Partnership Reimbursement Grant.

SECTION II. That the mayor is authorized and directed to execute any and all documents including those necessary and proper to demonstrate the city's compliance with the grant requirements or its provisions necessary to effectuate the purpose of the grant or this resolution.

SECTION III. That the board finds that the actions authorized by this resolution are for a public purpose and will promote the health, comfort and prosperity of the public.

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

ADOPTED this the 7th day of May, 2019.

_____
JOHN CLARK, MAYOR

ATTEST:

_____
SIDNEY H. COX, CITY RECORDER

APPROVED AS TO FORM:

_____

J. MICHAEL BILLINGSLEY, CITY ATTORNEY

KINGSPORT
TENNESSEE

AGENDA ACTION FORM

Right-of-Way Easement with Kingsport Power Company

To: Board of Mayor and Aldermen
From: Jeff Fleming, City Manager

Action Form No.: AF-101-2019
Work Session: May 6, 2019
First Reading: N/A

Final Adoption: May 7, 2019
Staff Work By: R. Trent
Presentation By: R. McReynolds

Recommendation:
Approve the Resolution.

Executive Summary:
AEP, d/b/a Kingsport Power Company, has requested easement across a portion of the John Sevier Middle School property. This easement will allow AEP to relocate a vital sub-transmission line underground alleviating above-ground lines in the Catawba Street area.

The resolution approves the easement and authorizes the mayor to execute the documents necessary to convey the right-of-way easement to Kingsport Power Company. While the easement is for American Electric Power, it is in the name of its subsidiary, Kingsport Power Company.

Attachment:
1. Resolution
2. Easement and Project Location Map

	Y	N	O
Adler			
Begley			
Cooper			
George			
McIntire			
Olterman			
Clark			

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A RIGHT-OF-WAY EASEMENT WITH KINGSPORT POWER COMPANY

WHEREAS, American Electric Power has requested from the City of Kingsport an easement across a portion of the John Sevier Middle School property; and

WHEREAS, in doing so, the easement will enable American Electric Power to relocate a vital sub-transmission line underground, and

WHEREAS, in order to relocate power lines and communication lines, American Electric Power has requested that the City of Kingsport execute a Right-of-Way Easement to Kingsport Power Company, a subsidiary of American Electric Power; and

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 Right-of-Way Easement with Kingsport Power Company.

SECTION II. That the board finds that the actions authorized by this resolution are for a public purpose and will promote the health, comfort and prosperity of the citizens of the city.

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

ADOPTED this the 7th day of May, 2019.

_____
JOHN CLARK, MAYOR

ATTEST:

_____
SIDNEY H. COX, CITY RECORDER

APPROVED AS TO FORM:

_____
J. MICHAEL BILLINGSLEY, CITY ATTORNEY

GRW 256 - UNDGRD – TN CORP

City of Kingsport Eas No. _____ R/W Map No. 3783-1103- D4
1324 Midland Drive W. O. No. W003151401 Job No. 19560018 Prop No. 1
Kingsport, TN 37664 Line John Sevier Middle School

THIS AGREEMENT, made this _____ day of _____, 2019, by and between **CITY OF KINGSPORT**, a municipal corporation organized and existing under the laws of the State of Tennessee, herein called "Grantor", and KINGSPORT POWER COMPANY, a Virginia corporation, herein called "Kingsport",
WITNESSETH:

That for and in consideration of the sum of One Dollar ($1.00), cash in hand paid to Grantor by Kingsport, the receipt whereof is hereby acknowledged, Grantor hereby grants, conveys and warrants to Kingsport, its successors, assigns, lessees and tenants, a right of way and easement for an electric power line or lines, and communication lines, in, on, along, through, across or under the following described lands of the Grantor situated in 11th Civil District, County of Sullivan, State of Tennessee.

On the North by ~~the lands of~~ Fess Witt Place
On the East by ~~the lands of~~ Catawba Street
On the South by ~~the lands of~~ Oak Street
On the West by ~~the lands of~~ Wateree St.

Being a right of way and easement fifteen feet (15) in width as shown shaded on that certain Kingsport Power Company drawing V-2412 entitled "Proposed Right of Way on the Property of City of Kingsport dated 4/22/2019", attached hereto and made a part hereof.

In the event Kingsport should remove all of said Kingsport's facilities from the lands of the Grantor, then all of the rights, title and interest of the party of Kingsport in the right of way and easement herein above granted, shall revert to the Grantor, its successors and assigns.

Being a right of way easement over the same property conveyed to Grantors herein by Kingsport Improvement Corporation, by deed dated April 14, 1925, and recorded in Sullivan County, Deed Book No. 208, Page 264.

Map 046O, Group E, CTL Map 046O, Parcel 042.00.

TOGETHER with the right, privilege and authority to Kingsport, its successors, assigns, lessees and tenants, to construct, erect, install, place, operate, maintain, inspect, repair, renew, remove, add to the number of, and relocate at will, underground conduits, ducts, vaults, cables, wires, transformers, pedestals, risers, pads, fixtures and appurtenances (hereinafter called "Kingsport's Facilities"), in, on, along, through, across and under the above referred to premises; the right to disturb the surface of said premises and to excavate thereon, and to cut down, trim, clear and/or otherwise control, and at Kingsport's option, remove from said premises, brush, undergrowth, trees, tree roots, shrubs, buildings or other obstructions which may endanger the safety of, or interfere with the use of Kingsport's Facilities; and the right of ingress and egress to and over said above referred to premises, and any of the adjoining lands of the Grantors at any and all times, for the purpose of exercising and enjoying the rights herein granted, and for doing anything necessary or useful or convenient in connection therewith.

It is understood and agreed between the parties hereto, that the Grantor reserves the right to use said lands in any way not inconsistent with the rights herein granted.

TO HAVE AND TO HOLD the same unto Kingsport Power Company, its successors, assigns, lessees and tenants.

It is agreed that the foregoing is the entire contract between the parties hereto, and that this written agreement is complete in all its terms and provisions.

IN WITNESS WHEREOF, Grantor has caused its corporate name and seal to be hereunto affixed the day and year first above written.

CITY OF KINGSPORT

By: _____
Mayor

Attest: _____
City Recorder

STATE OF TENNESSEE)
) To-wit:
COUNTY OF _____)

Before me _____ of the State and County aforesaid, personally appeared _____, with whom I am personally acquainted and who, upon oath, acknowledge himself/herself to be Mayor of City of Kingsport Tennessee, the within named bargainor, a municipal corporation, and that he/she as such Mayor, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as Mayor.

Witness my hand and official seal in _____ County, State of _____, this the ____ day of _____, 2019.

_____
Notary Public

My Commission expires:

_____

I, or we, hereby swear or affirm that the actual consideration for this transfer or value of the property transferred, whichever is greater, is $____1.00_____, which amount is equal to or greater than the amount which the property transferred commanded at a fair and voluntary sale.

KINGSPORT POWER COMPANY

By: _____

STATE OF TENNESSEE)
) To-wit:
COUNTY OF _____)

Subscribed and sworn to before me this the _____ day of _____, 2019.

_____
Notary Public

My Commission Expires:

_____

15' Proposed Easement

N

Kingsport, Tennessee
T.D. 501010
Map - 3783-110.3-04

Kingsport Power Company			
KINGSPORT DISTRICT			
PROPOSED RIGHT OF WAY ON THE PROPERTY OF CITY OF KINGSPORT			
DRAWN BY:	KJB	DATE:	4/22/2019
APP. BY:	KJB	SCALE:	NONE
SHEET 1 OF 1			
DRAWING NO.	V-2412		

MEMORANDUM

April 30, 2019

TO: Board of Mayor and Aldermen

FROM: Ryan McReynolds, Asst. City Manager / Public Works Director

SUBJECT: Full Circumstantial Report - Emergency Purchase of Rental Equipment for WWTP Influent Pump Station

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In accordance with the City Code (Section 2-605), authorization to make purchases in and for apparent or actual emergency situations affecting the immediate health, safety and general welfare of the city is provided. This report fulfills the process for an emergency purchase of rental equipment, and shall be filed in the minutes of the Board of Mayor and Aldermen meeting of May 7, 2019.

The WWTP influent pump station is equipped with six pumps providing service to avoid sewage back up and overflowing the system. Five of six pumps became inoperable causing the immediate coordination with Godwin for equipment to bypass the main pump house.

As discussed in one-on-ones with the BMA concerning this incident, a memo was signed by the Public Works Director and City Manager on April 30, 2019 for approval to proceed with processing payment for rental equipment in the amount of $283,164.34.

Attachments:

1. Memo of Description & Approval for Emergency Purchase of Rental Equipment
2. Original Memo Emergency Purchase WWTP Influent PH

Memo

To: Ryan McReynolds P.E., Assistant City Manager of Operations

From: Niki Ensor, W/WW Facilities Manager

Date: April 30, 2019

Re: Approval for Emergency Purchases for WWTP Influent Pump Station

This memo is to request approval for emergency purchases related to repair of the WWTP influent pump station.

October 5, 2018, operators discovered the first and second levels of the WWTP influent pump room flooded with sewer. Sewage covered a portion of the pump motors and the electrical switchgear on the second floor. Only one pump continued to operate. The remaining 5 pumps were inoperable. With the source of the failure and the extent of the damage unknown, we immediately began to coordinate with Godwin to bypass the main pump house.

Maintenance staff worked to dewater the building to find the source of the failure and evaluate the damaged equipment. Once the water level was pumped down to approximately 4' it was discovered that the #4 pump seal failed. The suction and discharge valves were closed to prevent any additional water from entering the pump room. In the meantime, Dale McMurray was able to get a second pump running preventing any overflows in the system.

WWTP operations require a minimum of two pumps to operate during dry weather to avoid backing up and overflowing the system. As of today, we have three operating pumps. We are expecting delivery of equipment today that should allow us to get two more pumps operational. As the equipment continues to operate we may become aware of additional issues. We intend on keeping the bypass in place until we are confident we can operate without causing a violation of our permit. Although we cannot say for certain, we expect the Godwin bypass equipment to be our only emergency expenditure that would not meet our procurement policies.

This memo must be signed and approved by the Department Head and City Manager in order to proceed with the payments of the emergency purchase of rental equipment for the WWTP Influent Pump Station.

Approval

Ryan McReynolds, P.E., Assistant City Manager of Operations

4-30-19

Date

Jeff Fleming, City Manager

4-30-19

620 West Industry Drive Kingsport, TN 37664 (423) 224-2487

Memo

To: Ryan McReynolds P.E., Assistant City Manager of Operations

From: Niki Ensor, W/WW Facilities Manager

Date: October 9, 2018

Re: Approval for Emergency Purchases for WWTP Influent Pump Station

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