



AGENDA

BOARD OF MAYOR AND ALDERMEN WORK SESSION

**Monday, November 5, 2018, 4:30 p.m.
City Hall, 225 W. Center St., Council Room, 2nd Floor**

Board of Mayor and Aldermen

Mayor John Clark
Vice Mayor Mike McIntire, Presiding
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
Jim Demming, City Recorder/Chief Financial Officer
David Quillin, Police Chief

Scott Boyd, Fire Chief
Lynn Tully, Development Services Director
George DeCroes, Human Resources Director
Heather Cook, Marketing and Public Relations Director

1. Call to Order
2. Roll Call
3. KEDB / NETWORKS – Bill Dudney, Craig Denison & Clay Walker
4. KPT Police Dept. – Chief Quillin
5. Surplus Property Disposal Policy – Lynn Tully
6. Review of Items on November 6, 2018 Business Meeting Agenda
7. Adjourn

Next Work Session, Nov. 19: CareHere, Symphony of the Mountains, Inventor Center

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



1 Carousel Park

The playground equipment and subgrade should be completed in early November. Surface installation is next.

2 West Lynn Garden Paving

Paving in West Lynn Garden is currently happening on Lynn Ave and Tiptop Ave.

3 Bays Mountain Dam Repair

The scaffolding has been installed so the spillway rehabilitation can begin.

4 Lynn View Community Center Gym

The Lynn View gymnasium was repainted to improve the appearance and reduce overall upkeep of facility.

5 Borden Park Tennis Courts

Renovation of the courts included new vinyl coated fencing, new nets and posts, new windscreens and resurfacing of the court.

Status Updates on Active Projects sorted by Cost

Estimated Cost	Project Owner	Project Manager	Project Name	Project #	Completion Date	CurrentStatus
\$7,500,000.00	Ryan McReynolds	Thompson, Michael	SR 347 (Rock Springs Road) [State & MTPO funded]	No City Funds	12/31/2020	Preliminary design plans are near completion. A public design meeting is being planned for Fall 2018.
\$6,600,000.00	Niki Ensor	Niki Ensor	Water & Wastewater Facilities SCADA/Telemetry Project	WA1700/ SW1700/ SW1603	4/1/2019	8/16/18 - Held 60% plans review for WTP and SLS. Continue to work on radio pathway study for remote water sites.
\$4,400,000.00	Niki Ensor	Niki Ensor	WWTP Electrical Improvements	SW1800	9/1/2019	Expect 90% plans for staff review October 12th, 90% plans review meeting October 22nd and 100% plans on November 14th.
\$4,186,000.00	Chris McCartt	Melton, Dawn	New KATS Transit Center	GP1718	3/8/2019	Light poles being installed; Insulation on ceiling being installed.
\$3,867,000.00	Chad Austin	Hank Clabaugh	Border Regions Sewer Extensions		2/17/2020	Ongoing field survey.
\$3,750,000.00	Niki Ensor	Niki Ensor	Chemical Feed Design	WA1403	4/1/2019	90% design complete. Project is on hold until funding becomes available.
\$3,740,000.00	Niki Ensor	Niki Ensor	West Kingsport Forcemain and Pump Station Improvements	SW1708	6/1/2019	Continue to work on two easements. Meeting with property owner on 8/22/18.
\$3,300,000.00	Michael Thompson	Thompson, Michael	Indian Trail Drive Extension	GP1615	6/30/2021	Still awaiting RPAI (East Stone Commons Owner) coordination with designer on access needs.
\$1,700,000.00	Michael Thompson	Thompson, Michael	Main Street Rebuild [City & MTPO Funded]	GP1516	4/1/2020	Preliminary plans comments returned from TDOT and addressed. Work continues towards Right of Way Plans submission (70%).
\$1,405,205.65	Public Works	Clabaugh, Hank	2018 Contracted Paving - Area 10: West Lynn Garden		11/16/2018	Ongoing work includes Tranbarger area and side roads.
\$1,300,000.00	Chad Austin	Pamela Gilmer	Phase 4 Water Improvements		8/19/2019	TDEC approval received.
\$961,140.00	Michael Thompson	Elsea, Tim	Stone Drive - Phase 2 (SR 1, US 11W) Sidewalk Improvements from Stonebrook Place Pvt. Dr. to Lynn Garden Drive [95% State Funded 5% City]	GP1725	8/31/2020	Mattern & Craig has received design comments and are addressing/reviewing.
\$940,000.00	Kitty Frazier	Clabaugh, Hank	Kingsport Greenbelt - Eastern Extension - Phase 1 [Fed. Grant & City funded]	GP1529	11/1/2019	ROW certification approved 8/10/2018. Specification updates approved. Awaiting TIP Adjustment approval and then Notice to Proceed for Construction phase.
\$697,475.00	Michael Thompson	Thompson, Michael	Stone Drive - Phase 1 (SR 1, US 11W) Sidewalk Improvements from Stonebrook Place Pvt. Dr. to American Way [95% State Funded 5% City]	GP1623	12/7/2019	Finalizing design plans based on meeting with Pratts and discussions with TDOT.

Estimated Cost	Project Owner	Project Manager	Project Name	Project #	Completion Date	CurrentStatus
\$668,835.40	Public Works	Clabaugh, Hank	2018 Contracted Paving - Main Roads: Ridgefields, Ft Robinson, Rivermont		11/16/2018	Work expected to begin during week of November 5.
\$619,720.46	Michael Thompson	Thompson, Michael	Signalization of the SR 126 (Memorial Blvd. at Island Road Intersection [State & MTPO Funded])	MPO15A	11/12/2018	Signal was put on flash 10/9/18. It will flash for 7 days. The signal will go into full operation on 10/17/18.
\$577,000.00	Niki Ensor	Sam Chase	Tri-County Tank Replacement Project	WA1705	2/22/2019	Concrete foundation work begin week of 11/5. Steel panels delivery week of 11/12. Estimated 5-6 weeks to weld steel panels.
\$420,000.00	Rob Cole	Harris, David	Bays Mountain Dam Rehabilitation (2017-C28)	GP1711	12/22/2018	Spillway repair work continues
\$415,000.00	Chad Austin	Chris Alley	SR 93- Fall Branch section (TDOT)		12/31/2020	Project moved to 2019; "B Date" package due 9/26/2018; TDOT Letting Date: December 2018
\$384,689.00		Elsea, Tim	Area 10 Concrete - Phase 1	GP1846/G P1914	2/18/2019	Contractor anticipates starting work on 10/22/2018.
\$365,167.20	Chad Austin	Hank Clabaugh	Border Regions Area 3 Water Upgrades	WA1806	11/25/2018	Line testing on the new 12" on Fordtown Road is ongoing. New 8" waterline has been installed up to the intersection with Snapps Ferry Road.
\$352,000.00	Chad Austin	Chris Alley	SR 93- Horse Creek/Derby Drive Section (TDOT)		12/31/2021	Project moved to 2020; "B Date" package due 9/25/2019; TDOT Letting Date: December 2019
\$350,000.00	Rob Cole	Austin, Chad	Bays Mountain Septic System Upgrades	GP1704	4/26/2019	Working on estimate to do some work in-house.
\$288,000.00	Chris McCartt	Hickman, Mike	Carousel Park		12/15/2018	Equipment installed. Final surface installation to begin Nov. 5.
\$278,000.00	David Edwards	David Edwards	Bloomington Culvert Replacement		4/1/2019	ARAP received from TDEC. Mattern & Craig finalizing plans for bid.
\$262,770.00	Chris McCart	Melton, Dawn	Lynn View Community Center Site Improvements Phase 2	GP1802	1/7/2019	Barge to approve final shop drawings for metal buildings today.
\$208,682.50	Tim Elsea	Gilmer, Pamela	Indian Trail Drive at Stone Drive Intersection Improvements	2017-C14	1/18/2019	Demolition work underway. Contractor has begun installing base stone for new lane.
	Niki Ensor	Niki Ensor	SLS Rehab and Replacement	SW1702	3/31/2019	Entered into an agreement with LDA Engineers for design.

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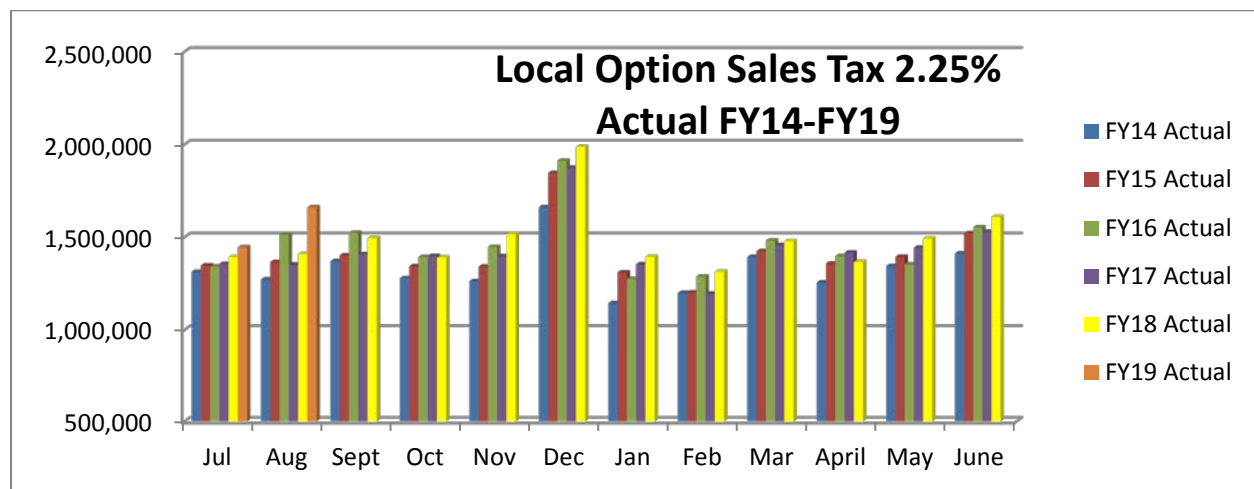
BMA Report, November 5, 2018

Financial Comments – Judy Smith



Local Option Sales Tax 2.25% - Five Year History

	FY14	FY15	FY16	FY17	FY18	FY19	Adopted		Variance		% of Growth
	Actual	Actual	Actual	Actual	Actual	Actual	FY19	FY19 Over/	FY19 Over/Under	Prev. Year Actual	FY19 Over/Under
							Budget	Under Budget			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		\$ 1,517,534				
Oct	\$ 1,278,027	\$ 1,342,308	\$ 1,392,699	\$ 1,397,511	\$ 1,389,451		\$ 1,449,212				
Nov	\$ 1,261,963	\$ 1,340,457	\$ 1,446,687	\$ 1,396,643	\$ 1,515,210		\$ 1,495,411				
Dec	\$ 1,661,378	\$ 1,845,794	\$ 1,911,650	\$ 1,873,531	\$ 1,985,601		\$ 1,991,377				
Jan	\$ 1,143,685	\$ 1,309,305	\$ 1,274,292	\$ 1,353,575	\$ 1,392,917		\$ 1,377,116				
Feb	\$ 1,198,993	\$ 1,201,182	\$ 1,287,536	\$ 1,194,890	\$ 1,312,713		\$ 1,325,780				
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	\$ 3,104,916	\$ 18,134,740	\$ 183,959	\$ 304,650	10.84%	6.20%





**Policy Procedure
for Disposal of Surplus Property
for Residential Use**

Document Name:	Disposal of Surplus Property for Residential Use
Effective Date:	November 1, 2018
Document Status:	Active

1.0 Purpose

The purpose of this policy includes:

- to establish a preferred method for sale and disposition of city owned real property for residential use and homeownership that has been declared surplus by the city;
- to allow opportunity for properties to return to the tax rolls and return to active use and maintenance; and
- to serve the best interests of the city.

2.0 Policy Scope

This policy applies to city owned real property for residential use and homeownership that has been declared surplus.

3.0 Related Policies and Procedures

This policy operates in compliance with the requirements set out in Article X, Section 5 of the Kingsport City Charter and Section 2-569 - General Procedure for disposition of city-owned property and Section 2-570 - Procedures for Disposal - Real Property in the Kingsport City Code.

4.0 Policy Owners

City Recorder/Chief Finance Officer assisted by:

- City Clerk;
- Development Services Director; and
- City Attorney.



Policy Procedure
for Disposal of Surplus Property
for Residential Use

5.0 Procedures

Real property subject to this policy that has been declared surplus in accordance with Sec. 2-569 and 2-270 of the City's Code of Ordinances shall follow the following procedures for disposal:

- 5.1 The city recorder will advise the community development director that the surplus property is available and disposal will be conducted per city ordinance.
- 5.2 The property may be leased under such terms and conditions as may be negotiated by the city recorder, subject to the final approval of the board of mayor and aldermen.
- 5.3 Nothing herein prohibits the mutual exchange of such property, except as otherwise prohibited by law, when, after an appraisal to determine the value of the respective properties considered for exchange, such an exchange is deemed to be in the best interests of the city, subject to final approval by the board of mayor and aldermen.
- 5.4 If the real property is of nominal value, or the value would be less than the cost of an appraisal and the disposal is for the convenience of the city, the requirement for an appraisal may be waived and the property may be disposed of, subject to final approval of the board of mayor and aldermen.
- 5.5 Except when the requirement for an appraisal is waived by the board of mayor and aldermen or as otherwise provided in this policy, the property shall be appraised by one or more qualified real estate appraisers. The name of the appraiser shall be kept on file in the office of the city recorder.
- 5.6 Real property subject to this policy will be periodically reviewed by staff with an alderman, designated by the board of mayor and aldermen, to determine suitability for sale, and if determined suitable for sale will generally be sold using the following process:



Policy Procedure
for Disposal of Surplus Property
for Residential Use

- 5.6.1 Property identified as suitable for sale will be placed on a potential surplus listing available to the public, and can be displayed on a webpage hosted by the city.
 - 5.6.1.1 Property identified as suitable for can be advertised for sale by sealed bid, and bid documents will be prepared by the city clerk with review and approval of the development services director and city attorney's office.
 - 5.6.1.2 Advertisement of Bids can be by several methods including:
 - a. Local newspaper ad in the legal section;
 - b. email notification to local real estate boards (Bristol, NETAR, and any others);
 - c. Letters sent to adjacent property owners;
 - d. Letters or emails sent to local housing related non-profits including Greater Kingsport Homebuilders association, Habitat for Humanity, Eastern Eight CDC, Greater Kingsport Alliance for Development; and
 - e. Letters or emails sent to anyone previously expressing an interest in the property as contact information is available.
 - 5.6.1.3 All advertisement and property questions will be handled by the city clerk.
 - 5.6.1.4 Advertised properties will have a reserve bid, typically 10% less than the appraised value where available.
 - 5.6.1.5 Bids will be advertised with a closing date on or about 30 days from the bid opening.



**Policy Procedure
for Disposal of Surplus Property
for Residential Use**

- 5.6.1.6 Bids will be opened monthly at 11:15am on the fourth Monday of each month as necessary
- 5.6.1.7 If multiple bids are received the staff will convene to review each bid and proposal and the city recorder shall recommend a single proposal to the Board of Mayor and Alderman for sale.
- 5.6.1.8 If a single bid is received and it meets all other conditions including the reserve price then it will automatically be recommended to the Board of Mayor and Alderman for sale by the city recorder.
- 5.7 Nothing in this policy shall preclude the sale of property by public auction or private sale, if the board of mayor and alderman determine it is in the best interest of the city.
- 5.8 All sale documents will be prepared by the city clerk with review and approval of the city attorney's office.
- 5.9 All closings will be through the city attorney's office.
- 6.0 **Exceptions**
Notwithstanding anything in this policy to the contrary the board of mayor and aldermen may waive any requirement or provision herein and dispose of the property as it determines is in the best interest of the city.

Document History: latest Draft 10/09/18



AGENDA

BOARD OF MAYOR AND ALDERMEN

BUSINESS MEETING

Tuesday, November 6, 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
James Demming, City Recorder/Chief Financial Officer
David Quillin, Police Chief
Scott Boyd, Fire Chief
Lynn Tully, Development Services Director
George DeCroes, Human Resources Director
Heather Cook, Marketing and Public Relations Director

I. CALL TO ORDER

II.A. PLEDGE OF ALLEGIANCE TO THE FLAG – Led by New Vision Youth

II.B. INVOCATION – Pastor Chris Brown, Colonial Heights United Methodist Church

III. ROLL CALL

IV.A. RECOGNITIONS & PRESENTATIONS

None

IV.B. APPOINTMENTS

1. Appointments to the Neighborhood Advisory Commission (AF: 252-2018) (Mayor Clark)
 - Appointments

V. APPROVAL OF MINUTES

1. Called Work Session – October 9, 2018
2. Work Session – October 15, 2018
3. Business Meeting – October 16, 2018

VI. COMMUNITY INTEREST ITEMS

A. PUBLIC HEARINGS

None

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 Adjustment Ordinance for FY19 (AF: 229-2018) (Jeff Fleming)
 - Ordinance – First Reading
2. Amend the Fiscal Year Budget for the Addition of One (1) Position within the Senior Citizens Center Division of the Community Services Department (AF: 250-2018) (Chris McCartt)
 - Ordinance – First Reading

C. BUSINESS MATTERS REQUIRING FINAL ADOPTION

1. Budget Ordinance to Appropriate \$23,284.00 from the USDOJ / Bureau of Justice Assistance Grant FY 2019 Local Solicitation (AF: 238-2018) (David Quillin)
 - Ordinance – **Second Reading & Final Adoption**
2. Appropriate \$9,720.00 from the USDOJ/Office of Justice Programs, Bulletproof Vest Partnership Funding (AF: 243-2018) (David Quillin)
 - Ordinance – **Second Reading & Final Adoption**
3. Amend the General Project Fund Budget by Appropriating General Obligation Public Improvement Bond Series 2018 (AF: 239-2018) (Jeff Fleming)
 - Ordinance – **Second Reading & Final Adoption**
4. Budget Adjustment Ordinance for FY19 (AF: 240-2018) (Jeff Fleming)
 - Ordinance – **Second Reading & Final Adoption**

5. Ordinance to Appropriate Partnership Support Grant from East Tennessee Foundation (AF: 245-2018) (Chris McCartt)

- Ordinance – **Second Reading & Final Adoption**

D. OTHER BUSINESS

1. Approve a Policy with ReliaStar Life Insurance Company for Stop Loss Insurance Coverage (AF: 247-2018) (George DeCroes)
 - Resolution
2. Approve Contract with the Tennessee Department of Transportation Accepting Federal and State Transportation Planning Funds on Behalf of the Kingsport MTPo (AF: 249-2018) (Bill Albright)
3. Awarding the RFP for Temporary Employment Services (AF: 251-2018) (George DeCroes)
 - Resolution
4. Approve a Lease Agreement with Precision Explosives (AF: 253-2018) (Lynn Tully)
 - Resolution

VII. CONSENT AGENDA

None

VIII. COMMUNICATIONS

- A. City Manager
- B. Mayor and Board Members
- C. Visitors
- D. Report on Debt Obligations, Series 2018A, 2018B and 2018C

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



AGENDA ACTION FORM

Appointments to the Neighborhood Advisory Commission

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

Action Form No.: AF-252-2018
 Work Session: November 5, 2018
 First Reading: N/A

Final Adoption: November 6, 2018
 Staff Work By: Commission
 Presentation By: Mayor Clark

Recommendation:

Approve appointments/reappointments.

Executive Summary:

It is recommended to appoint Julie Hammonds to fulfill the unexpired term of Lora Barnett. Julie resides in Colonial Heights; a native of Louisiana and has lived in Kingsport with her husband and two daughters since 2006. She currently works for Sunbelt Supply Co., a division of FloWorks International. She is a member of the Insight KCS Class of 2018, a mentor for tnAchieves, tutors weekly for the Literacy Council of Kingsport and previously served as a board member of Family Promise of Greater Kingsport. If approved by the Board of Mayor and Aldermen, Julie's appointment will begin January 1, 2019 and the term will expire December 31, 2020.

It is also recommended to reappoint the following to a three-year second term – Spencer Snook, Jessica Slaughter, Deborah Mullins and Margo Seay. If approved by the Board of Mayor and Aldermen, their term will expire December 31, 2021.

Attachments:

None

	<u>Y</u>	<u>N</u>	<u>O</u>
Adler	—	—	—
Begley	—	—	—
Cooper	—	—	—
George	—	—	—
McIntire	—	—	—
Olterman	—	—	—
Clark	—	—	—

Minutes of the CALLED Work Session of the
Board of Mayor and Aldermen, City of Kingsport, Tennessee
Tuesday, October 9, 2018, 2:00 PM
Council Room – City Hall

PRESENT: Board of Mayor and Aldermen

Mayor John Clark

Vice-Mayor Mike McIntire

Alderman Jennifer Adler

Alderman Joe Begley

Alderman Betsy Cooper

Alderman Colette George

(arrived at 2:20 pm)

Alderman Tommy Olterman

City Administration

Jeff Fleming, City Manager

J. Michael Billingsley, City Attorney

James H. Demming, City Recorder

1. **CALL TO ORDER:** 2:00 p.m. by Mayor Clark.

2. **ROLL CALL:** By City Recorder Demming

3. **PROJECT REVIEW OF SUMMIT ADVISORY COMMISSION AND DOWNTOWN MASTER PLAN.** Ms. Jane Henry provided a review of the journey since the Mayor's Summit was held three years ago to the formation of the commission and the steps they have taken since that time. City Manager Fleming then highlighted many milestone projects that have been completed over the last twenty years, pointing out the consensus of city leadership has always been to move forward. Assistant City Manager Chris McCartt gave a recap on the previously recommended Outdoor Venue project. Development Services Directory Lynn Tully did the same for the Riverfront project recommendation.

City Planner Nathan Woods then provided information on projects that extend beyond the original five that were recommended. He identified new parks and streetscapes that were a result of the downtown master plan recommendation. Mr. McCartt gave details on and indoor entertainment venue downtown, discussing the possibility of renovating the State Theatre. He also mentioned the constructing a new minor league baseball stadium, which would also take the place of the outdoor venue project.

Discussion followed on next steps. Vice-Mayor McIntire stated he would like to see a spreadsheet listing the projects and costs and if they could or could not be broken into phases. Each Alderman gave a summary of the projects they felt should move forward and staff provided further details as needed. Julie Gunn, Angela Vachon and Calvin Snead made comments. Mr. Fleming then recapped the direction from the board for staff to move forward.

4. **ADJOURN.** Seeing no other matters presented for discussion at this work session, Mayor Clark adjourned the meeting at 4:05 p.m.

ANGELA MARSHALL
Deputy City Recorder

JOHN CLARK
Mayor

Minutes of the Regular Work Session of the
Board of Mayor and Aldermen, City of Kingsport, Tennessee
Monday, October 15, 2018, 4:30 PM
Council Room – City Hall

PRESENT: Board of Mayor and Aldermen

Mayor John Clark

Vice-Mayor Mike McIntire

Alderman Jennifer Adler

Alderman Joe Begley

Alderman Betsy Cooper

Alderman Colette George

Alderman Tommy Olterman

(left at 5:05 p.m.)

City Administration

Jeff Fleming, City Manager

J. Michael Billingsley, City Attorney

Lisa Winkle, Deputy City Recorder/Comptroller

1. **CALL TO ORDER:** 4:30 p.m. by Mayor Clark.
2. **ROLL CALL:** By Deputy City Recorder Angie Marshall.
3. **VISIT KINGSFORT.** Jud Teague and Frank Lett gave a presentation on all of the events that have taken place over the last six months, highlighting the Long Island ice tea competition campaign with New York and the World Longest Drive event at Meadowview, both of which made national headlines.
4. **MIRACLE FIELD.** Jud Teague presented this item, noting this project would be coming back to the board after the first of the year when more detailed and finalized information would be available.

At this time, there was some further discussion on moving the power poles on Main Street and the Memorandum of Understanding with Kingsport Power. This item did not get a second at a previous meeting, therefore no action was taken. Alderman Cooper was not present for the original discussion and Alderman Adler summarized what was presented to the board. Alderman Olterman stated he may have made the wrong decision in not supporting this item. City Attorney Billingsley confirmed it could be brought back before the board according to Robert's Rules of Order. The mayor determined there was a majority in favor of moving forward and asked staff to add this item to the agenda for tomorrow's business meeting.

Note: Alderman Olterman left the meeting after this discussion..

5. **PROJECTS STATUS.** Mr. Fleming provided information on this item.
6. **REVIEW OF AGENDA ITEMS ON THE OCTOBER 16, 2018 REGULAR BUSINESS MEETING AGENDA.** City Manager Fleming and members of staff gave a summary or presentation for each item on the proposed agenda. There were no items that were discussed at greater length or received specific questions or concerns.

**Minutes of the Regular Work Session of the Board of Mayor and Aldermen of
Kingsport, Tennessee, Monday, October 15, 2018**

7. **ADJOURN.** Seeing no other matters presented for discussion at this work session, Mayor Clark adjourned the meeting at 5:27 p.m.

ANGELA MARSHALL
Deputy City Recorder

JOHN CLARK
Mayor

Minutes of the Regular Business Meeting of the
Board of Mayor and Aldermen of the City of Kingsport, Tennessee
Tuesday, October 16, 2018, 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
Lisa Winkle, Deputy City Recorder/Comptroller

- I. **CALL TO ORDER:** 7:00 p.m., by Mayor John Clark.
- II.A. **PLEDGE OF ALLEGIANCE TO THE FLAG:** Andrew Ketron, Fire Department
- II.B. **INVOCATION:** Carl Strickler, Retired Minister.
- III. **ROLL CALL:** By Deputy City Recorder Winkle. All Present.
- IV.A. **RECOGNITIONS AND PRESENTATIONS.**
 - 1. Fire Academy Graduates (Chief Boyd, Barry Brickey & Gene Lady)
 - 2. 9/11 Stair Climb Crew (Mayor Clark & Chief Boyd)
- IV.B. **APPOINTMENTS/REAPPOINTMENTS.** None.
- V. **APPROVAL OF MINUTES.**

Motion/Second: McIntire/Cooper, to approve minutes for the following meetings:

- A. October 1, 2018 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. Ms. Susan Quay wanted the board to be aware about issues she has been having on her property in the county. Ms. Betsy Puckett made comments on several items. Ms. Jerry Riddle and Ms. Dana Salyers commented on the homeless in the area of Fort Robinson Drive.

**Minutes of the Regular Business Meeting of the Board of Mayor and Aldermen
of the City of Kingsport, Tennessee, Tuesday, October 16, 2018**

B. BUSINESS MATTERS REQUIRING FIRST READING.

1. Budget Ordinance to Appropriate \$23,284.00 from the USDOJ/Bureau of Justice Assistance Grant FY19 Local Solicitation (AF: 238-2018) (David Quillin).

Motion/Second: Begley/McIntire, to pass:

AN ORDINANCE TO AMEND THE JUSTICE ASSISTANT GRANT FUND BUDGET BY APPROPRIATING GRANT FUNDS RECEIVED FROM THE STATE OF TENNESSEE OFFICE OF CRIMINAL JUSTICE PROGRAMS FOR THE YEAR ENDING JUNE 30, 2019; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on first reading: All present voting "aye."

2. Appropriate \$9,720.00 from the USDOJ/Office of Justice Programs, Bulletproof Vest Partnership Funding (AF: 243-2018) (David Quillin).

Motion/Second: George/Olterman, to pass:

AN ORDINANCE TO AMEND THE GENERAL PROJECT-SPECIAL REVENUE FUND BUDGET BY APPROPRIATING GRANT FUNDS RECEIVED FROM THE DEPARTMENT OF JUSTICE FOR THE YEAR ENDING JUNE 30, 2019; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on first reading: All present voting "aye."

3. Amend the General Project Fund Budget by Appropriating General Obligation Public Improvement Bond Series 2018 (AF: 239-2018) (Jeff Fleming).

Motion/Second: McIntire/Adler, to pass:

AN ORDINANCE TO AMEND THE GENERAL PROJECT FUND, THE WATER AND SEWER FUND PROJECT BUDGETS BY APPROPRIATING GENERAL OBLIGATION PUBLIC IMPROVEMENT BOND, SERIES 2018; FOR THE FISCAL YEAR ENDING JUNE 30, 2019; AND, TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on first reading: All present voting "aye."

4. Budget Adjustment Ordinance for FY19 (AF: 240-2018) (Jeff Fleming).

Motion/Second: McIntire/George, to pass:

AN ORDINANCE TO AMEND VARIOUS PROJECTS FOR THE YEAR ENDING JUNE 30, 2019; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on first reading: All present voting "aye."

5. Ordinance to Appropriate Partnership Support Grant from East Tennessee Foundation (AF: 245-2018) (Chris McCartt).

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Motion/Second: George/Begley, to pass:

AN ORDINANCE TO AMEND THE GENERAL PROJECT SPECIAL REVENUE FUND BUDGET BY APPROPRIATING GRANT FUNDS RECEIVED FROM THE EAST TENNESSEE FOUNDATION FOR THE YEAR ENDING JUNE 30, 2019; AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

Passed on first reading: All present voting "aye."

C. BUSINESS MATTERS REQUIRING FINAL ADOPTION.

1. Appropriate Funds from the Tennessee Highway Safety Office (THSO) 2018-2019 Grant (AF: 228-2018) (David Quillin).

Motion/Second: George/Adler, to pass:

ORDINANCE NO. 6763, 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

Passed on second reading in a roll call vote: Clark, Adler, Begley, Cooper, George, McIntire and Olterman voting "aye."

2. Acceptance and Appropriation of Contura Energy Services Gift (AF: 232-2018) (Barry Brickey, Scott Boyd).

Motion/Second: Cooper/George, to pass:

ORDINANCE NO. 6764, AN ORDINANCE TO AMEND THE GENERAL PROJECT-SPECIAL REVENUE FUND BUDGET BY APPROPRIATING DONATED FUNDS TO THE CONTURA ENERGY SERVICES PROJECT FOR THE YEAR ENDING JUNE 30, 2019; 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. Bid Award for the Purchase of Seventeen (17) 4X4 Regular Cab Stake Bed Trucks (AF: 218-2018) (Ryan McReynolds, Steve Hightower).

Motion/Second: Cooper/McIntire, to pass:

Resolution No. 2019-057, A RESOLUTION AWARDDING THE BID FOR THE PURCHASE OF SEVENTEEN 4X4 REGULAR CAB STAKE BED TRUCKS TO WORLDWIDE FORD SALES AND AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE ORDER FOR THE SAME

Passed: All present voting "aye."

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**2. Purchase Order for Refurbishment of Explosive Ordinance
Disposal Robot (AF: 234-2018) (David Quillin)**

Motion/Second: McIntire/Adler, to pass:

Resolution No. 2019-058, A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE ORDER FOR THE REFURBISHMENT OF THE EXPLOSIVE ORDINANCE DISPOSAL ROBOT FOR THE KINGSPORT POLICE DEPARTMENT

Passed: All present voting "aye."

**3. Authorize the Mayor to Execute a Signature Authorization
Allowing the Chief of Police or His Designee to Complete Grant Reports as
Required by the U.S. Department of Justice for JAG #2018-DJ-BX-0324 (AF: 237-
2018) (David Quillin).**

Motion/Second: George/Cooper, to pass:

Resolution No. 2019-059, A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A SIGNATURE AUTHORITY CONSENT FORM AND OTHER DOCUMENTS NECESSARY AND PROPER TO THE UNITED STATES DEPARTMENT OF JUSTICE AND TO DESIGNATE THE CHIEF OF POLICE AS HIS DESIGNEE TO EXECUTE GRANT REPORTS AND OTHER DOCUMENTS REQUIRED BY THE GRANTS FROM THE UNITED STATES DEPARTMENT OF JUSTICE

Passed: All present voting "aye."

**4. Apply for and Receive a Grant for Up to \$25,000 from Firehouse
Subs Public Safety Foundation (AF: 236-2018) (David Quillin).**

Motion/Second: George/Olterman, to pass:

Resolution No. 2019-060, A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE ALL DOCUMENTS NECESSARY AND PROPER TO APPLY FOR AND RECEIVE A FIREHOUSE SUBS PUBLIC SAFETY FOUNDATION GRANT FOR USE BY THE 911 COMMUNICATIONS CENTER

Passed: All present voting "aye."

**5. Approve Purchasing Self Contained Breathing Apparatus for
the Fire Department (AF: 241-2018) (Scott Boyd, Jim Everhart).**

Motion/Second: McIntire/Cooper, to pass:

Resolution No. 2019-061, A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE ORDER FOR 20 SELF CONTAINED BREATHING APPARATUS FOR THE KINGSPORT FIRE DEPARTMENT TO MUNICIPAL EMERGENCY SERVICES THROUGH THE NATIONAL PURCHASING PARTNERS FIRERESCUE GPO

Passed: All present voting "aye."

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6. Apply and Receive the Assistance to Firefighters Grant (AFG) thorough the U.S. Fire Administration of the Federal Emergency Management Administration (FEMA) Division of the Department of Homeland Security (DHS) (AF: 244-2018) (Scott Boyd, Jim Everhart).

Motion/Second: Olterman/Begley, to pass:

Resolution No. 2019-062, A RESOLUTION AUTHORIZING THE MAYOR TO SIGN ALL DOCUMENTS NECESSARY AND PROPER TO APPLY FOR AND RECEIVE AN ASSISTANCE TO FIREFIGHTERS GRANT FROM THE UNITED STATES FIRE ADMINISTRATION OF THE FEDERAL EMERGENCY MANAGEMENT ADMINISTRATION DIVISION OF THE DEPARTMENT OF HOMELAND SECURITY FOR THE KINGSPORT FIRE DEPARTMENT

Passed: All present voting “aye.”

7. Approve a Change Order to Purchase Order Number U01095 Issued to Worldwide Equipment, Inc. (AF: 246-2018) (Ryan McReynolds, Steve Hightower).

Motion/Second: George/Adler, to pass:

Resolution No. 2019-063, A RESOLUTION APPROVING CHANGE ORDER #1 TO THE PURCHASE ORDER U01095 ISSUED TO WORLDWIDE EQUIPMENT, INC. FOR THE PURCHASE OF TWO AUTOMATED REFUSE TRUCKS AND AUTHORIZING THE CITY MANAGER TO EXECUTE CHANGE ORDER #1 TO THE PURCHASE ORDER

Passed: All present voting “aye.”

8. Memorandum of Understanding - Engineering and Design Agreement with Kingsport Power Company (dba AEP) for Relocation of the Existing Line Associated with Main Street Redevelopment (AF: 248-2018) (Ryan McReynolds). There was considerable discussion on this item. Assistant City Manager McReynolds presented information and then answered questions.

Motion/Second: Begley/Olterman, to pass:

Resolution No. 2019-067, A RESOLUTION APPROVING AN ENGINEERING AND DESIGN MEMORANDUM OF UNDERSTANDING WITH KINGSPORT POWER COMPANY FOR THE RELOCATION OF THE POWER LINES LOCATED ON MAIN STREET AND AUTHORIZING THE MAYOR TO EXECUTE THE AGREEMENT AND ALL OTHER DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE AGREEMENT

Passed: Clark, Begley, Cooper, and Olterman voting “aye.” Adler, George, and McIntire voting “nay.”

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

Motion/Second: George/Adler, to adopt:

**Minutes of the Regular Business Meeting of the Board of Mayor and Aldermen
of the City of Kingsport, Tennessee, Tuesday, October 16, 2018**

1. Execute an Annual Renewal of Public Library Maintenance of Effort Agreement with the Tennessee State Library and Archives for Services via the Holston River Regional Library (AF: 233-2018) (Chris Markley).

Pass:

Resolution No. 2019-064, A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE THE ANNUAL RENEWAL OF THE PUBLIC LIBRARY MAINTENANCE OF EFFORT AGREEMENT WITH THE TENNESSEE STATE LIBRARY AND ARCHIVES TO RECEIVE FUNDING FOR BOOKS AND TRAINING AND FOR SERVICES THROUGH THE HOLSTON RIVER REGIONAL LIBRARY SYSTEM

Passed: All present voting “aye.”

2. Amend Agreement with Flores and Associates to Raise the Maximum on Medical Flexible Spending Debit Cards for Eligible Employees (AF: 242-2018) (George DeCroes).

Pass:

Resolution No. 2018-065, A RESOLUTION AMENDING THE AGREEMENT WITH FLORES AND ASSOCIATES AND AUTHORIZING THE MAYOR TO EXECUTE ANY AND ALL OTHER DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE AMENDMENT

Passed: All present voting “aye.”

3. Apply for and Receive the Tennessee Agriculture Enhancement Grant - Farmers Market Promotion & Retail Grant (AF: 231-2018) (Chris McCartt, Sid Cox).

Pass:

Resolution No. 2019-066, A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE ALL DOCUMENTS NECESSARY AND PROPER TO APPLY FOR AND RECEIVE A FARMERS MARKET PROMOTION AND RETAIL GRANT FROM THE TENNESSEE DEPARTMENT OF AGRICULTURE

Passed: All present voting “aye.”

VIII. COMMUNICATIONS.

A. CITY MANAGER. None.

B. MAYOR AND BOARD MEMBERS. Alderman Adler pointed out the Petworks funding would need community involvement. She also stated the biggest Halloween Party sponsored by Keep Kingsport Beautiful was coming up. Alderman Cooper stated the Kingsport Theatre Guild would performing The Great Gatsby one more weekend. Vice-Mayor McIntire thanked Eastman for allowing the Governor’s debate to take place at Toy F. Reid. He also congratulated Healthy Kingsport for being a two million mile city and thanked staff for the State of the City report that was given last week. Mr. McIntire

**Minutes of the Regular Business Meeting of the Board of Mayor and Aldermen
of the City of Kingsport, Tennessee, Tuesday, October 16, 2018**

pointed out that early voting starts tomorrow. Lastly, he commented on the ribbon cutting at the new behavioral health facility, noting their twenty million dollar investment. Alderman Olterman congratulated the high school volleyball girls still playing for the state tournament. Alderman George encouraged citizens to go vote, pointing out it was beneficial to the region to have a large turnout. She also commented the DKA and Healthy Kingsport events this past weekend were well attended. Mayor Clark just encouraged everyone to keep up the good work.

C. VISITORS. Ms. Betsy Puckett made further comments.

IX. ADJOURN. Seeing no other business for consideration at this meeting, Mayor Clark adjourned the meeting at 9:12 p.m.

ANGELA MARSHALL
Deputy City Recorder

JOHN CLARK
Mayor



AGENDA ACTION FORM

Budget Adjustment Ordinance for FY19

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

Action Form No.: AF-229-2018
 Work Session: November 5, 2018
 First Reading: November 6, 2018

Final Adoption: November 20, 2018
 Staff Work By: Judy Smith
 Presentation By: Jeff Fleming

Recommendation:

Approve the Ordinance.

Executive Summary:

This budget adjustment will close old projects and transfer the funds to other projects. In the General Project Fund, this ordinance will transfer \$16,775 to the Greenbelt Improvements project, \$12,500 to the Pinnacle Towers Road Project to repair the road leading to the tower on Bays Mountain, \$75,000 to the ADA Signal Upgrades Project, and \$26,738 to the Public Works Equipment project. The following projects will close GP1616, GP1709, GP1825 and GP1817.

In the Community Development Fund, \$10,000 will be transferred to the Code Enforcement project budget, \$7,850 will be transferred to the KAHK program project and \$1,585 will be transferred to the CDBG Administration project. The following projects will be closed CD1601, CD1825, CD1701 and CD1704.

In the Water Fund, \$86,230 will be transferred to the Water Tank Rehabilitation project from the Water Pump Station O&M projects. WA1802 and WA1701 will be closed.

In the Sewer Fund, \$1,494 will be transferred to the Sewer Pump Station O & M project from older Sewer Pump Station projects.

Attachments:

1. Ordinance

Funding source appropriate and funds are available: 

	Y	N	O
Adler	—	—	—
Begley	—	—	—
Cooper	—	—	—
George	—	—	—
McIntire	—	—	—
Olterman	—	—	—
Clark	—	—	—

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 \$16,775 from the Greenbelt Park Extension project (GP1616) to the Greenbelt Improvement project (GP1815) and by appropriating \$600 in donations to GP1815, by transferring \$800 to the Police department operating budget, by transferring \$8,725 from the Higher Ed Study project (GP1709) and from \$3,775 from the Litigation Contingency project (GP1614) to the Pinnacle Towers Road Project (GP1900), by transferring \$75,000 from AEP Sidewalk Improvements project (GP1914) to the ADA Signal Upgrades (GP1919), by transferring \$26,000 from the Salt Machine Replacement project (GP1825) and \$738 from the Grounds Hold Over Replacement project (GP1817) to the Public Works Equipment project (GP1920),

SECTION II. That the Community Development Fund be amended by transferring \$728 from the CDBG Administration project (CD1601) and \$7,122 from the KAHR program project (CD1704) to the KAHR Program project (CD1904), by transferring \$1,545 from the CDBG Administration project (CD1601) to the Code Enforcement project (CD1825) and by transferring \$10,000 from the Code Enforcement project (CD1825) to the Code Enforcement project (CD1925), by transferring \$1,585 from the CDBG Administration project (CD1801) to the CDBG Administration project (CD1701).

SECTION III. That the Water Project Fund budgets be amended by transferring \$18,040 from the Water Pump Station O&M project (WA1701) and \$68,190 from the Water Pump Station O&M Project (WA1802) to the Water Tank Rehabilitation project (WA1903) and that the Sewer Project Fund be amended by transferring \$358 from the Sewer Lift Station O & M (SW1703) and \$1,494 from the Pump Station Improvements O & M Improvements project (SW1807) to the Sewer Pump Station O&M (SW1903).

<u>Account Number/Description:</u>	<u>Budget</u>	<u>Incr/<Decr></u>	<u>New Budget</u>
Fund 311: General Project Fund			
Greenbelt Improvements (GP1815)			
Revenues:	\$	\$	\$
311-0000-364-3000 From Non-Profit Groups	0	600	600
311-0000-368-1055 Series 2017 A GO Pub Imp	48,445	0	48,445
311-0000-368-2101 Premium From Bond Sale	2,214	0	2,214
311-0000-391-0100 From General Fund	0	16,775	16,775
Totals:	50,659	17,375	68,034

Expenditures:

311-0000-601-4041 Bond Sale Expense
 311-0000-601-9003 Improvements

Totals:

\$	\$	\$
659	0	659
50,000	17,375	67,375
50,659	17,375	68,034

Fund 311: General Project Fund
Greenbelt Park Extension (GP1616)

Revenues:

311-0000-391-0100 From General Fund

Totals:

\$	\$	\$
16,775	(16,775)	0
16,775	(16,775)	0

Expenditures:

311-0000-601-2023 Arch/Eng/Landscaping

Totals:

\$	\$	\$
16,775	(16,775)	0
16,775	(16,775)	0

Fund 110: General Fund**Revenues:**

110-0000-368-9900 Miscellaneous

Totals:

\$	\$	\$
100,000	800	100,800
100,000	800	100,800

Expenditures:

110-3001-441-2055 Repairs & Maintenance

Totals:

\$	\$	\$
5,000	800	5,800
5,000	800	5,800

Fund 311: General Fund
Pinnacle Towers Road Project (GP1900)

Revenues:

311-0000-364-2000 From Corporations
 311-0000-391-0100 From General Fund

Totals:

\$	\$	\$
0	8,725	8,725
0	3,775	3,775
0	12,500	12,500

Expenditures:

311-0000-601-2022 Construction Contracts

Totals:

\$	\$	\$
0	12,500	12,500
0	12,500	12,500

Fund 311: General Fund
Higher Ed Study (GP1709)

Revenues:

311-0000-364-2000 From Corporations

Totals:

\$	\$	\$
9,983	(8,725)	1,258
9,983	(8,725)	1,258

Expenditures:

311-0000-601-2020 Professional Consultant
 311-0000-601-3020 Operating Supplies & Tools

\$	\$	\$
8,725	(8,725)	0
1,258	0	1,258

Totals:	9,983	(8,725)	1,258
Fund 311: General Fund			
<u>Litigation Contingency (GP1614)</u>			
<u>Revenues:</u>	\$	\$	\$
311-0000-391-0100 From General Fund	5,595	(3,775)	1,820
Totals:	5,595	(3,775)	1,820
<u>Expenditures:</u>	\$	\$	\$
311-0000-601-9003 Improvements	5,595	(3,775)	1,820
Totals:	5,595	(3,775)	1,820
Fund 311: General ProjectFund			
<u>AEP Sidewalk Improvements (GP1914)</u>			
<u>Revenues:</u>	\$	\$	\$
311-0000-368-1054 Series 2016 GO (Nov 4)	160,000	0	160,000
311-0000-391-0100 From General Fund	240,000	(75,000)	165,000
Totals:	400,000	(75,000)	325,000
<u>Expenditures:</u>	\$	\$	\$
311-0000-601-2023 Arch/Eng/Landscaping	0	5,940	5,940
311-0000-601-9003 Improvements	400,000	(80,940)	319,060
Totals:	400,000	(75,000)	325,000
Fund 311: General Project Fund			
<u>ADA Signal Upgrades (GP1919)</u>			
<u>Revenues:</u>	\$	\$	\$
311-0000-391-0100 From General Fund	0	75,000	75,000
Totals:	0	75,000	75,000
<u>Expenditures:</u>	\$	\$	\$
311-0000-601-9003 Improvements	0	75,000	75,000
Totals:	0	75,000	75,000
Fund 311: General Project Fund			
<u>Public Works Equip (GP1920)</u>			
<u>Revenues:</u>	\$	\$	\$
311-0000-391-0100 From General Fund	0	26,738	26,738
Totals:	0	26,738	26,738
<u>Expenditures:</u>	\$	\$	\$
311-0000-601-9006 Purchases Over \$5,000	0	26,738	26,738
Totals:	0	26,738	26,738

Fund 311: General Project Fund
Salt Machine Replacement (GP1825)

Revenues:

311-0000-391-0100 From General Fund

Totals:

\$	\$	\$
26,000	(26,000)	0
26,000	(26,000)	0

Expenditures:

311-0000-601-9006 Purchases Over \$5,000

Totals:

\$	\$	\$
26,000	(26,000)	0
26,000	(26,000)	0

Fund 311: General Project Fund
Grounds Hold Over Replace (GP1817)

Revenues:

311-0000-368-1055 Series 2017A GO Bonds

311-0000-368-2101 Premium From Bond Sale

311-0000-391-0100 From General Fund

Totals:

\$	\$	\$
38,756	0	38,756
1,771	0	1,771
1,600	(738)	862
42,127	(738)	41,389

Expenditures:

311-0000-601-4041 Bond Sale Expense

311-0000-601-9006 Purchases Over \$5,000

Totals:

\$	\$	\$
527	0	527
41,600	(738)	40,862
42,127	(738)	41,389

Fund 124: Community Development Fund
CDBG Administration (CD1601)

Revenues:

124-0000-331-1000 Community Development

Totals:

\$	\$	\$
63,493	(2,273)	61,220
63,493	(2,273)	61,220

Expenditures:

124-0000-603-1010 Salaries & Wages

124-0000-603-1020 Social Security

124-0000-603-1030 Group Health Ins.

124-0000-603-1040 Retirement

124-0000-603-1050 Life Insurance

124-0000-603-1052 Long Term Disability

124-0000-603-1060 Workman's Comp

124-0000-603-1061 Unemployment

124-0000-603-2010 Advertising & Publication

124-0000-603-2021 Accounting & Auditing

124-0000-603-2034 Telephone

124-0000-603-2040 Travel

124-0000-603-2043 Dues & Memberships

124-0000-603-3010 Office Supplies

\$	\$	\$
27,487	10,251	37,738
5,838	(2,726)	3,112
9,755	(4,744)	5,011
11,339	(6,075)	5,264
223	(103)	120
240	(188)	52
117	1	118
44	13	57
500	(75)	425
1,200	0	1,200
1,000	(434)	566
4,000	2,144	6,144
1,000	67	1,067
500	(200)	300

124-0000-603-3011 Postage	250	(204)	46
Totals:	63,493	(2,273)	61,220

Fund 124: Community Development Fund
Code Enforcement (CD1825)

<u>Revenues:</u>	\$	\$	\$
124-0000-331-1000 Community Development	50,000	(8,455)	41,545
Totals:	50,000	(8,455)	41,545

<u>Expenditures:</u>	\$	\$	\$
124-0000-603-1010 Salaries & Wages	40,000	(40,000)	0
124-0000-603-1011 Overtime	0	29,290	29,290
124-0000-603-1020 Social Security	0	2,133	2,133
124-0000-603-1030 Health Insurance	0	4,130	4,130
124-0000-603-1040 Retirement	0	5,466	5,466
124-0000-603-1050 Life Insurance	0	42	42
124-0000-603-1052 Long Term Disability	0	40	40
124-0000-603-1060 Workman's Comp	0	438	438
124-0000-603-1061 Unemployment	0	6	6
124-0000-603-2022 Construction Contracts	10,000	(10,000)	0
Totals:	50,000	(8,455)	41,545

Fund 124: Community Development Fund
KAHR Program (CD1904)

<u>Revenues:</u>	\$	\$	\$
124-0000-331-1000 Community Development	158,642	7,850	166,492
Totals:	158,642	7,850	166,492

<u>Expenditures:</u>	\$	\$	\$
124-0000-603-1010 Salaries & Wages	29,917	(3,103)	26,814
124-0000-603-1020 Social Security	0	510	510
124-0000-603-1030 Health Insurance	0	1,205	1,205
124-0000-603-1040 Retirement	0	1,356	1,356
124-0000-603-1050 Life Insurance	0	10	10
124-0000-603-1052 Long Term Disability	0	10	10
124-0000-603-1060 Workman's Comp	0	12	12
124-0000-603-2022 Arch/Eng/Landscaping	0	7,850	7,850
124-0000-603-4023 Other Expenses/Grants	128,725	0	128,725
Totals:	158,642	7,850	166,492

Fund 124: Community Development Fund
Code Enforcement (CD1925)

<u>Revenues:</u>	\$	\$	\$
124-0000-331-1000 Community Development	50,000	10,000	60,000
Totals:	50,000	10,000	60,000

Expenditures:

124-0000-603-1010 Salaries & Wages
 124-0000-603-1011 Overtime
 124-0000-603-1020 Social Security
 124-0000-603-1030 Health Insurance
 124-0000-603-1040 Retirement
 124-0000-603-1050 Life Insurance
 124-0000-603-1052 Long Term Disability
 124-0000-603-1060 Workman's Comp
 124-0000-603-9001 Land

Totals:

\$	\$	\$
50,000	(14,430)	35,570
0	3,165	3,165
0	233	233
0	279	279
0	700	700
0	3	3
0	3	3
0	47	47
0	20,000	20,000
50,000	10,000	60,000

Fund 124: Community Development Fund
KAHR Program (CD1704)
Revenues:

124-0000-331-1000 Community Development

Totals:

\$	\$	\$
123,733	(7,122)	116,611
123,733	(7,122)	116,611

Expenditures:

124-0000-603-1010 Salaries & Wages
 124-0000-603-1020 Social Security
 124-0000-603-1030 Health Insurance
 124-0000-603-1040 Retirement
 124-0000-603-1050 Life Insurance
 124-0000-603-1052 Long Term Disability
 124-0000-603-1060 Workman's Comp
 124-0000-603-2022 Arch/Eng/Landscaping
 124-0000-603-4023 Other Expenses/Grants

Totals:

\$	\$	\$
38,201	(2,847)	35,354
0	2,499	2,499
0	6,389	6,389
0	5,622	5,622
0	122	122
0	65	65
0	56	56
0	17	17
85,532	(19,045)	66,487
123,733	(7,122)	116,611

Fund 124: Community Development Fund
CDBG Administration (CD1701)
Revenues:

124-0000-331-1000 Community Development

Totals:

\$	\$	\$
68,433	1,585	70,018
68,433	1,585	70,018

Expenditures:

124-0000-603-1010 Salaries & Wages
 124-0000-603-1020 Social Security
 124-0000-603-1030 Health Insurance
 124-0000-603-1040 Retirement
 124-0000-603-1050 Life Insurance
 124-0000-603-1052 Long Term Disability

\$	\$	\$
29,239	10,322	39,561
5,058	(1,855)	3,203
13,600	(5,473)	8,127
10,506	(3,183)	7,323
209	(78)	131
225	(145)	80

124-0000-603-1060 Workman's Comp	106	(32)	74
124-0000-603-1061 Unemployment	40	(5)	35
124-0000-603-2010 Advertising & Publication	500	(500)	0
124-0000-603-2021 Accounting & Auditing	1,200	(30)	1,170
124-0000-603-2034 Telephone	1,000	(7)	993
124-0000-603-2040 Travel Expense	5,000	2,803	7,803
124-0000-603-2043 Dues & Membership	1,000	(60)	940
124-0000-603-3010 Office Supplies	500	78	578
124-0000-603-3011 Postage	250	(250)	0
Totals:	68,433	1,585	70,018

Fund 124: Community Development Fund
CDBG Administration (CD1801)

Revenues:

	\$	\$	\$
124-0000-331-1000 Community Development	70,555	(1,585)	68,970
Totals:	70,555	(1,585)	68,970

Expenditures:

	\$	\$	\$
124-0000-603-1010 Salaries & Wages	29,239	0	29,239
124-0000-603-1020 Social Security	5,058	0	5,058
124-0000-603-1030 Health Insurance	13,600	(1,585)	12,015
124-0000-603-1040 Retirement	10,506	(1,478)	9,028
124-0000-603-1050 Life Insurance	209	0	209
124-0000-603-1052 Long Term Disability	225	0	225
124-0000-603-1060 Workman's Comp	106	0	106
124-0000-603-1061 Unemployment	40	0	40
124-0000-603-2010 Advertising & Publication	500	0	500
124-0000-603-2021 Accounting & Auditing	1,200	0	1,200
124-0000-603-2034 Telephone	1,000	0	1,000
124-0000-603-2040 Travel Expense	7,000	1,478	8,478
124-0000-603-2043 Dues and Memberships	1,000	0	1,000
124-0000-603-3010 Office Supplies	622	0	622
124-0000-603-3011 Postage	250	0	250
Totals:	70,555	(1,585)	68,970

Fund 451: Water Project Fund
WA Pump Station O&M (WA1701)

Revenues:

	\$	\$	\$
451-0000-391-4500 From Water Fund	185,520	(18,040)	167,480
Totals:	185,520	(18,040)	167,480

Expenditures:

	\$	\$	\$
451-0000-605-9019 Pump Stations	185,520	(18,040)	167,480
Totals:	185,520	(18,040)	167,480

Fund 451: Water Project Fund
WA Pump Station O&M (WA1802)

Revenues:

451-0000-391-4500 From Water Fund

Totals:

\$	\$	\$
125,000	(68,190)	56,810
125,000	(68,190)	56,810

Expenditures:

451-0000-605-9019 Pump Stations

Totals:

\$	\$	\$
125,000	(68,190)	56,810
125,000	(68,190)	56,810

Fund 451: Water Project Fund
Water Tank Rehabilitation (WA1903)

Revenues:

451-0000-391-4500 From Water Fund

451-0000-391-0548 Series 2018B GO Bonds

Totals:

\$	\$	\$
0	86,230	86,230
150,000	0	150,000
150,000	86,230	236,230

Expenditures:

451-0000-605-9003 Improvements

Totals:

\$	\$	\$
150,000	86,230	236,230
150,000	86,230	236,230

Fund 452: Sewer Project Fund
Sewer Lift Station O&M (SW1703)

Revenues:

452-0000-391-4200 From Sewer Fund

Totals:

\$	\$	\$
256,729	(358)	256,371
256,729	(358)	256,371

Expenditures:

452-0000-606-9019 Pump Stations

Totals:

\$	\$	\$
256,729	(358)	256,371
256,729	(358)	256,371

Fund 452: Sewer Project Fund
Pump Station Imp. O & M (SW1807)

Revenues:

452-0000-391-4200 From Sewer Fund

Totals:

\$	\$	\$
245,000	(1,494)	243,506
245,000	(1,494)	243,506

Expenditures:

452-0000-606-9003 Improvements

452-0000-606-9019 Pump Stations

Totals:

\$	\$	\$
10,454	(6,780)	3,674
234,546	5,286	239,832
245,000	(1,494)	243,506

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

Revenues:

452-0000-391-4200 From Sewer Fund

Totals:

\$	\$	\$
245,000	1,852	246,852
245,000	1,852	246,852

Expenditures:

452-0000-606-9019 Pump Stations

Totals:

\$	\$	\$
245,000	1,852	246,852
245,000	1,852	246,852

SECTION IV. 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:

JAMES H. DEMMING, City Recorder

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY, City Attorney

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



AGENDA ACTION FORM

Amend the Fiscal Year Budget for the Addition of One (1) Position within the Senior Citizens Center Division of the Community Services Department

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

Action Form No.: AF-250-2018
 Work Session: November 5, 2018
 First Reading: November 6, 2018

Final Adoption: November 20, 2018
 Staff Work By: J. Smith/ C. McCartt
 Presentation By: Chris McCartt

Recommendation:

Approve the Ordinance.


Executive Summary:

The Senior Center has seen significant growth in membership and daily attendance, growing every year to the most visited and largest membership across the state. The Lynn View site has helped elevate some of the overcrowding of classes, programs, and special events. Current front desk staff at the main site has become overwhelmed with member sign ups, event sign ups, phone calls, and general information. A full time staff member working at the Lynn view site provides the main site with relief in much of the monthly reporting both for grants, silver sneakers, and for city statistics. Combining a part time program assistant position and a part time maintenance position into a full time program assistant, allows the Center to look to the future in potentially extending the hours of operation at Lynn View and to insure that our reporting needs are met on a timely basis. It also offers longevity of personnel as it has been hard to retain someone in the part time program position at Lynn View and the part time maintenance position which has been vacant for over a year now.

Staff recommends eliminating two part-time positions and adding a full time Senior Citizens Program Assistant position at paygrade 25.

Attachments:

1. Ordinance

Funding source appropriate and funds are available: 

	Y	N	O
Adler	—	—	—
Begley	—	—	—
Cooper	—	—	—
George	—	—	—
McIntire	—	—	—
Olterman	—	—	—
Clark	—	—	—

ORDINANCE NO. _____

AN ORDINANCE TO AMEND THE GENERAL FUND BUDGET BY ADDING A SENIOR CITIZENS PROGRAM ASSISTANT POSITION FOR THE SENIOR CITIZENS CENTER DIVISION OF COMMUNITY SERVICES 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 Fund budget be amended by amending the authorized positions in the Senior Citizens Center budget 110-4520 by eliminating two part-time positions and adding a full time Senior Citizens Program Assistant position at a pay grade 25 for Fiscal Year 2018-2019.

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

JOHN CLARK, Mayor

ATTEST:

JAMES H. DEMMING, City Recorder

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY, City Attorney

Passed on 1st reading: _____

Passed on 2nd reading: _____



AGENDA ACTION FORM

Budget Ordinance to Appropriate \$23,284.00 from the USDOJ / Bureau of Justice Assistance Grant FY 2019 Local Solicitation

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

Action Form No.: AF-238-2018
 Work Session: October 15, 2018
 First Reading: October 16, 2018

Final Adoption: November 6, 2018
 Staff Work By: Captain Gore
 Presentation By: Chief Quillin

Recommendation:

Approve the Budget Ordinance.

Executive Summary:

On August 7, 2018, via Action Form 178, the Board of Mayor and Aldermen approved the Mayor executing any and all documents necessary to apply for and receive a US DOJ Bureau of Justice Assistance Grant. We have been notified that we were approved for \$23,284.00 which will be utilized to purchase equipment and/or technology improvements.

There are no matching fund requirements.

Attachments:

1. Budget Ordinance

Funding source appropriate and funds are available:

	Y	N	O
Adler	—	—	—
Begley	—	—	—
Cooper	—	—	—
George	—	—	—
McIntire	—	—	—
Olterman	—	—	—
Clark	—	—	—



AGENDA ACTION FORM

Budget Ordinance to Appropriate \$23,284.00 from the USDOJ / Bureau of Justice Assistance Grant FY 2019 Local Solicitation

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

Action Form No.: AF-238-2018
 Work Session: October 15, 2018
 First Reading: October 16, 2018

Final Adoption: November 6, 2018
 Staff Work By: Captain Gore
 Presentation By: Chief Quillin

Recommendation:

Approve the Budget Ordinance.


Executive Summary:

On August 7, 2018, via Action Form 178, the Board of Mayor and Aldermen approved the Mayor executing any and all documents necessary to apply for and receive a US DOJ Bureau of Justice Assistance Grant. We have been notified that we were approved for \$23,284.00 which will be utilized to purchase equipment and/or technology improvements.

There are no matching fund requirements.

Attachments:

1. Budget Ordinance

Funding source appropriate and funds are available: 

	Y	N	O
Adler	—	—	—
Begley	—	—	—
Cooper	—	—	—
George	—	—	—
McIntire	—	—	—
Otteman	—	—	—
Clark	—	—	—

ORDINANCE NO. _____

AN ORDINANCE TO AMEND THE JUSTICE ASSISTANT GRANT FUND BUDGET BY APPROPRIATING GRANT FUNDS RECEIVED FROM THE STATE OF TENNESSEE OFFICE OF CRIMINAL JUSTICE PROGRAMS 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 Justice Assistant Grant Fund budget be amended by appropriating grant funds received from the US DOJ Bureau of Justice Assistant Grant Program (JAG) in the amount of \$23,284 to the Justice Assistant Grant Equip /Technology project (JG1901) to purchase equipment and /or technology improvements. No matching funds are required.

<u>Account Number/Description:</u>	<u>Budget</u>	<u>Incr/<Decr></u>	<u>New Budget</u>
<u>Fund 134: Justice Assist Grant Fund</u>			
<u>Justice Assistant Grant Equip/Technology (JG1901)</u>			
<u>Revenues:</u>	\$	\$	\$
134-0000-331-4537 Bureau of Justice/JAG	0	23,284	23,284
<i>Totals:</i>	0	23,284	23,284
<u>Expenditures:</u>			
134-3030-443-9006 Purchases Over \$5,000	0	23,284	23,284
<i>Totals:</i>	0	23,284	23,284

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:

JAMES H. DEMMING
City Recorder

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY, City Attorney

PASSED ON 1ST READING: _____

PASSED ON 2ND READING: _____



AGENDA ACTION FORM

Appropriate \$9,720.00 from the USDOJ/Office of Justice Programs, Bulletproof Vest Partnership Funding

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

Action Form No.: AF-243-2018
 Work Session: October 15, 2018
 First Reading: October 16, 2018

Final Adoption: November 6, 2018
 Staff Work By: Capt. Randall Gore
 Presentation By: Chief David Quillin

Recommendation:

Approve the Budget Ordinance.

Executive Summary:

On May 1, 2018 via AF-65-2018, the Board of Mayor and Aldermen approved the Mayor executing any and all documents necessary to apply for and receive a US Department of Justice Grant for funding of bulletproof vests. We have been notified that we were approved for \$9,720.00 in reimbursements for vest expenditures. A fifty percent match is required and the match is provided from the police department operating budget.

Attachments:

1. Ordinance

Funding source appropriate and funds are available: 

	Y	N	O
Adler	—	—	—
Begley	—	—	—
Cooper	—	—	—
George	—	—	—
McIntire	—	—	—
Olterman	—	—	—
Clark	—	—	—



AGENDA ACTION FORM

Appropriate \$9,720.00 from the USDOJ/Office of Justice Programs, Bulletproof Vest Partnership Funding

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

Action Form No.: AF-243-2018
 Work Session: October 15, 2018
 First Reading: October 16, 2018

Final Adoption: November 6, 2018
 Staff Work By: Capt. Randall Gore
 Presentation By: Chief David Quillin

Recommendation:

Approve the Budget Ordinance.

Executive Summary:

On May 1, 2018 via AF-65-2018, the Board of Mayor and Aldermen approved the Mayor executing any and all documents necessary to apply for and receive a US Department of Justice Grant for funding of bulletproof vests. We have been notified that we were approved for \$9,720.00 in reimbursements for vest expenditures. A fifty percent match is required and the match is provided from the police department operating budget.

Attachments:

1. Ordinance

Funding source appropriate and funds are available: js

	Y	N	O
Adler	—	—	—
Begley	—	—	—
Cooper	—	—	—
George	—	—	—
McIntire	—	—	—
Olterman	—	—	—
Clark	—	—	—

ORDINANCE NO. _____

AN ORDINANCE TO AMEND THE GENERAL
PROJECT-SPECIAL REVENUE FUND BUDGET BY
APPROPRIATING GRANT FUNDS RECEIVED
FROM THE DEPARTMENT OF JUSTICE 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 grant funds received from the Department of Justice/Bureau of Justice Assistance Bulletproof Vest Partnership to the Bullet Proof Vest project (NC1904) in the amount of \$9,720 and requires a 50% local match of \$9,720 which is provided for in the operating budget.

<u>Account Number/Description:</u>	<u>Budget</u>	<u>Incr/<Decr></u>	<u>New Budget</u>
<u>Fund 111: General Project-Special Revenue</u>			
<u>Bullet Proof Vest Project (NC1904)</u>			
<u>Revenues:</u>	\$	\$	\$
111-0000-331-3800 U.S. Dept. of Justice	0	9,720	9,720
111-0000-391-0100 From General Fund	0	9,720	9,720
<i>Totals:</i>	0	19,440	19,440
<u>Expenditures:</u>			
111-3020-442-3020 Operating Supplies & Tools	0	19,440	19,440
<i>Totals:</i>	0	19,440	19,440
 <u>Fund 110: General Fund</u>			
<u>Expenditures:</u>			
110-3030-443-3025 Safety Supplies	12,500	(9,720)	2,780
110-4804-481-7035 General Proj-Spec Rev	(900,000)	9,720	(890,280)
<i>Totals:</i>	(887,500)	0	(887,500)

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:

JAMES H. DEMMING
City Recorder

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY, City Attorney

PASSED ON 1ST READING: _____

PASSED ON 2ND READING: _____



AGENDA ACTION FORM

Amend the General Project Fund Budget by Appropriating General Obligation Public Improvement Bond Series 2018

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

Action Form No.: AF-239-2018
 Work Session: October 15, 2018
 First Reading: October 16, 2018

Final Adoption: November 6, 2018
Staff Work By: Smith/Winkle
Presentation By: Fleming

Recommendation:

Approve the Ordinance.

Executive Summary:

On August 21, 2018, the BMA approved resolution 2019-027 to issue General Obligation Public Improvement Bond Series 2018A not to exceed \$10,350,000 for public works projects, road, street, parking and sidewalk construction, improvement and expansion, including Transit Garage, improvement and renovation of public schools, and renovations to the Library, HVAC improvements, Court Facilities/Public Facilities plan, Park Land Acquisition, and technology system improvements/Back Office Improvements, Resolution 2019-029 to issue General Obligation Public Improvement Bond Series 2019B not to exceed \$5,400,000 for improvements to the Water system and improvements to the Waste Water system and Resolution 2019-031C to issue General Obligation Public Improvement Bond Series 2019C not to exceed \$2,400,000 for the Aquatic Center Pool Expansion.

This ordinance appropriates the funding for these projects.

Attachments:

1. Ordinance

Funding source appropriate and funds are available: _____

	<u>Y</u>	<u>N</u>	<u>O</u>
Adler	—	—	—
Begley	—	—	—
Cooper	—	—	—
George	—	—	—
McIntire	—	—	—
Olterman	—	—	—
Clark	—	—	—



AGENDA ACTION FORM

Amend the General Project Fund Budget by Appropriating General Obligation Public Improvement Bond Series 2018

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

Action Form No.: AF-239-2018
 Work Session: October 15, 2018
 First Reading: October 16, 2018

Final Adoption: November 6, 2018
 Staff Work By: Smith/Winkle
 Presentation By: Fleming

Recommendation:

Approve the Ordinance.

Executive Summary:

On August 21, 2018, the BMA approved resolution 2019-027 to issue General Obligation Public Improvement Bond Series 2018A not to exceed \$10,350,000 for public works projects, road, street, parking and sidewalk construction, improvement and expansion, including Transit Garage, improvement and renovation of public schools, and renovations to the Library, HVAC improvements, Court Facilities/Public Facilities plan, Park Land Acquisition, and technology system improvements/Back Office Improvements, Resolution 2019-029 to issue General Obligation Public Improvement Bond Series 2019B not to exceed \$5,400,000 for improvements to the Water system and improvements to the Waste Water system and Resolution 2019-031C to issue General Obligation Public Improvement Bond Series 2019C not to exceed \$2,400,000 for the Aquatic Center Pool Expansion.

This ordinance appropriates the funding for these projects.

Attachments:

1. Ordinance

Funding source appropriate and funds are available:

	<u>Y</u>	<u>N</u>	<u>O</u>
Adler	—	—	—
Begley	—	—	—
Cooper	—	—	—
George	—	—	—
McIntire	—	—	—
Olterman	—	—	—
Clark	—	—	—

ORDINANCE NO. _____

AN ORDINANCE TO AMEND THE GENERAL PROJECT FUND, THE WATER AND SEWER FUND PROJECT BUDGETS BY APPROPRIATING GENERAL OBLIGATION PUBLIC IMPROVEMENT BOND, SERIES 2018; FOR THE FISCAL YEAR ENDING JUNE 30, 2019; AND, TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE

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

WHEREAS, Resolution No.2019-027 to issue General Obligation Public Improvement Bond Series 2018 A was adopted authorizing the issuance of bonded debt Series 2018 A in an amount not to exceed \$10,350,000 to provide funding for certain public works projects, consisting of the acquisition of public art; construction, improvement and renovation of public schools, road, street, parking, and sidewalk construction, improvement and expansion, including Transit Garage improvements; acquisition, construction, renovation, improvement and equipping of public buildings within the Municipality, including renovations to the library and including HVAC improvements; including Bays Mountain facility/capital,

WHEREAS, Resolution No. 2019-029 was adopted authorizing the issuance of bonded debt Series 2018 B in an amount not to exceed \$5,400,000 to provide funding for improvements to the Municipality's water system, construction, expansion and improvement of the Municipality's sewer system; the acquisition of all property real and personal, appurtenant thereto or connected with such work; and to pay legal, fiscal, administrative, and engineering costs, (collectively, the "Project"); to reimburse the Municipality for the costs of any of the above projects, to pay capitalized interest, and to pay costs incident to the issuance and sale of Bonds;

WHEREAS, Resolution No. 2019-031 was adopted authorizing the issuance of bonded debt Series 2018 C in an amount not to exceed \$2,400,000 to provide funding for certain public works projects, consisting of the acquisition of public art; construction, improvement and renovation of renovation, improvement and equipping of a municipal recreational center and related facilities, including a public swimming pool; and the acquisition of all property real and personal, appurtenant thereto or connected with such work' and to pay legal, fiscal, administrative, and engineering costs to reimburse the Municipality for the costs of the above project, to pay capitalized interest, and to pay costs incident to the issuance and sale of Bonds;

Section I. That the General Project Fund be amended by appropriating G.O. Public Improvement Bond Series 2018 A to fund the Library Improvements Project (GP1908) in the amount of \$140,000, Bays Mountain Nature Center Improvements Project (GP1845) in the amount of \$306,868, Bays Mountain Animal Habitat project (GP1905) in the amount of \$276,161, Bays Mountain Park Planetarium Improvements project (GP1906) in the amount of \$271,067, Bays Mountain Park Nature Center Exhibit (GP1839) in the amount of \$67,511, Bays Mountain Park Balcony Improvements (GP1911) in the amount of \$61,374, Bays Mountain Watershed Redesign (GP1910) in the amount of \$40,916, School Facility Maint. Improvements project (GP1801) in the amount of \$1,022,893, Facilities & HAVAC Improvements (GP1903) in the amount of \$436,731, IT Infrastructure/Back Office Improvements (GP1904) in the amount of \$368,242, Facilities ADA (GP1909) in the amount of \$179,006, Transit Garage (GP1727)

project in the amount of \$89,255, Higher Ed Parking Lot project (GP1907) in the amount of \$255,723, Court Public Facilities Improvements (GP1820) in the amount of \$3,784,704.

Section II. That the Water Project Fund be amended by appropriating G.O. Public Improvement Bond Series 2018B to fund the WTP Chemical Feed (WA1900) in the amount of \$2,000,000, Fire Protection & Age Upgrades (WA1902) in the amount of \$1,442,000, Main St. Water Line Replacements (WA1901) in the amount of \$400,000, and Water Tan Rehabilitation (WA1903) in the amount of \$150,000 .

Section III. That the Sewer Project Fund be amended by appropriating G.O. Public Improvement Bond Series 2018B to fund WWTP SCADA Improvement project (SW1900) in the amount of \$917,000 and Main St. Sewer Line Replacement project (SW1901) in the amount of \$400,551.

Section IV. That the Aquatic Center Project Fund be amended by appropriating G.O. Public Improvement Bond Series 2018C to fund the Aquatic Center Pool Expansion project (AQ1900) in the amount of \$2,331,740.

**G.O. Public
Improvements Series
20018**

**General Project
Fund:311
Library Improvements
(GP1908)**

Revenue:

311-0000-368-1056 Series 2018A GO Bonds
311-0000-368-2101 Premium From Bond Sale

Total Revenue

Appropriation:

311-0000-601-4041 Bond Expense
311-0000-601-9003 Improvements

Total Appropriation

<u>Budget</u>	<u>Amendments Increase (Decrease)</u>	<u>Amended Budget</u>
0	135,853	135,853
0	5,043	5,043
0	140,896	140,896
0	3,153	3,153
0	137,743	137,743
0	140,896	140,896

**General Project
Fund:311
Facilities ADA (GP1909)**

Revenue:

311-0000-368-1056 Series 2018A GO Bonds
311-0000-368-2101 Bond Premium

Total Revenue

Appropriation:

311-0000-601-4041 Bond Expense
311-0000-601-9003 Improvements

Total Appropriation

0	172,598	172,598
0	6,408	6,408
0	179,006	179,006
0	4,006	4,006
0	175,000	175,000
0	179,006	179,006

**General Project
Fund:311**

**Bays Mountain
Improvements (GP1906)**

Revenue:

311-0000-368-1056	Series 2018A GO Bonds	0	261,363	261,363
311-0000-368-2101	Premium from Bond Sale	0	9,704	9,704
Total Revenue		0	271,067	271,067

Appropriation:

311-0000-601-4041	Bond Sale Expense	0	6,067	6,067
311-0000-601-9003	Improvements	0	265,000	265,000
Total Appropriation		0	271,067	271,067

Bays MTN Nature Center Exhibit (GP1839)

Revenue:

311-0000-368-1055	Series 2017A GO Bonds	84,294	0	84,294
311-0000-368-1056	Series 2018A GO Bonds	0	65,094	65,094
311-0000-368-2101	Premium from Bond Sale	3,852	2,417	6,269
311-0000-391-0100	From General Fund	8,700	0	8,700
Total Revenue		96,846	67,511	164,357

Appropriation:

311-0000-601-4041	Bond Sale Expense	1,146	1,511	2,657
311-0000-601-9003	Improvements	95,700	66,000	161,700
Total Appropriation		96,846	67,511	164,357

Bays MTN Balcony Improvements (GP1911)

Revenue:

311-0000-368-1056	Series 2018A GO Bonds	0	59,177	59,177
311-0000-368-2101	Premium on Sale	0	2,197	2,197
Total Revenue		0	61,374	61,374

Appropriation:

311-0000-601-4041	Bond Sale Expense	0	1,374	1,374
311-0000-601-9003	Improvements	0	60,000	60,000
Total Appropriation		0	61,374	61,374

**Bays MTN Watershed
Redesign (GP1910)**

Revenue:

311-0000-368-1056	Series 2018A GO Bonds	0	39,451	39,451
311-0000-368-2101	Premium on Sale	0	1,465	1,465
Total Revenue		0	40,916	40,916

Appropriation:

311-0000-601-4041	Bond Sale Expense	0	916	916
311-0000-601-9003	Improvements	0	40,000	40,000
Total Appropriation		0	40,916	40,916

**Facilities Maint &
HVAC Improvements
(GP1903)**

Revenue:

311-0000-368-1056	Series 2018A GO Bonds	0	421,097	421,097
311-0000-368-2101	Premium on Bond Sale	0	15,634	15,634
Total Revenue		0	436,731	436,731

Appropriation:

311-0000-601-4041	Bond Sale Expense	0	9,774	9,774
311-0000-601-9003	Improvements	0	426,957	426,957
Total Appropriation		0	436,731	436,731

**Bays MTN Nature
Center Imp. (GP1845)**

Revenue:

311-0000-368-1056	Series 2018A GO Bonds	0	295,883	295,883
311-0000-368-2101	Premium on Bond Sale	0	10,985	10,985
311-0000-391-0100	General Fund	49,500	0	49,500
Total Revenue		49,500	306,868	356,368

Appropriation:

311-0000-601-4041	Bond Sale Expense	0	6,868	6,868
311-0000-601-9003	Improvements	49,500	300,000	349,500
Total Appropriation		49,500	306,868	356,368

**Bays MTN Animal
Habitat (GP1905)**

Revenue:

311-0000-368-1056	Series 2018A GO Bonds	0	266,295	266,295
311-0000-368-2101	Premium on Bond Sale	0	9,886	9,886
Total Revenue		0	276,181	276,181

Appropriation:

311-0000-601-4041	Bond Sale Expense	0	6,181	6,181
311-0000-601-9006	Purchases Over \$5,000	0	270,000	270,000
Total Appropriation		0	276,181	276,181

**School Facility Imp.
(GP1801)**

Revenue:

311-0000-368-1055	Series 2017A GO Bonds	968,894	0	968,894
311-0000-368-1056	Series 2018A GO Bonds	0	986,277	986,277
311-0000-368-2101	Premium on Bond Sale	44,281	36,616	80,897
Total Revenue		1,013,175	1,022,893	2,036,068

Appropriation:

311-0000-601-4041	Bond Sale Expense	13,175	22,893	36,068
311-0000-601-9003	Improvements	1,000,000	1,000,000	2,000,000
Total Appropriation		1,013,175	1,022,893	2,036,068

**IT Infrastructure &
Back Office Imp.
(GP1904)**
Revenue:

311-0000-368-1056	Series 2018A GO Bonds	0	355,060	355,060
311-0000-368-2101	Premium on Bond Sale	0	13,182	13,182
Total Revenue		0	368,242	368,242

Appropriation:

311-0000-601-4041	Bond Sale Expense	0	8,242	8,242
311-0000-601-9006	Purchases Over \$5,000	0	360,000	360,000
Total Appropriation		0	368,242	368,242

**Higher Ed Parking Lot
(GP1907)**
Revenue:

311-0000-368-1056	Series 2018A GO Bonds	0	246,569	246,569
311-0000-368-2101	Premium on Bond Sale	0	9,154	9,154
Total Revenue		0	255,723	255,723

Appropriation:

311-0000-601-4041	Bond Sale Expense	0	5,723	5,723
311-0000-601-9003	Improvements	0	250,000	250,000
Total Appropriation		0	255,723	255,723

Transit Garage (1727)**Revenue:**

311-0000-368-1054	Series 2016 GO (Nov 4)	13,530	0	13,530
311-0000-368-1055	Series 2017A GO Bonds	32,980	0	32,980
311-0000-368-1056	Series 2018A GO Bonds	0	86,060	86,060
311-0000-368-2101	Premium on Bond Sale	27,137	3,195	30,332
Total Revenue		73,647	89,255	162,902

Appropriation:

311-0000-601-4041	Bond Sale Expense	4,789	1,998	6,787
311-0000-601-9003	Improvements	68,858	87,257	156,115
Total Appropriation		73,647	89,255	162,902

**Court/Public Facility
Plan (GP1820)**

Revenue:

311-0000-368-1055	Series 2017A GO Bonds	1,078,687	0	1,078,687
311-0000-368-1056	Series 2018A GO Bonds	0	3,649,223	3,649,223
311-0000-368-2101	Premium on Bond Sale	172,697	135,481	308,178
311-0000-391-0100	From General Fund	2,700,000	0	2,700,000
Total Revenue		3,951,384	3,784,704	7,736,088

Appropriation:

311-0000-601-2023	Arch/Eng/Landscaping	301,000	0	301,000
311-0000-601-4041	Bond Sale Expense	51,384	84,704	136,088
311-0000-601-9002	Buildings	2,700,000	0	2,700,000
311-0000-601-9003	Improvements	0	3,700,000	3,700,000
311-0000-601-9006	Purchases Over \$5,000	899,000	0	899,000
Total Appropriation		3,951,384	3,784,704	7,736,088

**Aquatic Center Pool
Expansion (AQ1800)**

Revenue:

459-0000-391-0546	Series 2017A GO Bonds	170,000	0	170,000
459-0000-391-0549	Series 2018A GO Bonds	0	2,331,740	2,331,740
Total Appropriation		170,000	2,331,740	2,501,740

Appropriation:

459-0000-629-2023	Arch/Eng/Landscaping	170,000	0	170,000
459-0000-629-9003	Improvements	0	2,331,740	2,331,740
Total Appropriation		170,000	2,331,740	2,501,740

**Aquatic Center Fund
419:**

Revenue

419-0000-392-9926	Series 2018 C GO Bonds	0	2,331,740	2,331,740
Total Revenue		0	2,331,740	2,331,740

Expenditure

419-6999-698-7849	Series 2018 C GO Bonds	0	2,331,740	2,331,740
Total Expenditures		0	2,331,740	2,331,740

**WTP Chemical Feed
(WA1900)**

Revenue:

451-0000-391-0548	Series 2018 B GO Bonds	0	2,000,000	2,000,000
Total Revenue		0	2,000,000	2,000,000

Appropriation:

451-0000-605-2022	Construction Contracts	0	2,000,000	2,000,000
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Total Appropriations

0	2,000,000	2,000,000
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**Fire Protection & Age
Upgrades (WA1902)****Revenue:**

451-0000-391-0548 Series 2018 B GO Bonds

0	1,442,000	1,442,000
0	1,442,000	1,442,000

Total Revenue**Appropriation:**

451-0000-605-9003 Improvements

0	1,442,000	1,442,000
0	1,442,000	1,442,000

Total Appropriations**Main St. Water Line
Replacement
(WA1901)****Revenue:**

451-0000-391-0548 Series 2018 B GO Bonds

0	400,000	400,000
0	400,000	400,000

Total Revenue**Appropriation:**

451-0000-605-9003 Improvements

0	400,000	400,000
0	400,000	400,000

Total Appropriations**Water Tank
Rehabilitation
(WA1903)****Revenue:**

451-0000-391-0548 Series 2018 B GO Bonds

0	150,000	150,000
0	150,000	150,000

Total Revenue**Appropriation:**

451-0000-605-9003 Improvements

0	150,000	150,000
0	150,000	150,000

Total Appropriations**Water Fund 411:**

Revenue:

411-0000-392-9927	Series 2018 B GO Bonds	0	3,992,000	3,992,000
Total Revenue		0	3,992,000	3,992,000

Expenditure:

411-6999-698-7848	Series 2018 B GO Bonds	0	3,992,000	3,992,000
Total Expenditures		0	3,992,000	3,992,000

Sewer Proj Fund:452**WWTP SCADA****Improvements****(SW1900)****Revenue:**

452-0000-391-0548	Series 2018 B GO Bonds	0	917,000	917,000
Total Revenue		0	917,000	917,000

Appropriation:

452-0000-606-2022	Construction Contracts	0	917,000	917,000
Total Appropriations		0	917,000	917,000

Main St. Sewer Line**Replacement****(SW1901)****Revenue:**

452-0000-391-0548	Series 2018 B GO Bonds	0	400,551	400,551
Total Revenue		0	400,551	400,551

Appropriation:

452-0000-606-2023	Arch/Eng/Landscaping	0	100,000	100,000
452-0000-606-9003	Improvements	0	300,551	300,551
Total Appropriation		0	400,551	400,551

Sewer Fund:412**Revenue**

412-0000-392-9927	Series 2018 B GO Bonds	0	1,317,551	1,317,551
Total Revenue		0	1,317,551	1,317,551

Expenditures

412-6999-698-7848	Series 2017 B GO Bonds	0	1,317,551	1,317,551
Total Expenditures		0	1,317,551	1,317,551

SECTION V. 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:

JAMES H. DEMMING
City Recorder

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY, City Attorney

PASSED ON 1ST READING: _____

PASSED ON 2ND READING: _____



AGENDA ACTION FORM

Budget Adjustment Ordinance for FY19

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

Action Form No.: AF-240-2018
 Work Session: October 15, 2018
 First Reading: October 16, 2018

Final Adoption: November 6, 2018
 Staff Work By: Judy Smith
 Presentation By: Jeff Fleming

Recommendation:

Approve the Ordinance.

Executive Summary:

FY18 ended with General Fund excess revenue over expenses by \$1,642,223. The projects that will be funded from the excess revenue in this ordinance total \$1,490,856. After the auditors finish in December and we are comfortable that no other adjustments will be made, we can allocate more revenue to projects if the BMA desires. The ordinance will appropriate \$260,000 to the Fire Facilities/Capital project to purchase the Motorola Solutions Fire Alerting Upgrade, \$150,000 to complete the Greenbelt East Extension Phase I project, \$30,000 to the Street Light project for design, \$680,000 for the MOU to Petworks New Shelter, \$87,000 to the Traffic Signal Pole Upgrade project to compete Signal Pole Upgrades for Stone Drive and Bloomingdale Road, \$60,000 for a IT Help Desk temporary position, \$200,000 for a Leaf Compactor, and \$23,856 to the Transit Garage.

Attachments:

1. Ordinance

Funding source appropriate and funds are available:

	Y	N	O
Adler	—	—	—
Begley	—	—	—
Cooper	—	—	—
George	—	—	—
McIntire	—	—	—
Olterman	—	—	—
Clark	—	—	—



AGENDA ACTION FORM

Budget Adjustment Ordinance for FY19

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

Action Form No.: AF-240-2018
 Work Session: October 15, 2018
 First Reading: October 16, 2018

Final Adoption: November 6, 2018
 Staff Work By: Judy Smith
 Presentation By: Jeff Fleming

Recommendation:

Approve the Ordinance.

Executive Summary:

FY18 ended with General Fund excess revenue over expenses by \$1,642,223. The projects that will be funded from the excess revenue in this ordinance total \$1,490,856. After the auditors finish in December and we are comfortable that no other adjustments will be made, we can allocate more revenue to projects if the BMA desires. The ordinance will appropriate \$260,000 to the Fire Facilities/Capital project to purchase the Motorola Solutions Fire Alerting Upgrade, \$150,000 to complete the Greenbelt East Extension Phase I project, \$30,000 to the Street Light project for design, \$680,000 for the MOU to Petworks New Shelter, \$87,000 to the Traffic Signal Pole Upgrade project to compete Signal Pole Upgrades for Stone Drive and Bloomingdale Road, \$60,000 for a IT Help Desk temporary position, \$200,000 for a Leaf Compactor, and \$23,856 to the Transit Garage.

Attachments:

1. Ordinance

Funding source appropriate and funds are available: *js*

	<u>Y</u>	<u>N</u>	<u>O</u>
Adler	—	—	—
Begley	—	—	—
Cooper	—	—	—
George	—	—	—
McIntire	—	—	—
Olterman	—	—	—
Clark	—	—	—

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 Fund and the General Project Fund budgets be amended by appropriating \$680,000 from the General Fund, Fund Balance to the Petworks Project (GP1912), \$260,000 to the Fire Facilities/Capital Project (GP1804) \$150,000 to the Greenbelt-East End Project (GP1529), \$23,856 to the Transit Garage Project, \$60,000 to the IT Help Desk project (NC1905), \$200,000 to the Leaf Compactor project (GP1913), \$30,000 to the Street Light project (GP1809), and \$87,000 to Traffic Signal Pole Upgrades.

<u>Account Number/Description:</u>	<u>Budget</u>	<u>Incr/<Decr></u>	<u>New Budget</u>
<u>Fund 110: General Fund</u>			
<u>Revenue</u>			
110-0000-392-0100 Fund Balance Appropriation	137,960	1,490,856	1,628,816
Total	137,960	1,490,856	1,628,816

<u>Expenditures:</u>	\$	\$	\$
110-4804-481-7035 To Gen Proj-Special Rev.	(890,280)	60,000	(830,280)
110-4804-481-7036 To General Project Fund	4,530,300	1,430,856	5,961,156
Totals:	3,640,020	1,490,856	5,130,876

Fund 311: General Project Fund
Fire Facilities/Capital (GP1804)

<u>Revenues:</u>	\$	\$	\$
311-0000-368-0500 Land Sales	0	65,000	65,000
311-0000-368-1051 Series 2015 A (Oct) GO PI	7,819	0	7,819
311-0000-368-1054 Series 2016 GO (Nov 4)	9,328	0	9,328
311-0000-368-1055 Series 2017A GO Bonds	411,354	0	411,354
311-0000-368-2101 Premium From Bond Sale	18,800	0	18,800
311-0000-391-0100 From General Fund	0	260,000	260,000
Totals:	447,301	325,000	772,301

<u>Expenditures:</u>	\$	\$	\$
311-0000-601-2023 Arch/Eng/Landscaping	0	600	600
311-0000-601-4041 Bond Sale Expense	5,594	0	5,594
311-0000-601-9003 Improvements	391,707	0	391,707
311-0000-601-9006 Purchases Over \$5,000	50,000	324,400	374,400

Totals:**447,301****325,000****772,301****Fund 311: General Project Fund**
Greenbelt East Ext. PH. 1 (GP1529)**Revenues:**

	\$	\$	\$
311-0000-364-2000 From Corporations	20,000	0	20,000
311-0000-368-1047 Series 2014 A GO Bonds	10,000	0	10,000
311-0000-368-1051 Series 2015 A (Oct) GO PI	167,360	0	167,360
311-0000-368-1054 Series 2016 GO (Nov 4)	172,654	0	172,654
311-0000-368-2101 Premium From Bond Sale	20,138	0	20,138
311-0000-391-0100 From General Fund	0	150,000	150,000
Totals:	390,152	150,000	540,152

Expenditures:

	\$	\$	\$
311-0000-601-2023 Arch/Eng/Landscaping	166,000	0	166,000
311-0000-601-4041 Bond Sale Expense	5,152	0	5,152
311-0000-601-9001 Land	150,000	0	150,000
311-0000-601-9003 Improvements	69,000	150,000	219,000
Totals:	390,152	150,000	540,152

Fund 311: General Project-Special Rev. Fund
Street Lights (GP1809)**Revenues:**

	\$	\$	\$
311-0000-368-1055 Series 2017 A GO Bonds	145,334	0	145,334
311-0000-368-2101 Premium From Bond Sales	6,642	0	6,642
311-0000-391-0100 From General Fund	0	30,000	30,000
Totals:	151,976	30,000	181,976

Expenditures:

	\$	\$	\$
311-0000-601-4041 Bond Sale Expense	1,976	0	1,976
311-0000-601-9003 Improvements	150,000	30,000	180,000
Totals:	151,976	30,000	181,976

Fund 311: General Project Fund
Petworks New Shelter (GP1912)**Revenues:**

	\$	\$	\$
311-0000-391-0100 From General Fund	0	680,000	680,000
Totals:	0	680,000	680,000

Expenditures:

	\$	\$	\$
311-0000-601-8006 Petworks	0	680,000	680,000
Totals:	0	680,000	680,000

Fund 311: General Project Fund
Traffic Signal Pole Upgrade (GP1808)

Revenues:

311-0000-368-1055 Series 2017 A GO Bonds
 311-0000-368-2101 Premium From Bond Sales
 311-0000-391-0100 From General Fund

Totals:

\$	\$	\$
164,712	0	164,712
7,528	0	7,528
0	87,000	87,000
172,240	87,000	259,240

Expenditures:

311-0000-601-2023 Arch/Eng/Landscaping
 311-0000-601-4041 Bond Sale Expense
 311-0000-601-9003 Improvements

Totals:

\$	\$	\$
40,000	0	40,000
2,240	0	2,240
130,000	87,000	217,000
172,240	87,000	259,240

Fund 111: General Project/Spec. Rev. Fund
IT Help Desk Position(NC1905)

Revenues:

111-0000-391-0100 From General Fund

Totals:

\$	\$	\$
0	60,000	60,000
0	60,000	60,000

Expenditures:

111-0000-601-2075 Temporary Employees

Totals:

\$	\$	\$
0	60,000	60,000
0	60,000	60,000

Fund 311: General Project Fund
Leaf Compactor (GP1913)

Revenues:

311-0000-391-0100 From General Fund

Totals:

\$	\$	\$
0	200,000	200,000
0	200,000	200,000

Expenditures:

311-0000-601-9006 Purchases Over \$5,000

Totals:

\$	\$	\$
0	200,000	200,000
0	200,000	200,000

Fund 311: General Project Fund
Transit Garage (GP1727)

Revenues:

311-0000-368-1054 Series 2016 GO (Nov 4)
 311-0000-368-1055 Series 2017 A GO Bonds
 311-0000-368-1056 Series 2018 A GO Bonds
 311-0000-368-2101 Premium From Bond Sales
 311-0000-391-0100 From General Fund

Totals:

\$	\$	\$
13,530	0	13,530
32,980	0	32,980
86,060	0	86,060
30,332	0	30,332
0	23,856	23,856
162,902	23,856	186,758

Expenditures:

311-0000-601-2023 Arch/Eng/Landscaping

\$	\$	\$
0	23,856	23,856

311-0000-601-4041 Bond Sale Expense	6,787	0	6,787
311-0000-601-9003 Improvements	156,115	0	156,115
Totals:	162,902	23,856	186,758

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:

JAMES H. DEMMING, City Recorder

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY, City Attorney

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



AGENDA ACTION FORM

Ordinance to Appropriate Partnership Support Grant from East Tennessee Foundation

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

Action Form No.: AF-245-2018
 Work Session: October 15, 2018
 First Reading: October 16, 2018

Final Adoption: November 6, 2018
Staff Work By: B. Macdonald/C. McCartt
Presentation By: Chris McCartt

Recommendation:

Approve the Ordinance.

Executive Summary:

The East Tennessee Foundation has awarded the City of Kingsport for the Office of Cultural Arts an Arts Fund grant of \$8,000 for FY19/FY20 which will be used for public art initiatives and community engagement through Sculpture Walk Workshops and Exhibition.

Grant dollars should be appropriated to NC1612 Temporary Art Project Account 111-0000-601.20-20 for artistic contract employment over the 2 year period.

Attachments:

1. Ordinance

Funding source appropriate and funds are available: gs

	<u>Y</u>	<u>N</u>	<u>O</u>
Adler	—	—	—
Begley	—	—	—
Cooper	—	—	—
George	—	—	—
McIntire	—	—	—
Olterman	—	—	—
Clark	—	—	—



AGENDA ACTION FORM

Ordinance to Appropriate Partnership Support Grant from East Tennessee Foundation

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

Action Form No.: AF-245-2018
 Work Session: October 15, 2018
 First Reading: October 16, 2018

Final Adoption: November 6, 2018
 Staff Work By: B. Macdonald/C. McCartt
 Presentation By: Chris McCartt

Recommendation:

Approve the Ordinance.

Executive Summary:

The East Tennessee Foundation has awarded the City of Kingsport for the Office of Cultural Arts an Arts Fund grant of \$8,000 for FY19/FY20 which will be used for public art initiatives and community engagement through Sculpture Walk Workshops and Exhibition.

Grant dollars should be appropriated to NC1612 Temporary Art Project Account 111-0000-601.20-20 for artistic contract employment over the 2 year period.

Attachments:

1. Ordinance

Funding source appropriate and funds are available: *JF*

	<u>Y</u>	<u>N</u>	<u>O</u>
Adler	—	—	—
Begley	—	—	—
Cooper	—	—	—
George	—	—	—
McIntire	—	—	—
Olterman	—	—	—
Clark	—	—	—

ORDINANCE NO. _____

AN ORDINANCE TO AMEND THE GENERAL
PROJECT SPECIAL REVENUE FUND BUDGET BY
APPROPRIATING GRANT FUNDS RECEIVED
FROM THE EAST TENNESSEE FOUNDATION 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 Projects Special Revenue Fund budget be amended by appropriating grant funds received from the East Tennessee Foundation in the amount of \$8,000 for public art initiatives and community engagement. No matching funds are required.

<u>Account Number/Description:</u>	<u>Budget</u>	<u>Incr/<Decr></u>	<u>New Budget</u>
Fund 111: General Projects-Special Rev.			
Temporary Public Art (NC1612)			
<u>Revenues:</u>	\$	\$	\$
111-0000-364-2000 From Corporations	7,500	0	7,500
111-0000-364-3000 From Non-Profit Groups	6,400	8,000	14,400
111-0000-391-0100 From General Fund	60,000	0	60,000
Totals:	73,900	8,000	81,900
<u>Expenditures:</u>	\$	\$	\$
111-0000-601-2020 Professional Consultant	53,400	8,000	61,400
111-0000-601-2099 Miscellaneous	10,500	0	10,500
111-0000-601-3020 Operating Supplies & Tools	10,000	0	10,000
Totals:	73,900	8,000	81,900

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: _____



AGENDA ACTION FORM

Approve a Policy with ReliaStar Life Insurance Company for Stop Loss Insurance Coverage

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

Action Form No.: AF-247-2018
 Work Session: November 5, 2018
 First Reading: N/A

Final Adoption: November 6, 2018
 Staff Work By: Baumgardner
 Presentation By: DeCroes

Recommendation:

Approve the Resolution.

Executive Summary:

The RFP process for the city's Self-Funded Health Insurance Program Excess Risk/Stop Loss insurance coverage has recently been completed. Our benefits consultant, Mark III Employee Benefits, has reviewed the proposals and recommended awarding the bid to ReliaStar Life Insurance Company. The proposal offers the same limits of a \$135,000 specific limit and a \$175,000 aggregating specific corridor with a reduction in cost as our previous coverage. It is our recommendation that we award the bid to ReliaStar Life Insurance Company.

Our consultant estimates an annual savings of over \$100,000 annually.

Attachments:

1. Resolution
2. Stop Loss Quote Summary Chart

Funding source appropriate and funds are available: je

	<u>Y</u>	<u>N</u>	<u>O</u>
Adler	—	—	—
Begley	—	—	—
Cooper	—	—	—
George	—	—	—
McIntire	—	—	—
Olteman	—	—	—
Clark	—	—	—

RESOLUTION NO. _____

A RESOLUTION APPROVING A POLICY WITH RELIASTAR LIFE INSURANCE COMPANY FOR STOP LOSS INSURANCE COVERAGE AND AUTHORIZING THE MAYOR TO EXECUTE ALL AGREEMENTS TO OBTAIN A POLICY FOR STOP LOSS INSURANCE AND OTHER DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE RESOLUTION

WHEREAS, the city issued a request for proposals for the city's self-funded health insurance excess risk stop loss insurance coverage; and

WHEREAS, based on the review of the proposals, it is recommended to accept the proposal from ReliaStar Life Insurance Company at the current limits of Specific Reinsurance Deductible from \$135,000 per person, and the Aggregating Specific Reinsurance Corridor at \$175,000 effective January 1, 2019, through December 31, 2019; and

WHEREAS, the board finds it is in the best interest and advantage to the city to approve an agreement for stop loss reinsurance with ReliaStar Life Insurance Company.

Now therefore,

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

SECTION I. That the agreement and policy with ReliaStar Life Insurance Company for stop loss reinsurance with the Specific Reinsurance Deductible at \$135,000 per person and the Aggregating Specific Reinsurance Corridor at \$175,000 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, acceptance of policy as approved above with ReliaStar Life Insurance Company to provide specific stop loss and aggregate stop loss insurance coverage for the city's self-funded health insurance plan effective January 1, 2019, through December 31, 2019, and all agreements and other documents necessary and proper to effectuate the purpose of 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 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 6th day of November, 2018

JOHN CLARK, MAYOR

ATTEST:

JAMES H. DEMMING, CITY RECORDER

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY, CITY ATTORNEY



2019 Stop Loss Bid



October 2018



City of Kingsport 2018 Stop Loss Bid for 1/1/19 Prepared by Mark III October 2018					
Proprietary					
Subscribers	HCC Current	HCC Renewal	Voya	Voya	BCBSTN
	\$175K Agg Spec/\$135K Spec/Paid	\$175K Agg Spec/\$135K Spec/Paid	\$175K Agg Spec/\$135K Spec/24/12/125%	\$100K Agg Spec/\$135K Spec/24/12/125%	\$100K Agg Spec/\$135K Spec/24/12/125%
657	\$70.08	\$70.08	\$56.54	\$65.10	\$76.87
	\$3.95	\$4.46	\$2.00	\$2.00	\$3.05
Specific Monthly	\$46,042.56	\$46,042.56	\$37,146.78	\$42,770.70	\$50,503.59
Specific Yearly	\$552,510.72	\$552,510.72	\$445,761.36	\$513,248.40	\$606,043.08
Aggregate Monthly	\$2,595.15	\$2,930.22	\$1,314.00	\$1,314.00	\$2,003.85
Aggregate Yearly	\$31,141.80	\$35,162.64	\$15,768.00	\$15,768.00	\$24,046.20
	\$583,652.52	\$587,673.36	\$461,529.36	\$529,016.40	\$630,089.28
Total Increase		101%	79%	90%	108%
Savings			\$122,123.16	\$54,636.12	(\$42,415.92)
		No Lasers	No lasers	No Lasers	No lasers



AGENDA ACTION FORM

Approve Contract with the Tennessee Department of Transportation Accepting Federal and State Transportation Planning Funds on Behalf of the Kingsport MTPo

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

Action Form No.: AF-249-2018
 Work Session: November 5, 2018
 First Reading: N/A

Final Adoption: November 6, 2018
 Staff Work By: Bill Albright
 Presentation By: Bill Albright

Recommendation:

Approve the contract and Resolution.

Executive Summary:

Annually the Kingsport Metropolitan Transportation Planning Organization (MTPo) receives Federal funding through the Tennessee Department to conduct transportation planning activities within the MPO area. The MPO's jurisdiction includes the Cities of Kingsport, Church Hill, Mount Carmel, and portions of Washington, Hawkins, and Sullivan Counties (Gate City and Weber are included but VDOT funding is separate). Activities include assisting in the planning and development of grant applications and grant-based projects and working with TDOT to plan and develop street and roadway projects through the Transportation Improvement Program. Examples include Main Street, Wilcox Drive, signalization projects - such as the recently completed SR 126/ Island Road signal, State Route 126, State Route 93, State Route 36 reconstruction, coordinated signal systems - Lynn Garden Drive, and other projects within the metro-area transportation system. MPO offices are housed and managed by the City of Kingsport and budgeting and contracts are also managed by City Staff. The contract totals \$664,256, which consists of \$538,290, or approximately 81% in state and federal funds, and a local match of \$125,966, or approximately 19% in City funds. The local match for FY '19 is already approved in the current budget. Staff recommends the Board approve the contract.

Attachments:

1. Resolution

Funding source appropriate and funds are available: 

	Y	N	O
Adler	—	—	—
Begley	—	—	—
Cooper	—	—	—
George	—	—	—
McIntire	—	—	—
Olterman	—	—	—
Clark	—	—	—

RESOLUTION NO. _____

A RESOLUTION APPROVING A GRANT CONTRACT WITH THE TENNESSEE DEPARTMENT OF TRANSPORTATION FOR THE KINGSPORT METROPOLITAN TRANSPORTATION PLANNING ORGANIZATION AND AUTHORIZING THE MAYOR TO EXECUTE THE CONTRACT AND ALL OTHER DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE CONTRACT

WHEREAS, the Kingsport Metropolitan Transportation Planning Organization (MTPO) is responsible for transportation planning activities in the Kingsport urban area; and

WHEREAS, its annual operating expenses are funded primarily by the Federal Highway Administration (FHWA), with additional dollars from the Federal Transit Administration (FTA), with matching funds also provided by the Tennessee Department of Transportation and the city; and

WHEREAS, the contract totals \$664,256.00 in both state and federal funds, which requires a local match of \$125,966.00; and

WHEREAS, the local match has been approved in the FY19 budget.
Now therefore,

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

SECTION I. That the Grant Contract with Tennessee Department of Transportation for both federal and state MTPO funds 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, a Grant Contract with Tennessee Department of Transportation and all other documents necessary and proper, and to take such acts as necessary, to effectuate the purpose of the amendment or this resolution, said amendment being as follows:

GRANT CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF TRANSPORTATION
AND
CITY OF KINGSPORT

This grant contract ("Grant Contract"), by and between the State of Tennessee, Department of Transportation, hereinafter referred to as the "State" or the "Grantor State Agency" and Grantee City of Kingsport, hereinafter referred to as the "Grantee," is for the provision of Transportation planning & coordination activities, as further defined in the "SCOPE OF SERVICES AND DELIVERABLES." Grantee Edison Vendor ID # 1560

A. SCOPE OF SERVICES AND DELIVERABLES:

A.1. The Grantee shall provide the scope of services and deliverables ("Scope") as required, described, and detailed in this Grant Contract.

A.2. Transportation Planning and Coordination. The Grantee agrees to undertake transportation planning and coordination activities in the Kingsport Unified Planning Work Program (UPWP) for Federal Fiscal Years 2019-2021 as endorsed by the Kingsport Metropolitan Planning Organization (MPO) and approved by the U. S. Department of Transportation, Federal Highway Administration (FHWA). The UPWP includes planning priorities and work proposed by major activity and task in sufficient detail to indicate by whom the work will be performed, the schedule for completing the work, and the resulting products.

A.3. Incorporation of Additional Documents. Each of the following documents is included as a part of this Grant Contract by reference or attachment. In the event of a discrepancy or ambiguity regarding the Grantee's duties, responsibilities, and performance hereunder, these items shall govern in order of precedence below.

a. this Grant Contract document with any attachments or exhibits (excluding the items listed at subsections b. and c., below);

b. the Grantee's Unified Planning Work Program incorporated by reference to elaborate supplementary scope of services specifications.

A.4. Incorporation of Federal Award Identification Worksheet. The federal award identification worksheet, which appears as Attachment One, is incorporated in this Grant Contract.

B. TERM OF CONTRACT:

This Grant Contract shall be effective on October 1, 2018 ("Effective Date") and extend for a period of Thirty Six (36) months after the Effective Date ("Term"). The State shall have no obligation to the Grantee for fulfillment of the Scope outside the Term.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Grant Contract exceed Five Hundred Thirty Eight Thousand Two Hundred and Ninety Dollars and Zero Cents (\$538,290.00) ("Maximum Liability"). The Grant Budget, attached and incorporated as Attachment Two is the maximum amount due the Grantee under this Grant Contract. The Grant Budget line-items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Grantee.

C.2. Compensation Firm. The Maximum Liability of the State is not subject to escalation for any reason unless amended. The Grant Budget amounts are firm for the duration of the Grant Contract and are not subject to escalation for any reason unless amended, except as provided in Section C.6.

C.3. Payment Methodology. The Grantee shall be reimbursed for actual, reasonable, and necessary costs based upon the Grant Budget, not to exceed the Maximum Liability established in Section

C.1. Upon progress toward the completion of the Scope, as described in Section A of this Grant Contract, the Grantee shall submit invoices prior to any reimbursement of allowable costs.

C.4. Travel Compensation. Reimbursement to the Grantee 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 shall be contingent upon and limited by the Grant Budget funding for said reimbursement.

C.5. Invoice Requirements. The Grantee shall invoice the State no more often than monthly, with all necessary supporting documentation, and present such to:

TN Department of Transportation Suite 900, James K. Polk Building 505 Deaderick Street
Nashville TN 37243-0334

a. Each invoice shall clearly and accurately detail all of the following required information (calculations must be extended and totaled correctly).

- (1) Invoice/Reference Number (assigned by the Grantee).
- (2) Invoice Date.
- (3) Invoice Period (to which the reimbursement request is applicable).
- (4) Grant Contract Number (assigned by the State).
- (5) Grantor: Department of Transportation, Long Range Planning Division.
- (6) Grantor Number (assigned by the Grantee to the above-referenced Grantor).
- (7) Grantee Name.
- (8) Grantee Tennessee Edison Registration ID Number Referenced in Preamble of this Grant Contract.
- (9) Grantee Remittance Address.
- (10) Grantee Contact for Invoice Questions (name, phone, or fax).
- (11) Itemization of Reimbursement Requested for the Invoice Period— it must detail, at minimum, all of the following:
 - i. The amount requested by Grant Budget line-item (including any travel expenditure reimbursement requested and for which documentation and receipts, as required by "State Comprehensive Travel Regulations," are attached to the invoice).
 - ii. The amount reimbursed by Grant Budget line-item to date.
 - iii. The total amount reimbursed under the Grant Contract to date.
 - iv. The total amount requested (all line-items) for the Invoice Period.
- b. The Grantee understands and agrees to all of the following.
 - (1) An invoice under this Grant Contract shall include only reimbursement requests for actual, reasonable, and necessary expenditures required in the delivery of service described by this Grant Contract and shall be subject to the Grant Budget and any other provision of this Grant Contract relating to allowable reimbursements.
 - (2) An invoice under this Grant Contract shall not include any reimbursement request for future

expenditures.

(3) An invoice under this Grant Contract shall initiate the timeframe for reimbursement only when the State is in receipt of the invoice, and the invoice meets the minimum requirements of this section C.5.

C.6. Budget Line-items. Expenditures, reimbursements, and payments under this Grant Contract shall adhere to the Grant Budget. The Grantee may vary from a Grant Budget line-item amount by up to twenty percent (20%) of the line-item amount, provided that any increase is off-set by an equal reduction of other line-item amount(s) such that the net result of variances shall not increase the total Grant Contract amount detailed by the Grant Budget. Any increase in the Grant Budget, grand total amounts shall require an amendment of this Grant Contract.

C.7. Disbursement Reconciliation and Close Out. The Grantee shall submit any final invoice and a grant disbursement reconciliation report within sixty (60) days of the Grant Contract end date, in form and substance acceptable to the State.

a. If total disbursements by the State pursuant to this Grant Contract exceed the amounts permitted by the section C, payment terms and conditions of this Grant Contract, the Grantee shall refund the difference to the State. The Grantee shall submit the refund with the final grant disbursement reconciliation report.

b. The State shall not be responsible for the payment of any invoice submitted to the State after the grant disbursement reconciliation report. The State will not deem any Grantee costs submitted for reimbursement after the grant disbursement reconciliation report to be allowable and reimbursable by the State, and such invoices will NOT be paid.

c. The Grantee's failure to provide a final grant disbursement reconciliation report to the State as required by this Grant Contract shall result in the Grantee being deemed ineligible for reimbursement under this Grant Contract, and the Grantee shall be required to refund any and all payments by the State pursuant to this Grant Contract.

d. The Grantee must close out its accounting records at the end of the Term in such a way that reimbursable expenditures and revenue collections are NOT carried forward.

C.8. Indirect Cost. Should the Grantee request reimbursement for indirect costs, the Grantee must submit to the State a copy of the indirect cost rate approved by the cognizant federal agency or the cognizant state agency, as applicable. The Grantee will be reimbursed for indirect costs in accordance with the approved indirect cost rate and amounts and limitations specified in the attached Grant Budget. Once the Grantee makes an election and treats a given cost as direct or indirect, it must apply that treatment consistently and may not change during the Term. Any changes in the approved indirect cost rate must have prior approval of the cognizant federal agency or the cognizant state agency, as applicable. If the indirect cost rate is provisional during the Term, once the rate becomes final, the Grantee agrees to remit any overpayment of funds to the State, and subject to the availability of funds the State agrees to remit any underpayment to the Grantee.

C.9. Cost Allocation. If any part of the costs to be reimbursed under this Grant Contract are joint costs involving allocation to more than one program or activity, such costs shall be allocated and reported in accordance with the provisions of Department of Finance and Administration Policy Statement 03 or any amendments or revisions made to this policy statement during the Term.

C.10. Payment of Invoice. A payment by the State shall not prejudice the State's right to object to or question any reimbursement, invoice, or related matter. 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 as an allowable cost.

C.11. Non-allowable Costs. Any amounts payable to the Grantee shall be subject to reduction for amounts included in any invoice or payment that are determined by the State, on the basis of audits or monitoring conducted in accordance with the terms of this Grant Contract, to constitute unallowable costs.

C.12. State's Right to Set Off. The State reserves the right to set off or deduct from amounts that are or shall become due and payable to the Grantee under this Grant Contract or under any other agreement between the Grantee and the State of Tennessee under which the Grantee has a right to receive payment from the State.

C.13. Prerequisite Documentation. The Grantee shall not invoice the State under this Grant Contract until the State has received the following, properly completed documentation.

a. The Grantee shall complete, sign, and return to the State an "Authorization Agreement for Automatic Deposit (ACH Credits) Form" provided by the State. By doing so, the Grantee acknowledges and agrees that, once this form is received by the State, all payments to the Grantee under this or any other grant contract will be made by automated clearing house ("ACH").

b. The Grantee 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 Grantee's Federal Employer Identification Number or Social Security Number referenced in the Grantee's Edison registration information.

D. STANDARD TERMS AND CONDITIONS:

D.1. Required Approvals. The State is not bound by this Grant Contract until it is signed by the

parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this Grant Contract, the 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 Grant Contract may be modified only by a written amendment signed by all parties and approved by the officials who approved the Grant Contract and, depending upon the specifics of the Grant Contract as amended, any additional officials required by Tennessee laws and regulations (the 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 Grant Contract without cause for any reason. A termination for convenience shall not be a breach of this Grant Contract by the State. The State shall give the Grantee at least thirty (30) days written notice before the effective termination date. The Grantee shall be entitled to compensation for authorized expenditures and satisfactory services completed as of the termination date, but in no event shall the State be liable to the Grantee for compensation for any service that has not been rendered. The final decision as to the amount for which the State is liable shall be determined by the State. The Grantee shall not have any right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount for the State's exercise of its right to terminate for convenience.

D.4. Termination for Cause. If the Grantee fails to properly perform its obligations under this Grant Contract, or if the Grantee violates any terms of this Grant Contract, the State shall have the right to immediately terminate this Grant Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the exercise of the State's right to terminate this Grant Contract for cause, the Grantee shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Grant Contract by the Grantee.

D.5. Subcontracting. The Grantee shall not assign this Grant Contract or enter into a subcontract for any of the services performed under this Grant 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 Grant Contract pertaining to "Conflicts of Interest," "Lobbying," "Nondiscrimination," "Public Accountability," "Public Notice," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Grantee shall remain responsible for all work performed.

D.6. Conflicts of Interest. The Grantee warrants that no part of the total Grant 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 Grantee in connection with any work contemplated or performed relative to this Grant Contract.

D.7. Lobbying. The Grantee 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 undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, 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 contract, grant, loan, or cooperative agreement, the Grantee shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

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

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into and is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. § 1352.

D.8. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Grant 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. All communications, regardless of method of transmission, shall be addressed to the respective party as set out below:

The State:

Janice Shellington-Jenkins, Manager,

Regional Planning Office
Tennessee Department of Transportation
Suite 900, James K. Polk Building
505 Deaderick Street
Nashville, Tennessee 37243-0334
Janice.ShellingtonJenkins@tn.gov
Telephone: (615) 253-6301

The Grantee:

Mr. Bill Albright, Transportation Planning Coordinator
Kingsport Transportation Department
225 West Center Street
Kingsport, Tennessee 37660
Telephone: (423) 224-0677
FAX: (423) 224-2756

A change to the above contact information requires written notice to the person designated by the other party to receive notice.

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

D.9. Subject to Funds Availability. This Grant Contract is subject to the appropriation and availability of State or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate this Grant Contract upon written notice to the Grantee. The State's right to terminate this Grant Contract due to lack of funds is not a breach of this Grant Contract by the State. Upon receipt of the written notice, the Grantee shall cease all work associated with the Grant Contract. Should such an event occur, the Grantee shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Grantee 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.

D.10. Nondiscrimination. The Grantee 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 Grant Contract or in the employment practices of the Grantee 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 Grantee shall, upon request, show proof of nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

D.11. HIPAA Compliance. The State and the Grantee shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Health Information Technology for Economic and Clinical Health Act (HITECH) and any other relevant laws and regulations regarding privacy (collectively the "Privacy Rules"). The obligations set forth in this Section shall survive the termination of this Grant Contract.

a. The Grantee warrants to the State that it is familiar with the requirements of the Privacy Rules and will comply with all applicable HIPAA requirements in the course of this Grant Contract.

b. The Grantee warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by the Privacy Rules, in the course of performance of this Grant Contract so that both parties will be in compliance with the Privacy Rules.

c. The State and the Grantee will sign documents, including but not limited to business associate agreements, as required by the Privacy Rules and that are reasonably necessary to keep the State and the Grantee in compliance with the Privacy Rules. This provision shall not apply if information received by the State under this Grant Contract is NOT "protected health information" as defined by the Privacy Rules, or if the Privacy Rules permit the State to receive such information without entering into a business associate agreement or signing another such document.

D.12. Public Accountability. If the Grantee is subject to Tenn. Code Ann. § 8-4-401 *et seq.*, or if this Grant Contract involves the provision of services to citizens by the Grantee on behalf of the State, the Grantee agrees to establish a system through which recipients of services may present grievances about the operation of the service program. The Grantee shall also display in a prominent place, located near the passageway through which the public enters in order to receive Grant supported services, a sign at least eleven inches (11") in height and seventeen inches (17") in width stating:

NOTICE: THIS AGENCY IS A RECIPIENT OF TAXPAYER FUNDING. IF YOU OBSERVE AN AGENCY DIRECTOR OR EMPLOYEE ENGAGING IN ANY ACTIVITY WHICH YOU CONSIDER TO BE ILLEGAL, IMPROPER, OR WASTEFUL, PLEASE CALL THE STATE COMPTROLLER'S TOLL-FREE HOTLINE: 1-800-232-5454.

The sign shall be on the form prescribed by the Comptroller of the Treasury. The Grantor State Agency shall obtain copies of the sign from the Comptroller of the Treasury, and upon request from the Grantee, provide Grantee with any necessary signs.

D.13. Public Notice. All notices, informational pamphlets, press releases, research reports, signs, and similar public notices prepared and released by the Grantee in relation to this Grant Contract shall include the statement, "This project is funded under a grant contract with the State of Tennessee." All notices by the Grantee in relation to this Grant Contract shall be approved by the State.

D.14. Licensure. The Grantee, its employees, and any approved subcontractor shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses.

D.15. Records. The Grantee and any approved subcontractor shall maintain documentation for all charges under this Grant Contract. The books, records, and documents of the Grantee and any approved subcontractor, insofar as they relate to work performed or money received under this Grant Contract, shall be maintained in accordance with applicable Tennessee law. In no case shall the records be maintained for a period of less than five (5) full years from the date of the final payment. The Grantee's records shall be subject to audit at any reasonable time and upon reasonable notice by the Grantor State Agency, the Comptroller of the Treasury, or their duly appointed representatives. The records shall be maintained in accordance with Governmental Accounting Standards Board (GASB) Accounting Standards or the Financial Accounting Standards Board (FASB) Accounting Standards Codification, as applicable, and any related AICPA Industry Audit and Accounting guides. In addition, documentation of grant applications, budgets, reports, awards, and expenditures will be maintained in accordance with U.S. Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Grant expenditures shall be made in accordance with local government purchasing policies and procedures and purchasing procedures for local governments authorized under state law.

The Grantee shall also comply with any recordkeeping and reporting requirements prescribed by the Tennessee Comptroller of the Treasury.

The Grantee shall establish a system of internal controls that utilize the COSO Internal Control - Integrated Framework model as the basic foundation for the internal control system. The Grantee shall incorporate any additional Comptroller of the Treasury directives into its internal control system. Any other required records or reports which are not contemplated in the above standards shall follow the format designated by the head of the Grantor State Agency, the Central Procurement Office, or the Commissioner of Finance and Administration of the State of Tennessee.

D.16. Monitoring. The Grantee's activities conducted and records maintained pursuant to this Grant Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.

D.17. Progress Reports. The Grantee shall submit brief, periodic, progress reports to the State as requested.

D.18. Annual and Final Reports. The Grantee shall submit, within three (3) months of the conclusion of each year of the Term, an annual report. For grant contracts with a term of less than one (1) year, the Grantee shall submit a final report within three (3) months of the conclusion of the Term. For grant contracts with multiyear terms, the final report will take the place of the annual report for the final year of the Term. The Grantee shall submit annual and final reports to the Grantor State Agency and the Department of Finance and Administration ("F&A"). Send electronic copies of annual and final reports to F&A at fa.audit@tn.gov. At minimum, annual and final reports shall include: (a) the Grantee's name; (b) the Grant Contract's Edison identification number, Term, and total amount; (c) a narrative section that describes the program's goals, outcomes, successes and setbacks, whether the Grantee used benchmarks or indicators to determine progress, and whether any proposed activities were not completed; and (d) other relevant details requested by the Grantor State Agency. Annual and final report documents to be completed by the Grantee shall appear on the Grantor State Agency's website or as an attachment to the Grant Contract.

D.19. Audit Report. The Grantee shall be audited in accordance with applicable Tennessee law.

If the Grantee is subject to an audit under this provision, then the Grantee shall complete Attachment Three.

When a federal single audit is required, the audit shall be performed in accordance with U.S. Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

A copy of the audit report shall be provided to the Comptroller by the licensed, independent public accountant. Audit reports shall be made available to the public.

D.20. Procurement. If other terms of this Grant Contract allow reimbursement for the cost of goods, materials, supplies, equipment, motor vehicles, or contracted services, procurements by the Grantee shall be competitive where practicable. For any procurement for which reimbursement is paid under this Grant Contract, the Grantee shall document the competitive procurement method. In each instance where it is determined that use of a competitive procurement method is not practicable, supporting documentation shall include a written justification for the decision and for the use of a non-competitive procurement. If the Grantee is a subrecipient, the Grantee shall comply with 2 C.F.R. §§ 200.318—200.326 when procuring property and services under a federal award.

The Grantee shall obtain prior approval from the State before purchasing any equipment or motor vehicles under this Grant Contract.

D.21. Strict Performance. Failure by any party to this Grant Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Grant Contract is not a waiver or relinquishment of any term, covenant, condition, or provision. No term or condition of this Grant Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties.

D.22. Independent Contractor. The parties shall not act as employees, partners, joint venturers, or associates of one another in the performance of this Grant Contract. The parties acknowledge that they are independent contracting entities and that nothing in this Grant Contract 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.

D.23. Limitation of State's Liability. The State shall have no liability except as specifically provided in this Grant Contract. In no event will the State be liable to the Grantee or any other party for any lost revenues, lost profits, loss of business, loss of grant funding, decrease in the value of any securities or cash position, time, money, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, contract, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise under this Grant Contract or otherwise. The State's total liability under this Grant Contract (including any exhibits, schedules, amendments or other attachments to the Contract) or otherwise shall under no circumstances exceed the Maximum Liability originally established in Section C.1 of this Grant Contract. This limitation of liability is cumulative and not per incident.

D.24. Force Majeure. "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the party except to the extent that the non-performing party is at fault in failing to prevent or causing the default or delay, and provided that the default or delay cannot reasonably be circumvented by the non-performing party through the use of alternate sources, workaround plans or other means. A strike, lockout or labor dispute shall not excuse either party from its obligations under this Grant Contract. Except as set forth in this Section, any failure or delay by a party in the performance of its obligations under this Grant Contract arising from a Force Majeure Event is not a default under this Grant Contract or grounds for termination. The non-performing party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the party continues to use diligent, good faith efforts to resume performance without delay. The occurrence of a Force Majeure Event affecting Grantee's representatives, suppliers, subcontractors, customers or business apart from this Grant Contract is not a Force Majeure Event under this Grant Contract. Grantee will promptly notify the State of any delay caused by a Force Majeure Event (to be confirmed in a written notice to the State within one (1) day of the inception of the delay) that a Force Majeure Event has occurred, and will describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event results in a delay in Grantee's performance longer than forty-eight (48) hours, the State may, upon notice to Grantee: (a) cease payment of the fees until Grantee resumes performance of the affected obligations; or (b) immediately terminate this Grant Contract or any purchase order, in whole or in part, without further payment except for fees then due and payable. Grantee will not increase its charges under this Grant Contract or charge the State any fees other than those provided for in this Grant Contract as the result of a Force Majeure Event.

D.25. Tennessee Department of Revenue Registration. The Grantee shall comply with all applicable registration requirements contained in Tenn. Code Ann. §§ 67-6-601 – 608. Compliance with applicable registration requirements is a material requirement of this Grant Contract.

D.26. Charges to Service Recipients Prohibited. The Grantee shall not collect any amount in the form of fees or reimbursements from the recipients of any service provided pursuant to this Grant Contract.

D.27. No Acquisition of Equipment or Motor Vehicles. This Grant Contract does not involve the acquisition and disposition of equipment or motor vehicles acquired with funds provided under this Grant Contract.

D.28. State and Federal Compliance. The Grantee shall comply with all applicable state and federal laws and regulations in the performance of this Grant Contract. The U.S. Office of Management and Budget's Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is available here:

[http://www.ecfr.gov/cgi-bin/text-](http://www.ecfr.gov/cgi-bin/text-idx?SID=c6b2f053952359ba94470ad3a7c1a975&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

[idx?SID=c6b2f053952359ba94470ad3a7c1a975&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?SID=c6b2f053952359ba94470ad3a7c1a975&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

D.29. Governing Law. This Grant Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Grantee 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 Grant Contract.

The Grantee acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising there from, shall be subject to and limited to those rights and remedies, if any, available under Tenn. Code Ann. §§ 9-8-101 through 9-8-407.

D.30. Completeness. This Grant Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions agreed to by the parties. This Grant Contract supersedes any and all prior understandings, representations, negotiations, or agreements between the parties, whether written or oral.

D.31. Severability. If any terms and conditions of this Grant Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions shall not be affected and shall remain in full force and effect. To this end, the terms and conditions of this Grant Contract are declared severable.

D.32. Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant Contract.

D.33. Iran Divestment Act. The requirements of Tenn. Code Ann. § 12-12-101 et seq., addressing contracting with persons as defined at T.C.A. § 12-12-103(5) that engage in investment activities in Iran, shall be a material provision of this Grant Contract. The Grantee certifies, under penalty of perjury, that to the best of its knowledge and belief that it is not on the list created pursuant to Tenn. Code Ann. § 12-12-106.

D.34. Debarment and Suspension. The Grantee certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;

b. have not within a three (3) year period preceding this Grant Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant 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;

c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and

d. have not within a three (3) year period preceding this Grant Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Grantee shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded or disqualified, or presently fall under any of the prohibitions of sections a-d.

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 Grant Contract, the special terms and conditions shall be subordinate to the Grant Contract's other terms and conditions.

E.2. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Grantee by the State or acquired by the Grantee on behalf of the State that is regarded as confidential under state or federal law shall be regarded as "Confidential Information." Nothing in this Section shall permit Grantee to disclose any Confidential Information, regardless of whether it has been disclosed or made available to the Grantee due to intentional or negligent actions or inactions of agents of the State or third parties. Confidential Information shall not be disclosed except as required or permitted under state or federal law. Grantee shall take all necessary steps to safeguard the confidentiality of such material or information in conformance with applicable state and federal law.

The obligations set forth in this Section shall survive the termination of this Grant Contract.

E.3. Printing Authorization. The Grantee agrees that no publication coming within the jurisdiction of Tenn. Code Ann. § 12-7-101, et seq., shall be printed pursuant to this Grant Contract unless a printing authorization number has been obtained and affixed as required by Tenn. Code Ann. § 12-7-103(d).

E.4. Federal Funding Accountability and Transparency Act (FFATA).

This Grant Contract requires the Grantee to provide supplies or services that are funded in whole or in part by federal funds that are subject to FFATA. The Grantee is responsible for ensuring that all applicable FFATA requirements, including but not limited to those below, are met and that the Grantee provides information to the State as required.

The Grantee shall comply with the following:

a. Reporting of Total Compensation of the Grantee's Executives.

(1) The Grantee shall report the names and total compensation of each of its five most highly compensated executives for the Grantee's preceding completed fiscal year, if in the Grantee's

preceding fiscal year it received:

i. 80 percent or more of the Grantee's annual gross revenues from Federal procurement contracts and federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and sub awards); and

ii. \$25,000,000 or more in annual gross revenues from federal procurement contracts (and subcontracts), and federal financial assistance subject to the Transparency Act (and sub awards); and

iii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. § 78m(a), 78o(d)) or § 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/execomp.htm>).

As defined in 2 C.F.R. § 170.315, "Executive" means officers, managing partners, or any other employees in management positions.

(2) Total compensation means the cash and noncash dollar value earned by the executive during the Grantee's preceding fiscal year and includes the following (for more information see 17 CFR § 229.402(c)(2)):

i. Salary and bonus.

ii. Awards of stock, stock options, and stock appreciation rights. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.

iii. Earnings for services under non-equity incentive plans. This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.

iv. Change in pension value. This is the change in present value of defined benefit and actuarial pension plans.

v. Above-market earnings on deferred compensation which is not tax qualified.

vi. Other compensation, if the aggregate value of all such other compensation (e.g. severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds \$10,000.

b. The Grantee must report executive total compensation described above to the State by the end of the month during which this Grant Contract is established.

c. If this Grant Contract is amended to extend its term, the Grantee must submit an executive total compensation report to the State by the end of the month in which the amendment to this Grant Contract becomes effective.

d. The Grantee will obtain a Data Universal Numbering System (DUNS) number and maintain its DUNS number for the term of this Grant Contract. More information about obtaining a DUNS Number can be found at: <http://fedgov.dnb.com/webform/>.

The Grantee's failure to comply with the above requirements is a material breach of this Grant Contract for which the State may terminate this Grant Contract for cause. The State will not be obligated to pay any outstanding invoice received from the Grantee unless and until the Grantee is in full compliance with the above requirements.

E.5. Printed Material Collected or Created. All plans, specifications, data, photographs, drawings, maps or other printed material collected or created under this Grant shall become the property of the State and shall be provided to the State upon request.

E.6. Notations and Statements. All reports, maps, and other documents prepared as a part of this Grant, exclusive of documents for internal use only by parties hereto, and financed with FHWA "PL" funds shall carry the following notation on the front cover or title page:

This report was prepared in cooperation with the U. S. Department of Transportation, Federal Highway Administration, and the Tennessee Department of Transportation.

E.7. Reimbursement. The Grantee understands and agrees that reimbursement shall be limited to: salaries, fringe benefits, travel, equipment, supplies, printing, reproduction, consultant and other contractual services, audit fees, computer services, and overhead.

E.8. Progress Reports. The Grantee shall prepare a quarterly progress report and it shall be presented to the State within forty-five (45) days after the end of each quarter. The progress report shall describe specific UPWP task accomplishments and problems encountered during the quarter. Such information shall be provided for each local planning task identified in the UPWP. Failure to comply with the progress reporting schedule specified herein may result in termination of this Grant and withholding of payment for work completed.

E.9. Amendments to the Unified Planning Work Program. Any modifications to the Unified Planning Work Program or the provisions of this Grant shall be approved in writing, by the State and shall be subject to prior approval by the FHWA.

E.10. Disadvantaged Business Enterprises. It is the policy of the Tennessee Department of Transportation that disadvantaged business enterprises (DBEs) as defined in 49 CFR, have the

maximum opportunity to participate in the performance of subcontracts financed in whole or in part with Federal funds under this Grant. Consequently, the DBE requirements of 49 CFR apply to this Grant. In this regard, the Grantee shall take all necessary and reasonable steps in accordance with 49 CFR to ensure that DBEs have the maximum opportunity to compete for and perform subcontracts.

[Acknowledgements and Attachments 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 contract set out herein that do not substantially alter the material provisions of the contract, 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 6th day of November, 2018.

JOHN CLARK, MAYOR

ATTEST:

JAMES H. DEMMING, CITY RECORDER

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY, CITY ATTORNEY



AGENDA ACTION FORM

Awarding the RFP for Temporary Employment Services

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

Action Form No.: AF-251-2018
 Work Session: November 5, 2018
 First Reading: N/A

Final Adoption: November 6, 2018
 Staff Work By: Committee
 Presentation By: G. DeCroes

Recommendation:

Approve the Resolution.

Executive Summary:

The Procurement Department issued a formal RFP for Temporary Employment Services on September 17, 2008 at the request of the Human Resources Department. Proposals were due on October 4, 2018 and the City received four replies.

An evaluation committee was formed consisting of employees from Human Resources, Aquatics, and Procurement. The committee was tasked with identifying the proposal that best meets the needs of the City. An evaluation matrix was created that included six categories ranging from Mark-Up Percentage to Service Availability & Technology. Each of the five committee members assigned a score for each proposal in all six categories.

The consensus reached among committee members is to award the RFP for Temporary Employment Services to Accuforce. Departments utilizing these services include Aquatics, Parks & Recreation, Public Works, etc.

The RFP identified that the award will be effective on January 1, 2019 and will be for a term of three years with a renewal option in annual increments after the initial term has expired.

Funding is identified in various City accounts.

Attachments:

1. Resolution
2. RFP Opening Minutes
3. Recommendation Memo

Funding source appropriate and funds are available: js

	Y	N	O
Adler	—	—	—
Begley	—	—	—
Cooper	—	—	—
George	—	—	—
McIntire	—	—	—
Olterman	—	—	—
Clark	—	—	—

RESOLUTION NO. _____

A RESOLUTION AWARDDING THE REQUEST FOR PROPOSALS FOR TEMPORARY EMPLOYMENT SERVICES TO ACCUFORCE AND AUTHORIZING THE MAYOR TO SIGN AN AGREEMENT FOR THE SAME AND ALL DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE AGREEMENT

WHEREAS, a request for proposals for temporary employment services was issued on September 17, 2018 and was due on October 4, 2018; and

WHEREAS, a committee created an evaluation matrix that included six categories ranging from Mark-Up Percentage to Service Availability & Technology; and

WHEREAS, upon review of the proposals, the board finds Accuforce is the lowest responsible compliant proposal meeting specifications for the particular work or service desired and is in the best interest and advantage to the city, and the City of Kingsport desires to enter into a contract for temporary employment services for the Aquatic Center, parks and recreation, public works, and others from Accuforce; and

WHEREAS, the agreement is for three years effective January 1, 2019, with a renewal option in annual increments after the initial term has expired; and

WHEREAS, funding is identified various city accounts;

Now therefore,

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

SECTION I. That the proposal for temporary employment services for the Aquatic Center, parks and recreation, public works, and others is awarded to Accuforce, and the mayor is authorized to execute the city's standard Agreement for Services and all documents necessary and proper to effectuate the purpose of the agreement.

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 6th day of November, 2018.

JOHN CLARK, MAYOR

ATTEST:

JAMES H. DEMMING, CITY RECORDER

APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY, CITY ATTORNEY

MINUTES
BID OPENING
October 4, 2018
4:00 P.M.

Present: Brent Morelock, Procurement Manager; Nikisha Eichmann, Assistant Procurement Manager; George DeCroes, Human Resources Director; and Diane Denton, Human Resources Administrator

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

The Procurement Manager opened with the following bids:

RFP FOR TEMPORARY EMPLOYMENT SERVICES	
Vendor:	
Elite Manufacturing & Professional Services, Inc.	
At Work Personnel	
Accuforce	
Spur Employment, Inc.	

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



Memo

To: Brent Morelock, Procurement Manager

From: Nikisha Eichmann, Assistant Procurement Manager; Diane Denton, HR Administrator; Tonya Fletcher, HR Specialist; George DeCroes, HR Director; and Chassy Smiley, Aquatics Assistant Manager

Date: October 25, 2018

Re: RFP for Temporary Employment Services

It is the recommendation of the evaluation committee that we award to Accuforce.

Accuforce has the lowest mark-up percentage of any submitter for employees referred by the City. They have the second lowest price for employees referred by the vendor. For city referrals the mark-up percentage is 21.75% and by vendor is 25%. They also have 20 years of experience in the Temporary Employment Services Industry. They can provide all of our staffing needs and have a thorough interview process for hiring their temps. They have both a career specialist and someone for safety issues on call at all times. They have an online system that gives us the ability to submit/view job orders, order status, current assignments, enter time, approve/reject timecards and access management reports. We will be assigned a primary staffing partner that will be our contact person for all temp job openings, questions, and issues we may have.

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

Thank you.



AGENDA ACTION FORM

Approve a Lease Agreement with Precision Explosives

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

Action Form No.: AF-253-2018
 Work Session: November 5, 2018
 First Reading: N/A

Final Adoption: November 6, 2018
 Staff Work By: Lynn Tully/Mike Billingsley
 Presentation By: Lynn Tully

Recommendation:

Approve the Resolution to lease approximately 1.18 acres of property to Russ Hubbard, Operations Director for Precision Explosives, LLC for the purpose of manufacturing and distributing products under the Precision Explosives brand.

Executive Summary:

Mr. Hubbard currently has a successful business in Kingsport (Per Vivo Labs, Inc.) and approached the staff several months ago looking for an opportunity to expand into another related venture. The Precision Explosives material(s) are used in the training of explosive detection canines and other explosive detection equipment. The material volume (amount of explosive material) required to train a canine is incredibly small as thus requires small volume materials production and safe storage. To this end city staff worked to find privately held property available for this use, and was unable to locate a parcel that met the needs of his business. Having exhausted private property options, staff looked at potential surplus city properties and the location at 1700 N. John B. Dennis Highway was appropriate. The property was originally purchased in 2014 for the purpose of extending the new water intake conveyance. The tunnel is now complete and lies well below the structures on the property and are within an easement named and recorded on file.

The lease is narrowly structured with no signage on John B. Dennis Hwy., and access available to the lessor as necessary. The proposal is for a single year term with two 12 month extensions. The rate is a nominal fee of \$3 per square foot for the 5,149 sq.ft. structure per year. All improvements are the sole responsibility of the tenant. The tenant is responsible for all maintenance, security, utilities, taxes and insurance necessary for the property. The Public Works Director has reviewed and approved this use as appropriate at this time and no other issues have been identified by city departments regarding use of the property. The property was declared surplus on June 15, 2017.

Attachments:

1. Resolution
2. Map

	Y	N	O
Adler	—	—	—
Begley	—	—	—
Cooper	—	—	—
George	—	—	—
McIntire	—	—	—
Olterman	—	—	—
Clark	—	—	—

RESOLUTION NO. _____

A RESOLUTION APPROVING A LEASE AGREEMENT WITH PRECISION EXPLOSIVES; AUTHORIZING THE MAYOR TO EXECUTE THE AGREEMENT; AND ALL OTHER DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THE AGREEMENT

WHEREAS, in September 2014, the city received approximately 1.18 acres from Tennessee Electric Company; and

WHEREAS, the property was purchased for extension of a new raw water intake conveyance; and

WHEREAS, a lease to Precision Explosives will maintain the property in a better condition than current condition, will create a stream of revenue for the city and will protect the infrastructure currently in place.

Now therefore,

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

SECTION I. That an agreement to lease property to Precision Explosives for the purpose of manufacturing and distributing products under the Precision Explosives brand 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, an agreement to lease approximately 1.18 acres to Precision Explosives, and all other documents necessary and proper to effectuate the purpose of the agreement or this resolution, said amendment being generally as follows:

LEASE

THIS LEASE AGREEMENT (herein "Lease") is made and entered into this ____ day of November, 2018, by and between CITY OF KINGSPORT, TENNESSEE, a municipal corporation of the State of Tennessee, (herein "Lessor") and PRECISION EXPLOSIVES LLC, a Virginia Limited Liability Corporation, (herein "Lessee").

WITNESSETH:

NOW, THEREFORE, in consideration of the premises and mutual covenants of the parties contained herein the parties agree as follows:

SECTION 1. PREMISES. Lessor in consideration of the rents to be paid and the covenants and agreements to be performed and observed by the Lessee, and subject to the use of the Lessor of the property for its underground tunnel and the restrictions contained herein does hereby lease to the Lessee and the Lessee does hereby lease and take from the Lessor the following described property (herein "Premises") and all improvements located thereon:

BEGINNING at an iron pin in the northwesterly sideline of the John B. Dennis By-Pass, said point being 430 feet, more or less, easterly from the center line of the Clinchfield Railroad right-of-way and being a corner to property owned by the City of Kingsport, Tennessee, thence with the City of Kingsport property line, N. 35° 43' E., 416.02 feet to an iron pin; thence S. 40° 06' E., 184.89 feet to an iron pin; thence S. 43° 12' W., 225.84 feet to an iron pin in the northwesterly sideline of the John B. Dennis By-Pass; thence with the said sideline of said By-Pass and by a curve to the left having a radius of 2303.6 feet, an arc distance of 210 feet to the point of BEGINNING, containing 1.18 acres, more or less.

And being the same property conveyed to City of Kingsport from Tennessee

Electric Company, Inc., by deed dated September 22, 2014, of record in the Register's Office of Sullivan County, Tennessee in Book 3134, page 1708.
Tax ID: Map 76D, Control Map 61M, Group A, Parcel 26

SECTION 2. LEASE TERM. The term of this Lease (herein "Term") shall be one (1) year beginning on December 1, 2018, at noon and terminating on November 30, 2019, at noon, unless sooner terminated as herein provided. Provided Lessee is not in default, Lessor grants to Lessee the right to extend this Lease for two (2) additional consecutive terms of one (1) year each (each year herein "Renewal Term") upon the terms, covenants and conditions contained herein. Lessee may exercise such right to extend the Term upon written notice to Lessor at least thirty (30) days prior to the expiration of the initial Term of the Lease. In no event will the Term and Renewal Terms extend beyond three years, except on written agreement of the parties. Lessee may terminate this Lease upon at least a ninety (90) day written notice to Lessor.

SECTION 3. RENT. Lessee shall pay to Lessor, without demand or deduction, as rent fifteen thousand four hundred forty-seven dollars (\$15,447.00) per year payable in advance in monthly installments of \$1,287.25 on the first day of each calendar month, without offset or deduction. The first monthly payment, plus an appropriate fraction of a monthly payment for any portion of a month at the commencement of the Term or Renewal Term, shall be made upon Lessee's execution of this Lease. All payments shall be made to Lessor at City of Kingsport, Tennessee, 225 W Center Street, Kingsport, Tennessee 37660, Attention: Jim Demming, or at such other place as is designated in writing by Lessor. It is the intention of the Lessor and Lessee that utilities described in Section 5 shall be paid by Lessee and the Lessor shall be indemnified by Lessee and is hereby so indemnified by Lessee against such costs, charges, expenses, and obligation. In addition to the rent provided herein, Lessee must pay to Lessor any and all real estate taxes, assessments, and other governmental levies and charges, general and special, ordinary or extraordinary, unforeseen or foreseen, of any kind which are assessed against or imposed in respect of the Premises.

SECTION 4. USE OF PREMISES. Lessee shall use the Premises for the purpose of manufacturing and distributing products under the Precision Explosives brand. Lessee may initiate other business activities on the Premises and/or sublease portions of the Premises as set out in Section 15. Lessee agrees not to use the Premises in any way that may be unlawful, improper, noisy, offensive, or contrary to any applicable statute, regulation, ordinance or bylaw. Lessee shall not permit the sale, service, use, consumption, display, storage or presence of alcoholic beverages, wine, or beer, including brown bagging, on the Premises at any time.

SECTION 5. UTILITIES. During the Term or Renewal Term, Lessee shall be solely responsible for the payment of all utilities, including but not limited to, water/sewer bills, power bills and natural gas bills, garbage collection, telephone, cable and any service fees required for the installation of these utilities.

SECTION 6. CLEAN AND SANITARY CONDITION. During the Term or Renewal Term, Lessee shall keep and maintain the Premises and the surrounding area in a clean and sanitary condition at all times, free of all garbage and debris. All garbage and similar debris shall be deposited by Lessee in facilities specifically for garbage collection. Lessee shall further comply with all local ordinances and regulations imposed by Lessor relating to maintaining the Premises in a clean and sanitary condition and collection of garbage and similar debris.

SECTION 7. MAINTENANCE. It shall be Lessee's sole responsibility to keep and maintain the entire Premises, and every part thereof, in good condition and repair at all times during the Term or Renewal Term. Lessee shall maintain the Premises in compliance with the laws of the state of Tennessee and in accordance with all directions, rules and regulations of the health officer, fire marshal, building inspector, or other proper officials of the governmental agencies having jurisdiction. Lessee shall comply with all requirements of law, ordinance and otherwise, affecting the Premises. If Lessee refuses or neglects to commence and to complete repairs promptly and adequately, Lessor may declare the Lessee in breach of this Lease. Lessee shall, upon the expiration or termination of this Lease, surrender the Premises in good condition, broom clean, reasonable wear and tear excepted.

SECTION 8. COMPLIANCE WITH APPLICABLE LAWS. Throughout the Term or Renewal Term, Lessee shall comply with all present and future laws, statutes, codes, ordinances, rules and regulations of the federal government, state of Tennessee, or City of Kingsport, restrictive covenants and all orders, decrees and like actions of any court of competent jurisdiction which may be applicable to the Premises.

SECTION 9. ALTERATIONS. The Lessee shall have the right, at its sole expense, from time to time, to redecorate the Premises and to make such non-structural alterations and changes in such parts thereof as Lessee shall deem expedient or necessary for its purposes; provided, however, that such alterations and changes shall neither impair the structural soundness nor diminish the value of the Premises and shall otherwise comply with the requirements of this Lease. Lessee

agrees to pay promptly when due the entire cost of any work performed by it upon the Premises so that the Premises at all times shall be free of liens for labor and materials. Lessee further agrees that in doing such work that it shall employ materials of good quality and comply with all governmental requirements, and perform such work in a good and workmanlike manner. Lessee agrees that it shall procure all necessary permits for making any repairs, alterations, or other improvements for installations, when applicable.

SECTION 10. SURRENDER OF PREMISES. On the expiration or earlier termination of this Lease pursuant to its terms, Lessee shall peaceably and quietly leave and surrender the Premises to the Lessor, in good order, condition and repair, broom clean, reasonable wear and tear excepted and free and clear of all liens.

SECTION 11. CONDITION OF PREMISES. Lessee has examined the Premises and accepts the same "AS IS" and "WHERE IS" in its present state and condition without any representations or warranties, express or implied, in fact or in law, by Lessor as to the nature, condition or usability thereof, or as to the use or uses to which the Premises may be put.

SECTION 12. FIRE, CASUALTY, EMINENT DOMAIN. Should a substantial portion of the Premises, be substantially damaged by fire or other casualty, or be taken by eminent domain, Lessor may elect to terminate this Lease. When such fire, casualty or taking renders the Premises substantially unsuitable for its intended use, a proportionate abatement of rent shall be made, and Lessee may elect to terminate this Lease if: (a) Lessor fails to give written notice within 30 days after a fire, casualty or taking of its intention to restore the Premises; or (b) Lessor fails to restore the Premises to a condition substantially suitable for its intended use within 90 days after a fire, casualty or taking. Notwithstanding the foregoing, in the event of damage by fire or other casualty resulting from the carelessness, negligence, intentional or other improper conduct of Lessee, its agents, employees, contractors or others acting on its behalf, or from the carelessness, negligence, intentional or other conduct of Lessee's customers, guest or visitors, Lessee shall have the full liability and responsibility for repairing and/or rebuilding from such casualty loss and for other damages and losses incurred by Lessor. Lessor reserves all rights for damages or injury to the Premises for any taking by eminent domain, except for damage to Lessee's property or equipment.

SECTION 13. FIRE INSURANCE. Lessee shall not permit any use of the Premises which shall adversely affect or make voidable any insurance on the property of which the Premises are a part, or on the contents within the property, or which shall be contrary to any law, regulation or recommendation made by the state fire prevention agency, local fire department, Lessor's insurer or any similar entity. Lessee shall not vacate the Premises or permit same to be unoccupied other than during Lessee's customary non-business days or hours, or cause or allow the utilities serving the Premises to be terminated.

SECTION 14. SIGNS. Lessee shall not place or permit to be placed, any sign or signboards on the exterior or interior of the Premises oriented to or adjacent to John B. Dennis Highway. Any sign on the Premises shall conform with all applicable laws. The cost for all signs shall be borne by Lessee. Lessor grants Lessee permission to place a sign on the side and front of the building, provided it complies with the requirements of this Section 14.

SECTION 15. ASSIGNMENT OR SUBLEASE. Except for Per Vivo Labs, Inc., Lessee may not assign this Lease, sublet the Premises, in whole or in part, or allow another entity or individual to occupy the whole or any part of the Premises, without Lessor's prior written consent, which may be withheld for any or no reason. If Lessee assigns this Lease or sublets the Premises without prior approval of Lessor, Lessor shall have the option to terminate this Lease, at an effective date to be determined by Lessor, upon written notice to Lessee. Per Vivo Labs, Inc. may sublet all or a part of the premises without the consent of the Lessor, provided Lessee shall provide written notice to the Lessor of such subletting. Notwithstanding Lessor's consent to any assignment or sublease, including to Per Vivo Labs, Inc., Lessee shall remain liable to Lessor for the payment of all rent and for the full performance of all covenants and conditions of this Lease.

SECTION 16. LESSOR'S ACCESS. Lessor, its agents and designates, may examine and inspect the Premises at reasonable times and Lessee shall provide Lessor, if not already available, with a set of keys for the purpose of such examination, provided that Lessor shall not thereby unreasonably interfere with the conduct of Lessee's business. Lessee shall permit Lessor to enter the Premises to inspect such repairs, improvements, alterations, or additions thereto as may be required under the provisions of this Lease. Lessor, its agents and designates, may at any reasonable time enter to show the Premises to others without creating any obligation or liability for Lessor. In the event of any emergency, Lessor, its agents and other representatives, may enter at any time, without notice and without the presence of Lessee. No compensation shall be asked or claim made by Lessee by reason of any inconvenience or annoyance arising from anything that may be done in repairing, altering, working or protecting the Premises or building, however the necessity may arise, by this Section 16 shall not be construed as imposing any duty on Lessor to

may any repairs, alterations or additions. A city police officer shall accompany Lessor, or its agents or designates, when entering the Premises pursuant to this Section 16.

SECTION 17. LIABILITY. Lessee shall, and does hereby, assume all risk of loss or injury to the property or person of all persons at any time coming upon the Premises during the Term or Renewal Term. Lessee shall be solely responsible, as between Lessor and Lessee, for deaths or personal injuries to all persons and damage to any property, including damage by fire or other casualty, occurring in or on the Premises and arising out of the use, control, condition or occupancy of the Premises by Lessee, except for death, personal injuries or property damage directly resulting from the sole negligence of Lessor. Lessee agrees to indemnify and hold harmless Lessor from any and all liability, including but not limited to costs, expenses, damages, causes of action, claims, judgments and attorney fees caused by or in any way arising out of any of the aforesaid matters.

SECTION 18. INSURANCE. Lessee shall, during the entire Term and Renewal Term, keep in full force and effect at its own expense the following insurance:

(a) Comprehensive General Liability Coverage. At all times during the Term and Renewal Term, Lessee shall maintain in full force and effect policies of contractual and comprehensive general liability insurance, including public liability and broad form property damage, for not less than \$1,000,000 for each occurrence involving bodily injury (including death), and \$500,000 for each occurrence involving damage to property. The policy or policies shall name Lessor as an additional insured thereunder. All of such insurance shall insure the performance by Lessee of its indemnity agreement as to liability for injury to or death of persons and injury or damage to property. All of such insurance shall be primary and noncontributing with any insurance which may be carried by Lessor and shall contain a provision that Lessee, named or not named as an insured, shall nevertheless be entitled to recover under the policy for any loss, injury or damage to Lessor, its agents and employees or the property of such persons, by reason of the negligence of Lessee. Such policy shall expressly provide that it shall not be canceled or altered without thirty (30) days prior written notice to Lessor. Lessor shall be named as an additional insured on all such policies.

(b) Fire Insurance. Lessor may maintain, for its sole use and benefit fire and extended risk insurance coverage insuring the Premises and the improvements presently existing or to be constructed within the Premises. Lessee shall maintain all insurance which it deems necessary for its protection against loss of or damage to any of its property located within the Premises.

(c) Additional Insured Endorsement(s). As of the commencement of this Lease, Lessee shall provide Lessor with certified copies of additional insured endorsement(s) complying with the coverage requirements herein. Should Lessee fail to obtain, pay for, or maintain any required insurance, such shall constitute a material breach, and Lessor may immediately terminate or suspend this Agreement. Upon written request of Lessor, Lessee agrees to provide certified copies of any or all insurance policies, including declaration pages, required herein, within thirty (30) days of such request.

(d) All insurance provided for in this Section 18, and all renewals thereof, shall be issued by responsible insurance companies authorized to do business in the State of Tennessee. If any insurer which has issued a policy of insurance required pursuant to this Lease becomes insolvent or the subject of any bankruptcy, receivership or similar proceeding, Lessee shall, in each instance, obtain a like policy issued by another insurer, which insurer and policy meet the requirements of this Lease.

(e) Lessee's Release. Lessee hereby releases Lessor from any and all liability and responsibility to anyone claiming any loss or damage to property arising from a risk insured against under the insurance required to be carried by Lessee. To the extent obtainable, Lessee's insurance policies shall include appropriate clauses waiving all rights of subrogation against Lessor with respect to losses payable under such policies.

(f) Use of Proceeds. Any Casualty Insurance Proceeds paid under any insurance policy of the character described in Section 18(b) shall be used to pay for the cost to restore the Improvements so damaged or destroyed.

(g) Blanket Insurance. Nothing in this Section 18 shall prevent Lessee from taking out insurance of the kind and in the amounts provided for under Section 18 under a blanket insurance policy or policies which can cover other improvements on the Premises.

SECTION 19. DEFAULT AND ACCELERATION OF RENT. In the event that (a) any assignment for the benefit of creditors, trust mortgage, receivership or other insolvency proceeding shall be made or instituted with respect to Lessee or Lessee's property or (b) Lessee shall default in the observance or performance of any of Lessee's covenants, agreements, or obligations hereunder and such default shall not be corrected within 10 days after written notice thereof, then Lessor shall have the right thereafter, while such default continues and without demand or further notice, to re-enter and take possession of the Premises, to declare the Term or Renewal Term ended, and/or to remove Lessee's effects, without being guilty of trespass or conversion, and without prejudice to

any remedies which might be otherwise used for arrears of rent or other default or breach of the Lease. If Lessee defaults in the payment of the rent, or substantial invoice from Lessor or Lessor's agent, and such default continues for 10 days after written notice thereof, and because both parties agree that nonpayment of those sums when due is a substantial breach of the Lease, and, because the payment of rent in monthly installments is for the sole benefit and convenience of Lessee, then, in addition to any other remedies, the net present value of the entire balance of rent due hereunder as of the date of Lessor's notice, using the published prime rate then in effect, shall immediately become due and payable as liquidated damages. No actions taken by Lessor under this Section 19 shall terminate Lessor's obligation to pay rent under this Lease, as liquidated damages or otherwise. Any sums received by Lessor from or on behalf of Lessee at any time shall be applied first to offset any unpaid invoice or other payment due to Lessor and then to unpaid rent. Lessee shall also pay Lessor interest at the rate of 18 percent per annum on any past due payment. In addition to the foregoing, if after default, a debt collector or an attorney is employed or directed to collect or enforce the monetary or other obligations evidenced by this Lease or to assist Lessor in connection with its exercise of any right, power, privilege, or remedy referred to herein, the parties hereby agree that the Lessee shall pay promptly all costs incurred by Lessor with respect to collection or enforcement including reasonable attorney fees and court costs.

SECTION 20. WASTE OR NUISANCE. Lessee shall not commit or suffer to be committed any waste upon the Premises, and Lessee shall not use or permit the use of any medium that might constitute a nuisance.

SECTION 21. NOTICE. Any notice from Lessor to Lessee relating to the Premises or this Lease shall be deemed duly served when left at the Premises, or served by constable, or sent to the Premises or to the last address designated by notice in accordance with this Section 21, by certified or registered mail, return receipt requested, postage prepaid, or by recognized courier service with a receipt therefor, addressed to Lessee. Any notice from Lessee to Lessor relating to the Premises or this Lease shall be deemed duly served when served by constable, or delivered to Lessor by certified or registered mail, return receipt requested, postage prepaid, or by recognized courier service with a receipt therefor, addressed to Lessor at 225 W Center Street, Kingsport, Tennessee 37660, Attention: Jim Demming, or at Lessor's last designated address. No oral notice or representation shall have any force or effect. Time is of the essence in the service of any notice.

SECTION 22. OCCUPANCY. If Lessee continues to occupy, control, or encumber all or any part of the Premises after termination of this Lease without the written permission of Lessor, Lessee shall be liable to Lessor for any and all loss, damages or expenses incurred by Lessor resulting from the continued occupancy by Lessee and Lessee shall be considered subject to immediate eviction.

SECTION 23. FIRE PREVENTION. Lessee agrees to use reasonable precaution against fire, to provide and maintain approved, labeled fire extinguishers, emergency lighting equipment and exit signs, and to complete any other modifications within the Premises as required or recommended by the Insurance Services Office (or successor organization), OSHA, the local fire department, insurer of Lessor or any similar entity.

SECTION 24. ENVIRONMENTAL MATTERS. The term "hazardous substances", as used herein shall mean pollutants, contaminants, toxic or hazardous wastes or any other substances the use and/or the removal of which is restricted, prohibited, or penalized by an "environment law", which term shall mean any federal, state or local law, ordinance or other statute of a governmental authority relating to pollution or protection of the environment. Lessee hereby agrees that (a) no activity shall be conducted on the Premises that shall produce any hazardous substance; (b) the Premises shall not be used in any manner with the storage of any hazardous substances; (c) Lessee shall not install or place upon the Premises any underground or aboveground tanks of any type and shall not store, or allow the storage law, on the Premises any gasoline, oil, diesel fuel or other petroleum products; (d) Lessee shall not allow any surface or subsurface conditions to exist or come into existence that constitutes or with the passage of time may constitute a public or private nuisance; and (e) Lessee shall not permit any hazardous substances to be brought onto the Premises. If at any time during or after of the Term or Renewal Term, the Premises are found to be in violation of any of the covenants set forth in this Section 24 due to acts or occurrences during the occupancy of Lessee, or caused by Lessee, then Lessee shall diligently institute proper and thorough cleanup and remediation procedures at Lessee's sole cost. Lessee agrees to indemnify and hold Lessor harmless from all claims, demands, actions, liabilities, costs and expenses (including Lessor's attorney fees), damages and obligations of any nature arising from or as a result of the use of the Premises by Lessee. The foregoing indemnification and the responsibilities of Lessee shall survive the termination or expiration of this Lease. Lessee shall not use the Premises so as not to interfere in any way with the use and enjoyment of other portions of the same or neighboring buildings by reason of odors, smoke, exhaust, smells, vibrations, noise, pets, accumulation of garbage or trash, vermin or other pests, or otherwise, and shall at its expense

employ a professional pest control service if determined necessary by Lessor. Lessee agrees to maintain effective devices for preventing damage to plumbing and heating equipment from de-ionized water and chemicals which may be present at the Premises.

SECTION 25. SURRENDER. On or before the termination of this Lease, Lessee shall remove all of Lessee's goods and effects from the Premises, and shall deliver to Lessor actual and exclusive possession of the Premises and all keys and locks thereto, all fixtures, equipment and workstations of any type connected therewith, and all alterations, additions and improvements made to or upon the Premises, whether completed by Lessee, Lessor or others, including but not limited to any offices, window blinds, floor coverings, computer floors, plumbing and plumbing fixtures, heating, ventilating and air conditioning equipment, ductwork, exhaust fans, water coolers, security, surveillance and fire protection systems, telecommunications and data wiring, telephone equipment, air and gas distribution piping, compressors, hoists, cabinets, counters, shelving, signs, electrical work, including but not limited to lighting fixtures of any type, wiring, conduit, EMT, transformers, generators, distribution panels, bus ducts, raceways, outlets and disconnects, and furnishings and equipment which have been bolted, welded, nailed, screwed, glued or otherwise attached to any wall, floor, ceiling, roof, pavement or ground, or which have been directly wired or plumbed to any portion of any building or other system serving the Premises, including but not limited to water supply, drainage, venting or air or gas distribution systems. Notwithstanding the foregoing, it is understood that cabinets, sinks, removable floor covering, shelving and other equipment and furnishings provided by Lessee remain the personal property of Lessee as long as such items are removed upon termination of the Lease without damage to the Premises. Notwithstanding the foregoing, prior to termination of this Lease, Lessee shall, if requested by Lessor, remove or tag for future use any and all wiring and cabling installed and/or used by Lessee. Lessee shall deliver the Premises fully sanitized from any chemicals or other contaminants, broom clean, and in at least the same condition as they were at the commencement of the Lease or any prior lease between the parties for the Premises, or as they were modified during the Term or Renewal Term with Lessor's written consent, reasonable wear and tear only excepted, and Lessee shall be deemed to be encumbering the Premises until it delivers the Premises to Lessor in the condition required under this Lease. Any of Lessee's property that remains in the Premises upon termination of the Lease shall be deemed abandoned and shall be disposed of as Lessor sees fit, with no liability to Lessee for loss or damage thereto, and at the sole risk of Lessee. Lessor may remove and store any such property at Lessee's expense; retain same under Lessor's control; sell same at public or private sale (without notice) and apply the net proceeds of such sale to the payment of any sum due hereunder; or destroy same. In no case shall the Premises be deemed surrendered to Lessor until the termination date provided herein or such other date as may be specified in a written agreement between the parties, notwithstanding the delivery of any keys to Lessor.

SECTION 26. HOLDING OVER. In the event Lessee occupies the Premises after the expiration or termination of this Lease with the consent of the Lessor, express or implied, such possession shall be considered to be a tenancy from month to month, terminable on 30 days advance written notice by either party. Lessee shall continue to pay all charges as provided in this Lease, and shall be bound by all of the other terms and conditions of this Lease as if it were still in full force and effect.

SECTION 27. LOSS AND DAMAGE TO LESSEE'S PROPERTY. Lessor shall not be responsible or liable to Lessee for any loss or damage that may be occasioned by or through the acts or omissions of persons occupying adjoining premises or any part of the Premises adjacent to the Premises or any part, or for any loss or damages resulting to the Lessee or its property from bursting, stoppage or leaking of water, gas, sewer or steam pipes or for any damage or loss of property within the Premises from any cause whatsoever.

SECTION 28. NOTICE BY LESSEE. Lessee shall give immediate notice to Lessor in case of fire or accidents in the Premises or in the building on the Premises or of defects therein or in any fixtures or equipment.

SECTION 29. SUCCESSORS. All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind the several respective heirs, executors, administrators, successors, and assigns of the parties, except that Lessor shall only be liable for obligations occurring while the owner of the Premises. Upon prior approval by Lessor and such approval not to be unreasonably withheld, Lessee may assign rights to a successor organization, including a 501(C)(3) entity, that continues substantially all of Lessee's current business. No rights, however, shall inure to the benefit of any assignee of Lessee unless the assignment to such assignee has been approved by Lessor in writing as provided in Section 15 herein.

SECTION 30. GENERAL. The following shall apply to this Lease:

(a) The invalidity or unenforceability of any clause or provision of this Lease shall not affect or render invalid or unenforceable any other clause or provision hereof;

(b) Any action or proceeding arising out of the subject matter of this Lease shall be brought by Lessee within one year after the cause of action has occurred and only in a state court in Kingsport, Tennessee;

(c) This Lease is made and delivered in the state of Tennessee, and shall be interpreted, construed, and enforced in accordance with the laws thereof;

(d) This Lease is the result of negotiations between parties of equal bargaining strength, and when executed by both parties shall constitute the entire agreement between the parties, superseding all prior oral and written agreements, representations, statements and negotiations relating in any way to the subject matter herein. This Lease may not be extended or amended except by written agreement signed by both parties, or as otherwise provided herein, and no other subsequent oral or written representation shall have any effect hereon;

(e) Notwithstanding any other statements herein, Lessor makes no warranty, express or implied, concerning the suitability of the Premises for Lessee's intended use;

(f) Lessee agrees that if Lessor does not deliver possession of the Premises as herein provided for any reason, Lessor shall not be liable for any damages to Lessee for such failure, but Lessor agrees to use reasonable efforts to deliver possession to Lessee at the earliest practical date. A proportionate abatement of rent, excluding the cost of any amortized improvements to the Premises, for such time as Lessee may be deprived of possession of the Premises shall be Lessee's sole remedy, except where a delay in delivery is caused in any way by Lessee;

(g) Neither the submission of this Lease or any amendment hereof shall constitute a reservation of or option for the Premises, or an offer to lease, it being expressly understood and agreed that neither this Lease nor any amendment shall bind either party in any manner whatsoever unless and until it has been executed by both parties;

(h) Subject to the provisions of Section 22, neither Lessor nor Lessee shall be liable for any special, incidental, indirect or consequential damages, including but not limited to lost profits or loss of business, arising out of or in any manner connected with performance or nonperformance under this Lease, even if any party has knowledge of the possibility of such damages;

(i) The headings and captioned in this Lease are for convenience only and shall not be considered part of the terms hereof;

(j) No restriction, condition or other endorsement by Lessee on any check, nor Lessor's deposit of any full or partial payment, shall bind Lessor in any way or limit Lessor's rights under this Lease;

(k) Lessee shall conform to all rules and regulations now or hereafter made by Lessor for parking, for the care, use or alteration of the building, its facilities and approaches, and for the administration of this Lease, and shall not permit any employee or visitor to violate this or any other covenant or obligation of Lessee;

(l) Lessee's covenants under this Lease shall be independent of Lessor's covenants, and Lessor's failure to perform any of its covenants under this Lease, including a covenant constituting a significant inducement to Lessee to enter into this lease, shall not excuse the payment of rent or any other charges by Lessee or allow Lessee to terminate this Lease; and

(m) Lessor and Lessee hereby waive any and all rights to a jury trial in any proceeding in any way arising out of the subject matter of this Lease.

SECTION 31. WAIVERS, ETC. No consent or waiver, express or implied, by Lessor to or of any breach of any covenant, condition, or duty of Lessee shall be construed as a consent or waiver to or of any other breach of the same or any other covenant, condition or duty. If Lessee is several persons, corporations, or other legal entities, or a partnership, or some combination thereof, Lessee's obligations are joint and several. Unless repugnant to the context, "Lessor" and "Lessee" mean the person or persons, natural or corporate, named above as Lessor and as Lessee respectively, and their respective heirs, executors, administrators, successors and assigns.

SECTION 32. TIME. Time is of the essence in this Lease.

SECTION 33. SURVIVAL OF TERMS. Wherever in this Lease either Lessee or Lessor 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 Lessee and Lessor.

IN WITNESS WHEREOF, the Parties hereto have executed this Lease in duplicate originals.

[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 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 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 6th day of November, 2018.

John Clark, Mayor

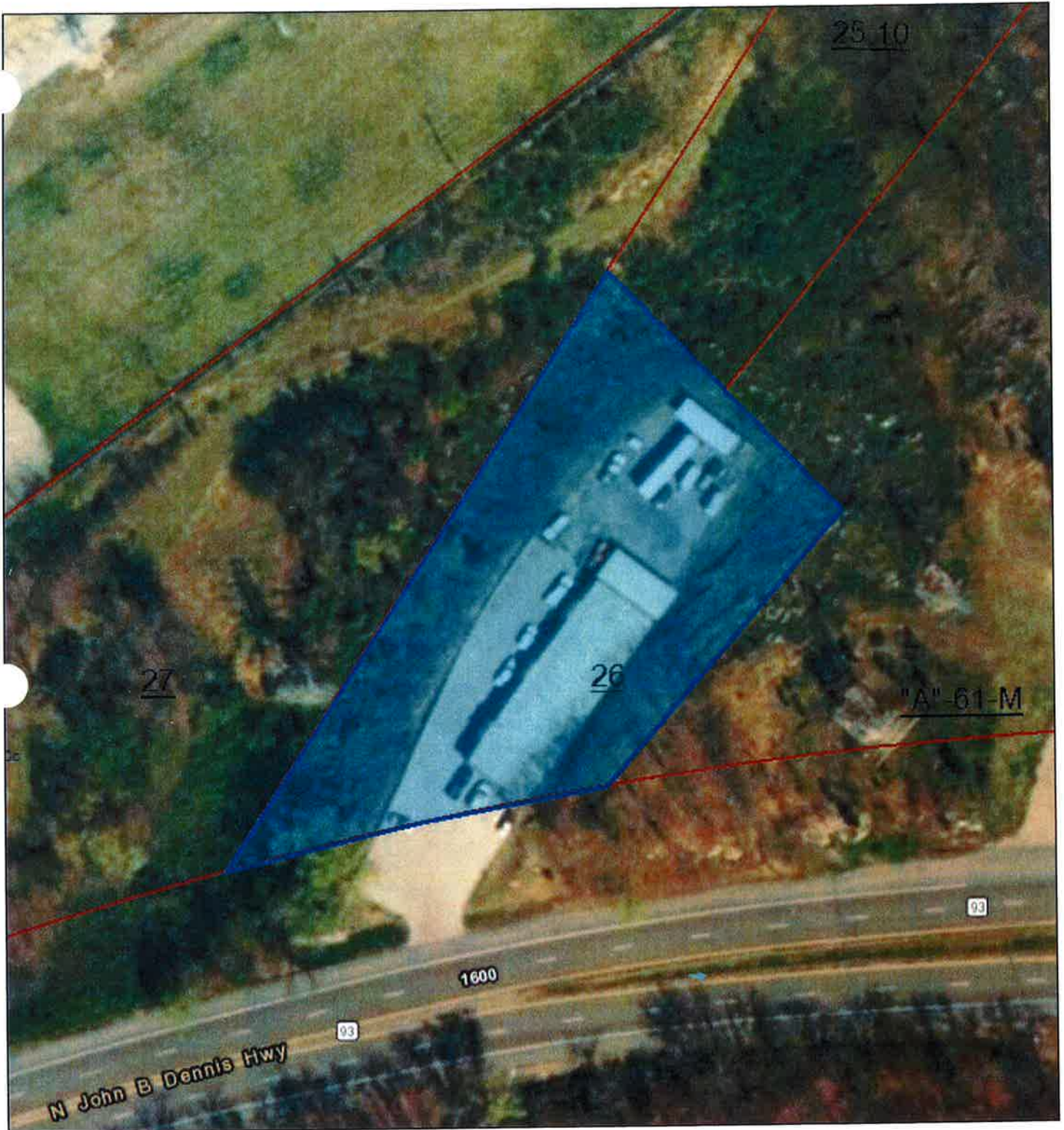
ATTEST:

James H. Demming, City Recorder

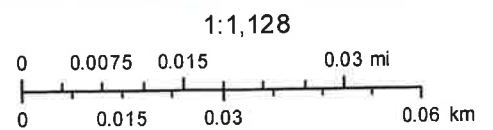
APPROVED AS TO FORM:

J. Michael Billingsley, City Attorney

Sullivan County - Parcel: 061M A 026.00




May 17, 2017



MEMORANDUM

TO: Jeff Fleming, City Manager
Board of Mayor and Aldermen

FROM: James H. Demming, City Recorder/CFO 

DATE: November 6, 2018

SUBJECT: Presentation of Submission to the State of Tennessee the Reports on Debt Obligations (State Form CT-0253) - \$7,040,000 General Obligation Improvement Bonds – Series 2018A, \$5,275,000 General Obligation Improvement Bonds – Series 2018B and \$2,360,000 General Obligation Improvement Bonds – Series 2018C

At the August 21, 2018 regular meeting, the BMA authorized the issuance of up to \$18,150,000 (Series A - \$10,350,000, Series B - \$5,400,000 and Series C - \$2,400,000) in bonds. The Series A bond proceeds will be used to fund the governmental capital projects included in the City's FY2019 Capital Improvement Plan (CIP). The \$7,040,000 of the Series A bonds actually issued reflected the reduction of the \$3,000,000 estimated cost related to the power pole relocation item. The Series B bond proceeds will be used to fund the Water and Sewer Systems capital projects included in the FY2019 CIP, and the Series C bond proceeds will be used for the Aquatic Center expansion also included in the 2019 CIP.

The City conducted a competitive sale for this issuance on September 17, 2018 and completed the closing on September 28, 2018. The City received electronic bids from 3 national firms, with the winning public bid for the fixed rate bonds submitted by Robert W. Baird & Company, Inc., with a true interest cost (TIC) of 3.2712%.

As a part of this debt issuance process, the City received ratings on the bonds from Moody's Investor Service and Standard & Poor's Global Ratings of Aa2 and AA, respectively.

As a follow-up to the bond closing, the City is required, prior to filing with the State of Tennessee, to complete and present to the BMA at a public meeting, the attached "Reports on Debt Obligations" (State Form No. CT-0253). No action by the BMA is required.

A Final Financing Report for the transaction was prepared by the City's Financial Advisor – Raymond James & Associates and includes detailed information about this bond issue. The complete report is available at <https://www.kingsporttn.gov/wp-content/uploads/Kingsport-Final-Financing-Report-2018-Series-A-B-C.pdf>

Excerpts from this report are included with the State Reporting Forms for your information.

If additional information is needed, please advise.

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-151)

1. Public Entity:							
Name:	City of Kingsport, Tennessee						
Address	225 West Center Street						
	Kingsport, Tennessee 37660						
Debt Issue Name:	General Obligation Improvement Bonds, Series 2018A						
If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.							
2. Face Amount: \$ 7,040,000.00							
Premium/Discount:	\$ 261,366.05						
3. Interest Cost: 3.2449 %							
<input checked="" type="checkbox"/> Tax-exempt <input type="checkbox"/> Taxable							
<input checked="" type="checkbox"/> TIC <input type="checkbox"/> NIC							
<input type="checkbox"/> Variable: Index _____ plus _____ basis points; or							
<input type="checkbox"/> Variable: Remarketing Agent _____							
<input type="checkbox"/> Other: _____							
4. Debt Obligation:							
<input type="checkbox"/> TRAN <input type="checkbox"/> RAN <input type="checkbox"/> CON <input type="checkbox"/> BAN <input type="checkbox"/> CRAN <input type="checkbox"/> GAN <input checked="" type="checkbox"/> Bond <input type="checkbox"/> Loan Agreement <input type="checkbox"/> Capital Lease							
If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Office of State and Local Finance ("OSLF").							
5. Ratings:							
<input type="checkbox"/> Unrated Moody's <u>Aa2</u> Standard & Poor's <u>AA</u> Fitch _____							
6. Purpose:							
<input checked="" type="checkbox"/> General Government 100.00 % <input type="checkbox"/> Education _____ % <input type="checkbox"/> Utilities _____ % <input type="checkbox"/> Other _____ % <input type="checkbox"/> Refunding/Renewal _____ %	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: black; color: white;">BRIEF DESCRIPTION</th> </tr> </thead> <tbody> <tr> <td>various public works projects</td> </tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> </tbody> </table>	BRIEF DESCRIPTION	various public works projects				
BRIEF DESCRIPTION							
various public works projects							
7. Security:							
<input checked="" type="checkbox"/> General Obligation <input type="checkbox"/> General Obligation + Revenue/Tax <input type="checkbox"/> Revenue <input type="checkbox"/> Tax Increment Financing (TIF) <input type="checkbox"/> Annual Appropriation (Capital Lease Only) <input type="checkbox"/> Other (Describe): _____							
8. Type of Sale:							
<input checked="" type="checkbox"/> Competitive Public Sale <input type="checkbox"/> Interfund Loan _____ <input type="checkbox"/> Negotiated Sale <input type="checkbox"/> Loan Program _____ <input type="checkbox"/> Informal Bid							
9. Date:							
Dated Date: 09/28/2018	Issue/Closing Date: 09/28/2018						

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

10. Maturity Dates, Amounts and Interest Rates *:

Year	Amount	Interest Rate	Year	Amount	Interest Rate
2020	\$ 285,000.00	5.0000 %	2032	\$ 375,000.00	3.1250 %
2021	\$ 295,000.00	5.0000 %	2033	\$ 385,000.00	3.2500 %
2022	\$ 315,000.00	5.0000 %	2034	\$ 400,000.00	3.2500 %
2023	\$ 325,000.00	5.0000 %	2035	\$ 410,000.00	3.2500 %
2024	\$ 345,000.00	5.0000 %	2036	\$ 425,000.00	3.3750 %
2025	\$ 360,000.00	5.0000 %	2037	\$ 440,000.00	3.5000 %
2026	\$ 375,000.00	5.0000 %	2038	\$ 450,000.00	3.5000 %
2027	\$ 395,000.00	3.0000 %		\$	%
2028	\$ 405,000.00	3.0000 %		\$	%
2030	\$ 690,000.00	3.0000 %		\$	%
2031	\$ 365,000.00	3.0000 %		\$	%

If more space is needed, attach an additional sheet.

If (1) the debt has a final maturity of 31 or more years from the date of issuance, (2) principal repayment is delayed for two or more years, or (3) debt service payments are not level throughout the retirement period, then a cumulative repayment schedule (grouped in 5 year increments out to 30 years) including this and all other entity debt secured by the same source **MUST BE PREPARED AND ATTACHED**. For purposes of this form, debt secured by an ad valorem tax pledge and debt secured by a dual ad valorem tax and revenue pledge are secured by the same source. Also, debt secured by the same revenue stream, no matter what lien level, is considered secured by the same source.

* This section is not applicable to the Initial Report for a Borrowing Program.

11. Cost of Issuance and Professionals:☐ No costs or professionals

	AMOUNT (Round to nearest \$)	FIRM NAME
Financial Advisor Fees	\$ 24,118	Raymond James & Associates, Inc.
Legal Fees	\$	
Bond Counsel	\$ 21,706	Adams and Reese LLP
Issuer's Counsel	\$	
Trustee's Counsel	\$	
Bank Counsel	\$	
Disclosure Counsel	\$	
Paying Agent Fees	\$ 400	U.S. Bank National Association
Registrar Fees	\$	
Trustee Fees	\$	
Remarketing Agent Fees	\$	
Liquidity Fees	\$	
Rating Agency Fees	\$ 19,318	Moody's and Standard & Poors
Credit Enhancement Fees	\$	
Bank Closing Costs	\$	
Underwriter's Discount 1.37 %		
Take Down	\$ 96,325	Robert W. Baird & Co., Inc.
Management Fee	\$	
Risk Premium	\$	
Underwriter's Counsel	\$	
Other expenses	\$	
Printing and Advertising Fees	\$ 723	I-Deal Prospectus
Issuer/Administrator Program Fees	\$	
Real Estate Fees	\$	
Sponsorship/Referral Fee	\$	
Other Costs	\$ 873	Cusip
TOTAL COSTS	\$ 163,463	

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-151)**12. Recurring Costs:**☐ No Recurring Costs

	AMOUNT (Basis points/\$)	FIRM NAME (If different from #11)
Remarketing Agent		
Paying Agent / Registrar	\$400.00	U.S. Bank National Association
Trustee		
Liquidity / Credit Enhancement		
Escrow Agent		
Sponsorship / Program / Admin		
Other		

13. Disclosure Document / Official Statement:☐ None Prepared☒ EMMA link<https://emma.msrb.org/ER1151098-ER899937-ER1300408.pdf> or☐ Copy attached**14. Continuing Disclosure Obligations:**

Is there an existing continuing disclosure obligation related to the security for this debt?

☒ Yes ☐ No

Is there a continuing disclosure obligation agreement related to this debt?

☒ Yes ☐ NoIf yes to either question, date that disclosure is due June 30Name and title of person responsible for compliance James H. Demming, City Recorder/CFO**15. Written Debt Management Policy:**

Governing Body's approval date of the current version of the written debt management policy

11/15/2011

Is the debt obligation in compliance with and clearly authorized under the policy?

☒ Yes ☐ No**16. Written Derivative Management Policy:**☒ No derivative

Governing Body's approval date of the current version of the written derivative management policy

Date of Letter of Compliance for derivative

Is the derivative in compliance with and clearly authorized under the policy?

☐ Yes ☐ No**17. Submission of Report:**

To the Governing Body:

on 09/28/2018and presented at public meeting held on 11/06/2018

Copy to Director to OSLE:

on 11/07/2018

either by:

☐ Mail to:

OR

☒ Email to:505 Beaderick Street, Suite 1600
James K. Polk State Office Building
Nashville, TN 37243-1402StateAndLocalFinance.PublicDebtForm@cot.tn.gov**18. Signatures:**

	AUTHORIZED REPRESENTATIVE	PREPARER
Name	<u>John Clark</u>	<u>Cynthia M. Barnett, Esq.</u>
Title	<u>Mayor</u>	<u>Bond Counsel</u>
Firm	<u>City of Kingsport, Tennessee</u>	<u>Adams and Reese LLP</u>
Email	<u>JohnClark@kingsporttn.gov</u>	<u>cindy.barnett@arlaw.com</u>
Date	<u>09/28/2018</u>	<u>09/28/2018</u>

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-151)

1. Public Entity:	
Name:	City of Kingsport, Tennessee
Address	225 West Center Street Kingsport, Tennessee 37660
Debt Issue Name:	General Obligation Improvement Bonds, Series 2016B
If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.	

2. Face Amount:	\$ 5,275,000.00
Premium/Discount:	\$ 169,024.40

3. Interest Cost:	3.2790 %	<input checked="" type="checkbox"/> Tax-exempt	<input type="checkbox"/> Taxable
<input checked="" type="checkbox"/> TIC	<input type="checkbox"/> NIC		
<input type="checkbox"/> Variable:	Index _____ plus _____ basis points; or		
<input type="checkbox"/> Variable: Remarketing Agent	_____		
<input type="checkbox"/> Other:	_____		

4. Debt Obligation:		
<input type="checkbox"/> TRAN	<input type="checkbox"/> RAN	<input type="checkbox"/> CON
<input type="checkbox"/> BAN	<input type="checkbox"/> CRAN	<input type="checkbox"/> GAN
<input checked="" type="checkbox"/> Bond	<input type="checkbox"/> Loan Agreement	<input type="checkbox"/> Capital Lease
If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Office of State and Local Finance ("OSLF").		

5. Ratings:	
<input type="checkbox"/> Unrated	Moody's <u>Aa2</u> Standard & Poor's <u>AA</u> Fitch _____

6. Purpose:	BRIEF DESCRIPTION
<input type="checkbox"/> General Government _____ %	_____
<input type="checkbox"/> Education _____ %	_____
<input checked="" type="checkbox"/> Utilities <u>100.00</u> %	water and sewer system projects
<input type="checkbox"/> Other _____ %	_____
<input type="checkbox"/> Refunding/Renewal _____ %	_____

7. Security:	
<input checked="" type="checkbox"/> General Obligation	<input type="checkbox"/> General Obligation + Revenue/Tax
<input type="checkbox"/> Revenue	<input type="checkbox"/> Tax Increment Financing (TIF)
<input type="checkbox"/> Annual Appropriation (Capital Lease Only)	<input type="checkbox"/> Other (Describe): _____

8. Type of Sale:	
<input checked="" type="checkbox"/> Competitive Public Sale	<input type="checkbox"/> Interfund Loan _____
<input type="checkbox"/> Negotiated Sale	<input type="checkbox"/> Loan Program _____
<input type="checkbox"/> Informal Bid	

9. Date:	
Dated Date: <u>09/28/2018</u>	Issue/Closing Date: <u>09/28/2018</u>

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

10. Maturity Dates, Amounts and Interest Rates *:

Year	Amount	Interest Rate	Year	Amount	Interest Rate
2020	\$ 185,000.00	5.0000 %	2032	\$ 305,000.00	3.1250 %
2021	\$ 195,000.00	5.0000 %	2033	\$ 315,000.00	3.2500 %
2022	\$ 205,000.00	5.0000 %	2034	\$ 325,000.00	3.2500 %
2023	\$ 215,000.00	5.0000 %	2035	\$ 335,000.00	3.2500 %
2024	\$ 230,000.00	5.0000 %	2036	\$ 345,000.00	3.3750 %
2025	\$ 240,000.00	5.0000 %	2037	\$ 360,000.00	3.5000 %
2026	\$ 250,000.00	5.0000 %	2038	\$ 370,000.00	3.5000 %
2027	\$ 265,000.00	3.0000 %		\$	%
2028	\$ 270,000.00	3.0000 %		\$	%
2030	\$ 570,000.00	3.0000 %		\$	%
2031	\$ 295,000.00	3.0000 %		\$	%

If more space is needed, attach an additional sheet.

If (1) the debt has a final maturity of 31 or more years from the date of issuance, (2) principal repayment is delayed for two or more years, or (3) debt service payments are not level throughout the retirement period, then a cumulative repayment schedule (grouped in 5 year increments out to 30 years) including this and all other entity debt secured by the same source **MUST BE PREPARED AND ATTACHED**. For purposes of this form, debt secured by an ad valorem tax pledge and debt secured by a dual ad valorem tax and revenue pledge are secured by the same source. Also, debt secured by the same revenue stream, no matter what lien level, is considered secured by the same source.

* This section is not applicable to the Initial Report for a Borrowing Program.

11. Cost of Issuance and Professionals:☐ No costs or professionals

	AMOUNT (Round to nearest \$)	FIRM NAME
Financial Advisor Fees	\$ 25,881	Raymond James & Associates, Inc.
Legal Fees	\$	
Bond Counsel	\$ 16,338	Adams and Reese LLP
Issuer's Counsel	\$	
Trustee's Counsel	\$	
Bank Counsel	\$	
Disclosure Counsel	\$	
Paying Agent Fees	\$ 400	U.S. Bank National Association
Registrar Fees	\$	
Trustee Fees	\$	
Remarketing Agent Fees	\$	
Liquidity Fees	\$	
Rating Agency Fees	\$ 14,408	Moody's and Standard & Poors
Credit Enhancement Fees	\$	
Bank Closing Costs	\$	
Underwriter's Discount 1.42 %		
Take Down	\$ 74,668	Robert W. Baird & Co., Inc.
Management Fee	\$	
Risk Premium	\$	
Underwriter's Counsel	\$	
Other expenses	\$	
Printing and Advertising Fees	\$ 776	I-Deal Prospectus
Issuer/Administrator Program Fees	\$	
Real Estate Fees	\$	
Sponsorship/Referral Fee	\$	
Other Costs	\$ 651	Cusip
TOTAL COSTS	\$ 133,122	

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-151)**12. Recurring Costs:**☐ No Recurring Costs

	AMOUNT (Basis points/\$)	FIRM NAME (If different from #11)
Remarketing Agent		
Paying Agent / Registrar	\$400.00	U.S. Bank National Association
Trustee		
Liquidity / Credit Enhancement		
Escrow Agent		
Sponsorship / Program / Admin		
Other		

13. Disclosure Document / Official Statement:☐ None Prepared☒ EMMA link<https://emma.msrb.org/ER1151098-ER899937-ER1300408.pdf> or☐ Copy attached**14. Continuing Disclosure Obligations:**

Is there an existing continuing disclosure obligation related to the security for this debt?

☒ Yes ☐ No

Is there a continuing disclosure obligation agreement related to this debt?

☒ Yes ☐ NoIf yes to either question, date that disclosure is due June 30Name and title of person responsible for compliance James H. Demming, City Recorder/CFO**15. Written Debt Management Policy:**

Governing Body's approval date of the current version of the written debt management policy

11/15/2011

Is the debt obligation in compliance with and clearly authorized under the policy?

☒ Yes ☐ No**16. Written Derivative Management Policy:**☒ No derivative

Governing Body's approval date of the current version of the written derivative management policy

Date of Letter of Compliance for derivative

Is the derivative in compliance with and clearly authorized under the policy?

☐ Yes ☐ No**17. Submission of Report:**To the Governing Body: on 09/28/2018and presented at public meeting held on 11/06/2018Copy to Director to OSLE: on 11/07/2018

either by:

☐ Mail to:

OR

☒ Email to:505 Deaderick Street, Suite 1600
James K. Polk State Office Building
Nashville, TN 37243-1402StateAndLocalFinance.PublicDebtForm@cot.tn.gov**18. Signatures:**

	AUTHORIZED REPRESENTATIVE	PREPARER
Name	<u>John Clark</u>	<u>Cynthia M. Barnett, Esq.</u>
Title	<u>Mayor</u>	<u>Bond Counsel</u>
Firm	<u>City of Kingsport, Tennessee</u>	<u>Adams and Reese LLP</u>
Email	<u>JohnClark@kingsporttn.gov</u>	<u>cindy.barnett@arlaw.com</u>
Date	<u>09/28/2018</u>	<u>09/28/2018</u>

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

1. Public Entity:	
Name:	City of Kingsport, Tennessee
Address	225 West Center Street
	Kingsport, Tennessee 37660
Debt Issue Name:	General Obligation Improvement Bonds, Series 2018C
If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.	

2. Face Amount: \$ 2,360,000.00	
Premium/Discount:	\$ 18,006.75

3. Interest Cost: 3.2799 %		<input checked="" type="checkbox"/> Tax-exempt	<input type="checkbox"/> Taxable
<input checked="" type="checkbox"/> TIC	<input type="checkbox"/> NIC		
<input type="checkbox"/> Variable:	Index _____ plus _____ basis points; or		
<input type="checkbox"/> Variable:	Remarketing Agent _____		
<input type="checkbox"/> Other:	_____		

4. Debt Obligation:		
<input type="checkbox"/> TRAN	<input type="checkbox"/> RAN	<input type="checkbox"/> CON
<input type="checkbox"/> BAN	<input type="checkbox"/> CRAN	<input type="checkbox"/> GAN
<input checked="" type="checkbox"/> Bond	<input type="checkbox"/> Loan Agreement	<input type="checkbox"/> Capital Lease
If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Office of State and Local Finance ("OSLF").		

5. Ratings:	
<input type="checkbox"/> Unrated	
Moody's	Aa2
Standard & Poor's	AA
Fitch	

6. Purpose:	
	BRIEF DESCRIPTION
<input type="checkbox"/> General Government	_____ %
<input type="checkbox"/> Education	_____ %
<input type="checkbox"/> Utilities	_____ %
<input checked="" type="checkbox"/> Other	100.00 %
<input type="checkbox"/> Refunding/Renewal	_____ %
	aquatic center

7. Security:	
<input checked="" type="checkbox"/> General Obligation	<input type="checkbox"/> General Obligation + Revenue/Tax
<input type="checkbox"/> Revenue	<input type="checkbox"/> Tax Increment Financing (TIF)
<input type="checkbox"/> Annual Appropriation (Capital Lease Only)	<input type="checkbox"/> Other (Describe): _____

8. Type of Sale:	
<input checked="" type="checkbox"/> Competitive Public Sale	<input type="checkbox"/> Interfund Loan
<input type="checkbox"/> Negotiated Sale	<input type="checkbox"/> Loan Program
<input type="checkbox"/> Informal Bid	

9. Date:	
Dated Date: 09/28/2018	Issue/Closing Date: 09/28/2018

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

10. Maturity Dates, Amounts and Interest Rates *:

Year	Amount	Interest Rate	Year	Amount	Interest Rate
2020	\$ 95,000.00	3.0000 %	2032	\$ 135,000.00	3.1250 %
2021	\$ 95,000.00	3.0000 %	2033	\$ 140,000.00	3.2500 %
2022	\$ 100,000.00	3.0000 %	2034	\$ 140,000.00	3.2500 %
2023	\$ 105,000.00	3.0000 %	2035	\$ 145,000.00	3.2500 %
2024	\$ 105,000.00	3.0000 %	2036	\$ 150,000.00	3.3750 %
2025	\$ 110,000.00	3.0000 %	2037	\$ 155,000.00	3.5000 %
2026	\$ 110,000.00	3.0000 %	2038	\$ 160,000.00	3.5000 %
2027	\$ 115,000.00	3.0000 %		\$	%
2028	\$ 120,000.00	3.0000 %		\$	%
2030	\$ 250,000.00	3.0000 %		\$	%
2031	\$ 130,000.00	3.0000 %		\$	%

If more space is needed, attach an additional sheet.

If (1) the debt has a final maturity of 31 or more years from the date of issuance, (2) principal repayment is delayed for two or more years, or (3) debt service payments are not level throughout the retirement period, then a cumulative repayment schedule (grouped in 5 year increments out to 30 years) including this and all other entity debt secured by the same source **MUST BE PREPARED AND ATTACHED**. For purposes of this form, debt secured by an ad valorem tax pledge and debt secured by a dual ad valorem tax and revenue pledge are secured by the same source. Also, debt secured by the same revenue stream, no matter what lien level, is considered secured by the same source.

* This section is not applicable to the initial Report for a Borrowing Program.

11. Cost of Issuance and Professionals:

☐ No costs or professionals

	AMOUNT (Round to nearest \$)	FIRM NAME
Financial Advisor Fees	\$	
Legal Fees	\$	
Bond Counsel	\$ 6,955	Adams and Reese LLP
Issuer's Counsel	\$	
Trustee's Counsel	\$	
Bank Counsel	\$	
Disclosure Counsel	\$	
Paying Agent Fees	\$ 400	U.S. Bank National Association
Registrar Fees	\$	
Trustee Fees	\$	
Remarketing Agent Fees	\$	
Liquidity Fees	\$	
Rating Agency Fees	\$ 6,322	Moody's and Standard & Poors
Credit Enhancement Fees	\$	
Bank Closing Costs	\$	
Underwriter's Discount 1.42 %		
Take Down	\$ 33,595	Robert W. Baird & Co., Inc.
Management Fee	\$	
Risk Premium	\$	
Underwriter's Counsel	\$	
Other expenses	\$	
Printing and Advertising Fees	\$	
Issuer/Administrator Program Fees	\$	
Real Estate Fees	\$	
Sponsorship/Referral Fee	\$	
Other Costs	\$ 285	Cusip
TOTAL COSTS	\$ 47,557	

REPORT ON DEBT OBLIGATION
(Pursuant to Tennessee Code Annotated Section 9-21-151)**12. Recurring Costs:**☐ No Recurring Costs

	AMOUNT (Basic points/\$)	FIRM NAME (if different from #11)
Remarketing Agent		
Paying Agent / Registrar	\$400.00	U.S. Bank National Association
Trustee		
Liquidity / Credit Enhancement		
Escrow Agent		
Sponsorship / Program / Admin		
Other		

13. Disclosure Document / Official Statement:☐ None Prepared☒ EMMA link<https://emma.msrb.org/ER1151098-ER899937-ER1300408.pdf> or☐ Copy attached**14. Continuing Disclosure Obligations:**

Is there an existing continuing disclosure obligation related to the security for this debt?

☒ Yes☐ No

Is there a continuing disclosure obligation agreement related to this debt?

☒ Yes☐ NoIf yes to either question, date that disclosure is due June 30Name and title of person responsible for compliance James H. Demming, City Recorder/CFO**15. Written Debt Management Policy:**

Governing Body's approval date of the current version of the written debt management policy

11/15/2011

Is the debt obligation in compliance with and clearly authorized under the policy?

☒ Yes☐ No**16. Written Derivative Management Policy:**☒ No derivative

Governing Body's approval date of the current version of the written derivative management policy

Date of Letter of Compliance for derivative

Is the derivative in compliance with and clearly authorized under the policy?

☐ Yes☐ No**17. Submission of Report:**

To the Governing Body:

on 09/28/2018and presented at public meeting held on 11/06/2018

Copy to Director to OSLF:

on 11/07/2018

either by:

☐ Mail to:

OR

☒ Email to:505 Deaderick Street, Suite 1600
James K. Polk State Office Building
Nashville, TN 37243-1402StateAndLocalFinance.PublicDebtForm@cot.tn.gov**18. Signatures:**

	AUTHORIZED REPRESENTATIVE	PREPARER
Name	<u>John Clark</u>	<u>Cynthia M. Barnett, Esq.</u>
Title	<u>Mayor</u>	<u>Bond Counsel</u>
Firm	<u>City of Kingsport, Tennessee</u>	<u>Adams and Reese LLP</u>
Email	<u>JohnClark@kingsporttn.gov</u>	<u>cindy.barnett@arlaw.com</u>
Date	<u>09/28/2018</u>	<u>09/28/2018</u>

FINAL FINANCING REPORT

2018 – 2019 CAPITAL IMPROVEMENT PROGRAM

General Obligation Improvement Bonds, Series 2018A, B & C

Raymond James Public Finance

Prepared By: Rick Dulaney, Managing Director
Elizabeth Zuelke, Analyst

Dated: September 28, 2018

Prepared For: Mayor John Clark
Jeff Fleming, City Manager
Jim Demming, Chief Financial Officer



EXECUTIVE SUMMARY

Background: The City of Kingsport, Tennessee (the “City”) issued its \$7,040,000 General Obligation Improvement Bonds, Series 2018A (the “Series 2018A Bonds”); its \$5,275,000 General Obligation Improvement Bonds, Series 2018B (the “Series 2018B Bonds”) and its \$2,360,000 General Obligation Improvement Bonds, Series 2018C (the “Series 2018C Bonds”) (collectively, the “Bonds”) on September 28, 2018. The objective of the transaction was to take advantage of low interest rates and finance the City’s adopted FY 2018 – 2019 Capital Improvement Program as quickly as possible.

For this transaction, Raymond James & Associates, Inc., Nashville, Tennessee (“Raymond James”), Adams and Reese LLP, Nashville, Tennessee (“Adams and Reese”) and U.S. Bank National Association served the City as its municipal advisor, bond counsel and registration and paying agent, respectively.

Transaction Preparation: As required, the City and Raymond James entered into a Municipal Advisor Agreement (the “Agreement”) relating to the sale and issuance of the Bonds. With the assistance of Raymond James, Adams and Reese developed the Initial and Detailed Resolutions relating to the Bonds which were considered favorably by the Board of Mayor and Aldermen of the City on August 21, 2018. As mandated by Tennessee law, the City published the Initial Resolutions on August 23, 2018 to start the 20 day legal protest period. Since the Series 2018C Bonds were structured and sold as 501(c) (3) Bonds, the City also published a TEFRA Notice regarding a required public hearing related to the sale and issuance of such Bonds and scheduled the hearing for September 11, 2018 at 2:00 p.m., ET.

In order to assure the best execution and the lowest rates possible, the Initial and Detailed Resolutions were structured so that the all three series of the Bonds were secured by the City’s general obligation pledge even though Series 2018B Bonds are fully payable from the net revenue streams of the water and sewer systems and the Series 2018C Bonds are payable from revenues to be derived from the one-quarter percent (0.25%) local option sales tax levied by the Municipality within the corporate limits of the Municipality within Sullivan County, Tennessee, and revenues to be derived from the operation of the Municipality’s aquatic center.

Pursuant to the Agreement, Raymond James facilitated the development of the “Official Notice of Sale” and the “Preliminary Official Statement” (collectively, the “Offering Documents”) based on input from the City and Adams and Reese. Following numerous revisions and comments, the City authorized Raymond James to use those documents to initiate the marketing process for the Bonds on September 6, 2018. In accordance with new regulations requiring Municipal Advisors to apply for the assignment of CUSIP numbers for each series of Bonds within one day of the release Offering Documents, a separate subscription was made for each series of the Bonds within the mandated timeframe.

Concurrent with the development of various marketing materials, numerous documents, including, but not limited to, a draft version of the “Preliminary Official Statement”, the Resolutions and other data were provided to Moody’s Investors Service, Inc. (“Moody’s”) and S&P Global Ratings Group (“S&P”) seeking credit ratings for the Bonds. As is usual and customary, “due diligence” questionnaires were provided by Moody’s and S&P and separate conference calls arranged by Raymond James were conducted among City officials, analysts for Moody’s, S&P and Raymond James representatives in order to provide additional information and respond to questions regarding

the City's transaction, its financial situation and operations, future capital plans and its current economic circumstances. Following their standard analytical processes, Moody's and S&P's credit committees reviewed the materials and the recommendations of their respective analytical teams assigned to the engagement. In accordance with their published methodologies, Moody's and S&P affirmed the City's outstanding credit ratings for all rated debt and assigned the Bonds their ratings of "Aa2" and "AA", respectively.

Bond Sale: As required by Tennessee law, the Bonds were advertised for competitive public sale through a formal process initiated not less than 5 days prior to the targeted date of sale. Details concerning the public sale and Bonds were provided to potential bidders and others in the "Official Notice of Sale" and the "Preliminary Official Statement", both of which were dated as of September 6, 2018. Following the normal process for the City, the web-based facilities of I-deal prospectus were used for this task and formal bidding was conducted through IPREO's BiDCOMP®/Parity® system (the "System"). In order to facilitate and assure common yields on the Series 2018A Bonds, the Series 2018B Bonds and the Series 2018C Bonds, the sale was structured so that one bid applied to all issues even though each issue was treated separately including the assignment of CUSIP numbers. Through the System, three (3) of the original five (5) firms which indicated an interest in bidding for the Bonds submitted proposals ranging from the best bid of 3.271284%% on a true interest cost basis ("TIC") to 3.389555%.

The successful bidder for the Bonds was an account led by Robert W. Baird & Co., Inc., Red Bank, New Jersey (the "Underwriter") who contracted with the Municipality, subject to the conditions set forth in the "Official Notice of Sale" (including permitted adjustments) to purchase (i) the Series 2018A Bonds at a price of \$7,205,040.41 (consisting of the par amount of the Series 2018A Bonds of \$7,040,000.00, plus a net premium of \$261,366.05, less an underwriter's discount of \$96,325.64) or a bid price of 102.344% of par; and (ii) the Series 2018B Bonds at a price of \$5,369,356.25 (consisting of the par amount of the Series 2018B Bonds of \$5,275,000.00, plus a net premium of \$169,024.40, less an underwriter's discount of \$74,668.15) or a bid price of 101.789% of par; and (iii) the Series 2018C Bonds at a price of \$2,344,411.21 (consisting of the par amount of the Series 2018C Bonds of \$2,360,000.00, plus a net premium of \$18,006.75, less an underwriter's discount of \$33,595.54) or a bid price of 99.339% of par.

Following official bidding, resizing and other permitted adjustments which were performed by Raymond James, the normal process associated with closing occurred including, but not limited to, finalization of the "Official Statement" (including approval and distribution to the Underwriter), development of the "Final Financing Report", preparation of all closing memoranda, review and comments on all closing documents and other usual and customary activities.

A representative of Raymond James traveled to the City for the pre-closing which was held on September 27, 2018. Following confirmation of closing on September 28, 2018, Raymond James disbursed funds to cover all documented costs of issuance associated with the transaction and assured that detailed invoices were provided to the City for its records.

Preliminary

City of Kingsport, Tennessee

\$14,675,000 General Obligation Improvement Bonds, Series 2018AB&C

Total Issue Sources And Uses

Dated 09/28/2018 | Delivered 09/28/2018

	General Fund	Water & Sewer Fund	Aquatic Center	Issue Summary
Sources Of Funds				
Par Amount of Bonds	\$7,040,000.00	\$5,275,000.00	\$2,360,000.00	\$14,675,000.00
Reoffering Premium	261,366.05	169,024.40	18,006.75	448,397.20
Total Sources	\$7,301,366.05	\$5,444,024.40	\$2,378,006.75	\$15,123,397.20
Uses Of Funds				
Deposit to Project Construction Fund	7,137,900.42	5,310,899.83	2,330,446.62	14,779,246.87
Total Underwriter's Discount (1.394%)	96,325.64	74,668.15	33,595.54	204,589.33
Costs of Issuance	67,139.99	58,456.42	13,964.59	139,561.00
Total Uses	\$7,301,366.05	\$5,444,024.40	\$2,378,006.75	\$15,123,397.20

Preliminary

City of Kingsport, Tennessee

\$14,675,000 General Obligation Improvement Bonds, Series 2018AB&C

Detail Costs Of Issuance

Dated 09/28/2018 | Delivered 09/28/2018

COSTS OF ISSUANCE DETAIL

Municipal Advisor	\$50,000.00
Bond Counsel	\$45,000.00
Registration/Paying/Escrow Agent	\$1,200.00
Moody's	\$22,000.00
S&P	\$18,050.00
POS/Official Statement	\$1,500.00
CUSIPS	\$1,811.00
TOTAL	\$139,561.00

Preliminary

City of Kingsport, Tennessee

\$14,675,000 General Obligation Improvement Bonds, Series 2018AB&C

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/30/2019	-	-	228,344.53	228,344.53
06/30/2020	565,000.00	4.664%	537,281.26	1,102,281.26
06/30/2021	585,000.00	4.675%	510,931.26	1,095,931.26
06/30/2022	620,000.00	4.677%	483,581.26	1,103,581.26
06/30/2023	645,000.00	4.674%	454,581.26	1,099,581.26
06/30/2024	680,000.00	4.691%	424,431.26	1,104,431.26
06/30/2025	710,000.00	4.690%	392,531.26	1,102,531.26
06/30/2026	735,000.00	4.701%	359,231.26	1,094,231.26
06/30/2027	775,000.00	3.000%	324,681.26	1,099,681.26
06/30/2028	795,000.00	3.000%	301,431.26	1,096,431.26
06/30/2029	745,000.00	3.000%	277,581.26	1,022,581.26
06/30/2030	765,000.00	3.000%	255,231.26	1,020,231.26
06/30/2031	790,000.00	3.000%	232,281.26	1,022,281.26
06/30/2032	815,000.00	3.125%	208,581.26	1,023,581.26
06/30/2033	840,000.00	3.250%	183,112.52	1,023,112.52
06/30/2034	865,000.00	3.250%	155,812.52	1,020,812.52
06/30/2035	890,000.00	3.250%	127,700.02	1,017,700.02
06/30/2036	920,000.00	3.375%	98,775.02	1,018,775.02
06/30/2037	955,000.00	3.500%	67,725.00	1,022,725.00
06/30/2038	980,000.00	3.500%	34,300.00	1,014,300.00
Total	\$14,675,000.00		\$5,658,125.99	\$20,333,125.99

Yield Statistics

Bond Year Dollars	\$164,936.88
Average Life	11.239 Years
Average Coupon	3.4304797%
Net Interest Cost (NIC)	3.2826608%
True Interest Cost (TIC)	3.2630280%
Bond Yield for Arbitrage Purposes	3.1123533%
All Inclusive Cost (AIC)	3.3685523%

IRS Form 8038

Net Interest Cost	3.1229941%
Weighted Average Maturity	11.030 Years

2018 New MoneyvFinal | Issue Summary | 9/17/2018 | 1:04 PM

RAYMOND JAMES

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Preliminary

City of Kingsport, Tennessee

\$7,040,000 General Obligation Improvement Bonds, Series 2018A

General Fund Projects

Sources & Uses

Dated 09/28/2018 | Delivered 09/28/2018

Sources Of Funds	
Par Amount of Bonds	\$7,040,000.00
Reoffering Premium	261,366.05
Total Sources	\$7,301,366.05
Uses Of Funds	
Deposit to Project Construction Fund	7,137,900.42
Total Underwriter's Discount (1.358%)	96,325.64
Costs of Issuance	67,139.99
Total Uses	\$7,301,366.05

Preliminary

City of Kingsport, Tennessee

\$7,040,000 General Obligation Improvement Bonds, Series 2018A

General Fund Projects

Detail Costs Of Issuance

Dated 09/28/2018 | Delivered 09/28/2018

COSTS OF ISSUANCE DETAIL

Municipal Advisor	\$24,118.06
Bond Counsel	\$21,706.25
Registration/Paying/Escrow Agent	\$400.00
Moody's	\$10,611.95
S&P	\$8,706.62
POS/Official Statement	\$723.55
CUSIP5	\$873.56
TOTAL	\$67,139.99

Preliminary

City of Kingsport, Tennessee

\$7,040,000 General Obligation Improvement Bonds, Series 2018A

General Fund Projects

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/30/2019	-	-	113,347.50	113,347.50
06/30/2020	285,000.00	5.000%	266,700.00	551,700.00
06/30/2021	295,000.00	5.000%	252,450.00	547,450.00
06/30/2022	315,000.00	5.000%	237,700.00	552,700.00
06/30/2023	325,000.00	5.000%	221,950.00	546,950.00
06/30/2024	345,000.00	5.000%	205,700.00	550,700.00
06/30/2025	360,000.00	5.000%	188,450.00	548,450.00
06/30/2026	375,000.00	5.000%	170,450.00	545,450.00
06/30/2027	395,000.00	3.000%	151,700.00	546,700.00
06/30/2028	405,000.00	3.000%	139,850.00	544,850.00
06/30/2029	340,000.00	3.000%	127,700.00	467,700.00
06/30/2030	350,000.00	3.000%	117,500.00	467,500.00
06/30/2031	365,000.00	3.000%	107,000.00	472,000.00
06/30/2032	375,000.00	3.125%	96,050.00	471,050.00
06/30/2033	385,000.00	3.250%	84,331.26	469,331.26
06/30/2034	400,000.00	3.250%	71,818.76	471,818.76
06/30/2035	410,000.00	3.250%	58,818.76	468,818.76
06/30/2036	425,000.00	3.375%	45,493.76	470,493.76
06/30/2037	440,000.00	3.500%	31,150.00	471,150.00
06/30/2038	450,000.00	3.500%	15,750.00	465,750.00
Total	\$7,040,000.00	-	\$2,703,910.04	\$9,743,910.04

Yield Statistics

Bond Year Dollars	\$77,577.00
Average Life	11.019 Years
Average Coupon	3.4854532%
Net Interest Cost (NIC)	3.2727092%
True Interest Cost (TIC)	3.2449165%
Bond Yield for Arbitrage Purposes	3.1123533%
All Inclusive Cost (AIC)	3.3521819%

IRS Form 8038

Net Interest Cost	3.1018208%
Weighted Average Maturity	10.785 Years

2018 New MoneyvFinal | General Fund | 9/17/2018 | 1:04 PM

RAYMOND JAMES

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Preliminary

City of Kingsport, Tennessee

\$5,275,000 General Obligation Improvement Bonds, Series 2018B

Water & Sewer Project

Sources & Uses

Dated 09/28/2018 | Delivered 09/28/2018

Sources Of Funds	
Par Amount of Bonds	\$5,275,000.00
Reoffering Premium	169,024.40
Total Sources	\$5,444,024.40
Uses Of Funds	
Deposit to Project Construction Fund	5,310,899.83
Total Underwriter's Discount (1.416%)	74,668.15
Costs of Issuance	58,456.42
Total Uses	\$5,444,024.40

Preliminary

City of Kingsport, Tennessee

\$5,275,000 General Obligation Improvement Bonds, Series 2018B

Water & Sewer Project

Detail Costs Of Issuance

Dated 09/28/2018 | Delivered 09/28/2018

COSTS OF ISSUANCE DETAIL

Municipal Advisor	\$25,881.94
Bond Counsel	\$16,338.02
Registration/Paying/Escrow Agent	\$400.00
Moody's	\$7,914.77
S&P	\$6,493.71
POS/Official Statement	\$776.45
CUSIPs	\$651.53
TOTAL	\$58,456.42

Preliminary

City of Kingsport, Tennessee

\$5,275,000 General Obligation Improvement Bonds, Series 2018B

Water & Sewer Project

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/30/2019	-	-	83,475.31	83,475.31
06/30/2020	185,000.00	5.000%	196,412.50	381,412.50
06/30/2021	195,000.00	5.000%	187,162.50	382,162.50
06/30/2022	205,000.00	5.000%	177,412.50	382,412.50
06/30/2023	215,000.00	5.000%	167,162.50	382,162.50
06/30/2024	230,000.00	5.000%	156,412.50	386,412.50
06/30/2025	240,000.00	5.000%	144,912.50	384,912.50
06/30/2026	250,000.00	5.000%	132,912.50	382,912.50
06/30/2027	265,000.00	3.000%	120,412.50	385,412.50
06/30/2028	270,000.00	3.000%	112,462.50	382,462.50
06/30/2029	280,000.00	3.000%	104,362.50	384,362.50
06/30/2030	290,000.00	3.000%	95,962.50	385,962.50
06/30/2031	295,000.00	3.000%	87,262.50	382,262.50
06/30/2032	305,000.00	3.125%	78,412.50	383,412.50
06/30/2033	315,000.00	3.250%	68,881.26	383,881.26
06/30/2034	325,000.00	3.250%	58,643.76	383,643.76
06/30/2035	335,000.00	3.250%	48,081.26	383,081.26
06/30/2036	345,000.00	3.375%	37,193.76	382,193.76
06/30/2037	360,000.00	3.500%	25,550.00	385,550.00
06/30/2038	370,000.00	3.500%	12,950.00	382,950.00
Total	\$5,275,000.00	-	\$2,096,037.85	\$7,371,037.85

Yield Statistics

Bond Year Dollars	\$60,696.88
Average Life	11.507 Years
Average Coupon	3.4532879%
Net Interest Cost (NIC)	3.2978330%
True Interest Cost (TIC)	3.2789927%
Bond Yield for Arbitrage Purposes	3.1129533%
All Inclusive Cost (AIC)	3.3996754%

IRS Form 8038

Net Interest Cost	3.1381548%
Weighted Average Maturity	11.280 Years

2018 New MoneyvFinal | Water & Sewer Fund | 9/17/2018 | 1:04 PM

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Preliminary

City of Kingsport, Tennessee

\$2,360,000 General Obligation Improvement Bonds, Series 2018C

Aquatic Center Project

Sources & Uses

Dated 09/28/2018 | Delivered 09/28/2018

Sources Of Funds

Par Amount of Bonds	\$2,360,000.00
Reoffering Premium	18,006.75
Total Sources	\$2,378,006.75

Uses Of Funds

Deposit to Project Construction Fund	2,330,446.62
Total Underwriter's Discount (1.424%)	33,595.54
Costs of Issuance	13,964.59
Total Uses	\$2,378,006.75

Preliminary

City of Kingsport, Tennessee

\$2,360,000 General Obligation Improvement Bonds, Series 2018C

Aquatic Center Project

Detail Costs Of Issuance

Dated 09/28/2018 | Delivered 09/28/2018

COSTS OF ISSUANCE DETAIL

Bond Counsel	\$6,955.73
Registration/Paying/Escrow Agent	\$400.00
Moody's	\$3,473.28
S&P	\$2,849.67
CUSIPs	\$285.91
TOTAL	\$13,964.59

Preliminary

City of Kingsport, Tennessee

\$2,360,000 General Obligation Improvement Bonds, Series 2018C

Aquatic Center Project

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
06/30/2019	-	-	31,521.72	31,521.72
06/30/2020	95,000.00	3.000%	74,168.76	169,168.76
06/30/2021	95,000.00	3.000%	71,318.76	166,318.76
06/30/2022	100,000.00	3.000%	68,468.76	168,468.76
06/30/2023	105,000.00	3.000%	65,468.76	170,468.76
06/30/2024	105,000.00	3.000%	62,318.76	167,318.76
06/30/2025	110,000.00	3.000%	59,168.76	169,168.76
06/30/2026	110,000.00	3.000%	55,868.76	165,868.76
06/30/2027	115,000.00	3.000%	52,568.76	167,568.76
06/30/2028	120,000.00	3.000%	49,118.76	169,118.76
06/30/2029	125,000.00	3.000%	45,518.76	170,518.76
06/30/2030	125,000.00	3.000%	41,768.76	166,768.76
06/30/2031	130,000.00	3.000%	38,018.76	168,018.76
06/30/2032	135,000.00	3.125%	34,118.76	169,118.76
06/30/2033	140,000.00	3.250%	29,900.00	169,900.00
06/30/2034	140,000.00	3.250%	25,350.00	165,350.00
06/30/2035	145,000.00	3.250%	20,800.00	165,800.00
06/30/2036	150,000.00	3.375%	16,087.50	166,087.50
06/30/2037	155,000.00	3.500%	11,025.00	166,025.00
06/30/2038	160,000.00	3.500%	5,600.00	165,600.00
Total	\$2,360,000.00	-	\$858,178.10	\$3,218,178.10

Yield Statistics

Bond Year Dollars	\$26,663.00
Average Life	11.298 Years
Average Coupon	3.2186104%
Net Interest Cost (NIC)	3.2770764%
True Interest Cost (TIC)	3.2798977%
Bond Yield for Arbitrage Purposes	3.1123533%
All Inclusive Cost (AIC)	3.3457025%

IRS Form 8038

Net Interest Cost	3.1506069%
Weighted Average Maturity	11.214 Years

2018 New MoneyvFinal | Aquatic Center | 9/17/2018 | 1:04 PM

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MOODY'S

INVESTORS SERVICE

CREDIT OPINION

4 September 2018

✓ Rate this Research

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Kingsport (City of) TN

Update to credit analysis

Summary

[Kingsport, TN](#) (GOULT Aa2) will continue to experience growth in its local economy driven by expansions of its industrial and commercial base. Its largest taxpayer and employer, [Eastman Chemical Company](#) (Baa2 stable), continues to be a stabilizing presence in the city but its concentration has been reduced due to growth in different companies. Additionally, the city has hundreds of new residential units coming on line. The financial position of the city continues to be stable through active management of operations. The debt burden of the city is elevated and will remain high due to continued capital needs.

Credit strengths

- » Large, expanding tax base
- » Adoption of recent tax rate and sanitation fees increases resulting in improved and healthy reserves

Credit challenges

- » Largest taxpayer accounts for 23% of total assessed value
- » Above average debt burden

Rating outlook

Moody's typically does not assign outlooks to local government issuers with this amount of debt outstanding.

Factors that could lead to an upgrade

- » Large, sustained increase in reserves to levels consistent with higher rated cities
- » Material diversification of top taxpayers
- » Decline in debt burden

Factors that could lead to a downgrade

- » Any additional declines in available reserves
- » Large, prolonged tax base contractions
- » Reduced operations or financial distress of the city's largest taxpayer, Eastman Chemical Company

» Material growth in debt burden above expectations or inability for utilities to pay its portion of debt service

Key indicators

1

Exhibit 2

Kingsport (City of) TN	2013	2014	2015	2016	2017
Economy/Tax Base					
Total Full Value (\$000)	\$5,409,558	\$5,757,370	\$5,770,952	\$5,702,653	\$5,851,826
Population	51,876	52,835	52,898	52,871	53,558
Full Value Per Capita	\$104,279	\$108,969	\$109,096	\$107,860	\$109,261
Median Family Income (% of US Median)	82.0%	82.9%	79.0%	78.1%	78.1%
Finances					
Operating Revenue (\$000)	\$114,002	\$120,254	\$125,277	\$128,621	\$183,366
Fund Balance (\$000)	\$14,888	\$16,929	\$19,041	\$19,063	\$20,793
Cash Balance (\$000)	\$14,621	\$14,096	\$15,182	\$17,027	\$13,740
Fund Balance as a % of Revenues	13.1%	14.1%	15.2%	14.8%	11.3%
Cash Balance as a % of Revenues	12.8%	11.7%	12.1%	13.2%	7.5%
Debt/Pensions					
Net Direct Debt (\$000)	\$170,354	\$173,353	\$153,228	\$147,365	\$148,319
3-Year Average of Moody's ANPL (\$000)	\$101,893	\$147,470	\$176,427	\$208,449	\$228,322
Net Direct Debt / Full Value (%)	3.1%	3.0%	2.7%	2.6%	2.5%
Net Direct Debt / Operating Revenues (x)	1.5x	1.4x	1.2x	1.1x	0.8x
Moody's - adjusted Net Pension Liability (3-yr average) to Full Value (%)	1.9%	2.6%	3.1%	3.7%	3.9%
Moody's - adjusted Net Pension Liability (3-yr average) to Revenues (x)	0.9x	1.2x	1.4x	1.6x	1.2x

Source: Moody's Investors Service; Kingsport, TN financial statement 2013-17

Profile

The city of Kingsport has a population of 52,871 and is located in the northeast portion of [Tennessee](#) (Aaa stable) approximately 25 miles northwest of [Johnson City](#) (Aa2) and 23 miles from [Bristol, TN](#) (Aa2) and [Bristol, VA](#) (Baa2 positive).

Detailed credit considerations

Economy and tax base: Sizeable tax base with concentration

Kingsport's sizable \$6 billion tax base with continue to benefit from its significant commercial and industrial employment base. The tax base is dominated by Eastman Chemical Company which represents approximately 23% of total taxable value. The current headquarters facility consists of more than 500 buildings on approximately 6,000 acres of land. Over the last five years, Eastman has spent an estimated \$1.3 billion to expand production capacity. The city has numerous industrial and commercial developments and expansions occurring, aiding in reducing the concentration of Eastman. In addition to its commercial and industrial activity, the city has several new residential developments in progress that will add over 700 new units to the city.

The city has experienced assessed value growth averaging 1.7% over the past five years, driven by a combination of commercial development, residential development and annexation. Full value has grown at a slightly higher rate of 2.6% over the same five year period. Unemployment was 3.1% as of May 2018, above the state (3.0%) but below national (3.6%) rates. Income indicators are slightly below state and national medians with median family income of 91.7% and 78.1%, respectively.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Finances and liquidity: Very stable operations

The city's financial position will remain level over the near-term due to active management of operations. At the end of fiscal 2017, the city's available operating fund balance increased to \$20.8 million or 11.3% of operating revenues. The decline in the relative amount of fund balance to operations was caused by revenues increasing in the general purpose school fund from the county to purchase school facilities. Reserves for the city are below national medians but are extremely stable due to management's active control over daily operations to ensure operations track to budget. Positively, the city has an additional \$3.7 million unrestricted in the Fleet Maintenance Fund, adding further flexibility if needed. The Fleet Maintenance Fund can be designated for any purpose at the discretion of the Board of Mayor and Alderman, including General Fund operating expenses on a short-term basis.

In addition to its operating funds, the city operates several proprietary funds including water, sewer, aquatic center, sanitation, and more. Positively, the majority of the city's enterprise activities have positive net positions except for the sanitation fund. The city recently implemented a sanitation fee to aid in fixing the negative net position and to reduce subsidies from the General Fund. Positively, the sanitation fund's net position improved 21% year-over-year to a still negative \$1.8 million.

Fiscal 2018 is tracking positively to operations according to management. At the end of the year, the city is projecting to add \$1.3 million to unassigned General Fund balance.

LIQUIDITY

Operating cash at the end of fiscal 2017 declined to \$13.7 million or 7.5% of operating revenues. The decline in cash was caused by the General Fund providing liquidity to nonmajor enterprise funds which were previously supported by other enterprise funds.

Debt and pensions: Above-average debt burden

Kingsport's debt position will remain manageable in the near-term given the self-supporting nature of the city's water and sewer system and average retirement of principal. Kingsport's direct debt burden is high but manageable at 2.5% of full value. This debt burden is net of \$80 million in self-supporting bonds paid through water and sewer system revenues.

The city maintains a five-year (2019-2023) capital improvement plan, including \$117 million in additional bonds over the next five years. Favorably, more than half of the new money debt will be for water and sewer purposes and paid from water and sewer revenues, but secured through the city's general obligation pledge. The city has explored utilizing reserves to conduct capital improvements to avoid issuing debt, however there are no plans to reduce reserves below its target of 17% of operations. Taking into consideration the new money debt, the city's debt burden is expected to increase beyond the already above-average levels. Moody's will monitor the city's debt burden over the upcoming years with the expectation that levels will still remain affordable, however if debt levels rise significantly, negative rating pressure could result.

DEBT STRUCTURE

The city's variable rate debt exposure is minimal, representing 2% of total debt and consists of one loan from the Tennessee Municipal Bond Fund (TMBF).

DEBT-RELATED DERIVATIVES

The city is not party to any derivatives products.

PENSIONS AND OPEB

The city currently participates in the Political Subdivision Pension Plan (PSPP) and the State Employees, Teachers, and Higher Education Employees' Pension Plan (SETHEPP), both of which are multi-employer defined benefit plans administered by the Tennessee Consolidated Retirement System. The city consistently contributes 100% of the annual pension cost for both plans. The city's adjusted pension liability, under Moody's methodology for adjusting reported pension data, is \$283.2 million or an average 1.5 times of operating revenues. Moody's uses the adjusted net pension liability to improve comparability of reported pension liabilities. The adjustments are not intended to replace the city's reported liability information, but to improve comparability with other rated entities.

Governance

The city has a formal fund balance policy to maintain unassigned General Fund balance at a minimum of 15% of the subsequent year's budgeted expenditures.

Tennessee Cities have an Institutional Framework score of Aaa, which is high compared to the nation. Institutional Framework scores measure a sector's legal ability to increase revenues and decrease expenditures. The sector has one or more major revenue sources that are not subject to any caps. Unpredictable revenue fluctuations tend to be moderate, or between 5-10% annually. Across the sector, fixed and mandated costs are generally less than 25% of expenditures. Tennessee is a Right to Work state, providing significant expenditure-cutting ability. Unpredictable expenditure fluctuations tend to be minor, under 5% annually.

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REPORT NUMBER

1138589

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Japan	81-3-5408-4100
EMEA	44-20-7772-5454

RatingsDirect®

Summary:

Kingsport, Tennessee; General Obligation

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Kingsport, Tennessee; General Obligation

Credit Profile

US\$9.8 mil GO imp bnds ser 2018A due 03/01/2038		
<i>Long Term Rating</i>	AA/Stable	New
US\$5.145 mil GO imp bnds ser 2018 B due 03/01/2038		
<i>Long Term Rating</i>	AA/Stable	New
US\$2.26 mil GO imp bnds ser 2018 C due 03/01/2038		
<i>Long Term Rating</i>	AA/Stable	New
Kingsport GO		
<i>Long Term Rating</i>	AA/Stable	Affirmed

Rationale

S&P Global Ratings assigned its 'AA' long-term rating to Kingsport, Tenn.'s series 2018A, 2018B and 2018C general obligation (GO) public improvement bonds. At the same time, S&P Global Ratings affirmed its 'AA' long-term rating and underlying rating (SPUR) on the city's existing GO debt. The outlook is stable.

The series 2018A, 2018B, and 2018C bonds are secured by the city's full faith and credit pledge, payable from the levy of an unlimited ad valorem tax on all taxable property within the corporate limits of the city. Series 2018B is additionally payable from, but not secured by, the revenues to be derived from the operations of the water and sewer system.

We understand officials intend to use the series 2018A and 2018C bonds to finance various renovation projects within the city, including at public school facilities, the library, and parks and recreation facilities. Additionally, officials intend to use the series 2018B bonds to improve the city's water system.

Existing general obligation (GO) bonds are secured by the city's full faith and credit pledge, payable from the levy of an unlimited ad valorem tax on all taxable property within the corporate limits of the city. Series 2012A and 2013A bonds are further secured by a 0.25% local option sales tax. In accordance with the "Methodology: Rating Approach To Obligations With Multiple Revenue Streams" criteria, published Nov. 29, 2011, on RatingsDirect, we rate the bonds based on the city's GO pledge, as there is inadequate information to assess the strength of the sales tax pledge.

The ratings reflect our assessment of the following factors of the city:

- Adequate economy, with market value per capita of \$122,454 and projected per capita effective buying income at 81.7% of the national level;
- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Strong budgetary performance, with a slight operating surplus in the general fund and an operating surplus at the

total governmental fund level in fiscal 2017;

- Very strong budgetary flexibility, with an available fund balance in fiscal 2017 of 18% of operating expenditures;
- Very strong liquidity, with total government available cash at 29.1% of total governmental fund expenditures and 3.5x governmental debt service, and access to external liquidity we consider strong, but an exposure to a nonremote contingent liability risk;
- Weak debt and contingent liability profile, with debt service carrying charges at 8.3% of expenditures and net direct debt that is 107.7% of total governmental fund revenue, but rapid amortization, with 67.1% of debt scheduled to be retired in 10 years; and
- Very strong institutional framework score.

Adequate economy

We consider Kingsport's economy adequate. The city, with an estimated population of 53,558, is located in Hawkins and Sullivan counties in northeastern Tennessee. The city has a projected per capita effective buying income (EBI) of 81.7% of the national level and per capita market value of \$122,454. Overall, the city's market value grew by 2.7% over the past year to \$6.1 billion in 2018. The weight-averaged unemployment rate of the counties was 4.0% in 2017.

We revised our economy score for the city to adequate from strong based on the city's projected per capita EBI, which has fallen below 85%, and our view that the Kingsport-Bristol MSA is no longer broad and diverse. Although we historically viewed Kingsport-Bristol MSA as such, we changed our view based on the Herfindahl Index's employment trends and projections. We consider MSAs broad and diverse when they meet certain thresholds for employment projections. At this time, the Kingsport-Bristol MSA does not meet these thresholds.

Kingsport is the largest city in the Kingsport-Bristol MSA, and is a regional economic hub. Kingsport's tax base increased consistently in the last three years, and officials project this trend to continue for the next two years (with projected annual tax base growth of 2%) due to various commercial expansions and additions.

While we recognize the city's regional economic strength, the city's tax base is moderately concentrated, in our opinion, with the top 10 taxpayers accounting for 33.5% of the tax base. Eastman, the city's leading taxpayer, accounts for 24% of fiscal 2018 assessed value (AV). Eastman, a global chemical company that supports various markets, is headquartered in Kingsport and has been a stable taxpayer and a leading employer for over a decade. Although the city's economy has diversified into education, retail, and tourism, it remains moderately concentrated due to Eastman's strong presence. An expansion at Eastman provides additional taxable revenues and employment opportunities, but it further exacerbates the concentration risk within the top 10 taxpayers. Should taxpayer concentration exceed 35% of AV, our view of the economy could change to weak from adequate.

Strong management

We view the city's management as strong, with good financial policies and practices under our FMA methodology, indicating financial practices exist in most areas, but that governance officials might not formalize or monitor all of them on a regular basis.

Key budgeting practices include management's use of five years of historical data to create its revenue and expenditure assumptions. In formulating its annual budget, management reviews state publications, evaluates state and national

economic conditions, and consults the counties' property assessors to build its revenue projections. In addition, the city performs a pay study to compare salary and benefit affordability and competitiveness projections with those of other municipalities throughout the region and state. During each fiscal year, management conducts regular monitoring of budget-to-actual performance, and reports results quarterly to the city board of mayor and aldermen (BMA). On an as-needed basis, management recommends amendments to address expenditure reclassifications and supplemental appropriations in the operating budget, which the BMA must approve. The city also adopted a formal investment policy that follows state guidelines. Management presents comprehensive quarterly investment reports with holdings and performance updates to the BMA.

In addition, the city has a comprehensive long-term capital plan that looks out five years and is updated annually. The capital improvement plan (CIP) categorizes projects by departments and funds, projects costs, and evaluates debt and nondebt funding sources. Kingsport also maintains a formal debt policy. Furthermore, the city maintains a reserve policy that establishes a minimum general fund unassigned fund balance between 15% and 20% of the following year's budgeted expenditures. The fund balance policy is reviewed and adopted annually to determine sufficient coverage for unexpected cash flow issue. Should the fund balance fall below the 15% minimum, the city manager is required to prepare a plan to replenish the fund balance to the minimum level. The city lacks a formal long-term financial plan at this time.

Strong budgetary performance

Kingsport's budgetary performance is strong in our opinion. The city had slight surplus operating results in the general fund of 1.1% of expenditures, and surplus results across all governmental funds of 10.6% in fiscal 2017. The city's general fund operating results have been stable over the last three years, with results of 0.5% in 2016 and 1.6% in 2015. For fiscal 2017, the city's main source of revenue was local taxes (62%), followed by intergovernmental revenues (31%).

Our view of the city's budgetary performance reflects adjustments made to include recurring transfers in from the enterprise funds, transfers out to the general purpose school fund, the debt service fund, nonmajor governmental fund and capital project funds, and one-time capital expenditures funded with bond proceeds, and exclude one-time revenues.

Based on better-than-budgeted annual revenue and strong tax collections, coupled with management's historically conservative annual budgeting of operating expenditures, we expect Kingsport's budgetary performance to remain strong for the next two years.

Consistent with historical performance, the city reported operating and total governmental surplus in fiscal 2017. Officials attribute the surpluses to better-than-budgeted revenues and conservative expenditures assumptions. While the city's operating revenues and expenditures remained relatively stable in fiscals 2015 and 2016, the operating revenue increased by roughly 7%, largely due to a new franchise agreement with Kingsport Power Co. Although the new franchise agreement generated an additional \$3.7 million for the operating revenues, expenditures experienced moderate growth.

For fiscal 2018, the city expects to report an operating surplus of \$1.3 million, or 2% of operating expenditures. As a result of tax base growth, the city in fiscal 2018 lowered its tax levy to \$1.975 from \$2.07. Despite the decreased levy,

operating revenues remained comparable to fiscal 2017. However, operating expenditures increased by roughly 3% largely due to salary increases and additional capital projects.

While the city adopted a balanced budget for fiscal 2019, it anticipates drawing roughly \$1.3 million for various maintenance projects. Given strong budgetary performance in the last three fiscal years, city officials decided to fund these projects with available cash instead of incurring additional debt. However, given the city's history of outperforming its budgets and the expected growth in sales tax revenues, we expect the city's budgetary performance to remain strong.

Very strong budgetary flexibility

Kingsport's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2017 of 18% of operating expenditures, or \$14.1 million. Over the past three years, the total available fund balance has remained at a consistent level overall, totaling 18% of expenditures in 2016 and 19% in 2015.

Although the city has plans to draw down the reserves in fiscal 2019, the city expects to maintain at least 17% of operating expenditures for the next two years. The city's formal fund balance policy sets a minimum unassigned fund balance at 15% of the following year's operating budget, and historically the city has adhered to it, maintaining roughly 18% of operating expenditures in the last three years. Given this trend, we expect the city's budgetary flexibility to remain very strong.

Very strong liquidity

Kingsport's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2017 of 18% of operating expenditures, or \$14.1 million. Over the past three years, the total available fund balance has remained at a consistent level overall, totaling 18% of expenditures in 2016 and 19% in 2015.

In our opinion, the city has strong access to external liquidity, based on the various types of debt issued in the past decade. Currently, the city invests the majority of its cash in the local government investment pool, which is required to maintain a 90-day or less weighted-average maturity.

Currently, Kingsport has a direct-purchase agreement with a total principal amount of about \$5.4 million outstanding: Tennessee Municipal Bond Fund (TMBF) series 2008. While the agreement allow for acceleration payable in less than 180 days, we do not expect it to impact the city's very strong liquidity. The total outstanding direct purchase debt accounts for 6.7% of general fund revenues and 12% of total available cash. The city has sufficient cash to cover the acceleration and maintain its very strong liquidity position.

Weak debt and contingent liability profile

In our view, Kingsport's debt and contingent liability profile is weak. Total governmental fund debt service is 8.3% of total governmental fund expenditures, and net direct debt is 107.7% of total governmental fund revenue.

Approximately 67.1% of the direct debt is scheduled to be repaid within 10 years, which is in our view a positive credit factor.

We understand Kingsport is likely to issue additional debt over the next two to three years for projects recognized in its adopted CIP. The city identified potential additional debt issues of approximately \$24.4 million in fiscal 2020 and \$20.0 million in fiscal 2021. According to officials, the city does not expect any adverse impact on the tax rate. While

the city's amortization is above 65%, the city's additional debt issuance and structure of debt may slow down the amortization. Therefore, the city's debt profile could possibly deteriorate to a very weak level.

Kingsport has a direct-purchase variable debt outstanding: TMBF series 2008. The total principal amount equates to \$5.4 million, with the current interest rate of 0.95%. The city, however, conservatively budgets for a 5% interest rate.

Kingsport's combined required pension and actual other postemployment benefit (OPEB) contributions totaled 6.3% of total governmental fund expenditures in 2017. The city made its full annual required pension contribution in 2017.

The city participates the state-administered Tennessee Consolidated Retirement System (TCRS) defined benefit plans to provide pension benefits for eligible retirees: Public Employee Retirement Plan and Teacher Legacy Pension Plan. The contribution rates are actuarially determined, and the city has historically met its actuarially determined contribution. In fiscal 2017, the city contributed approximately \$5.4 million. The city's net pension liability was approximately \$35.7 million as of the most recent actuarial valuation. The plan's fiduciary net position as a percentage of the total pension liability for the TCRS was approximately 82.68%.

The city provides other postemployment health insurance and life insurance benefits on a pay-as-you-go basis for certain eligible retired employees under a single-employer defined benefit plan. At fiscal year ended June 30, 2017, the city's net OPEB obligation was about \$18.8 million. The city does not anticipate that these costs associated with its pension and OPEBs will increase substantially in the near term.

Very strong institutional framework

The institutional framework score for Tennessee municipalities is very strong.

Outlook

The stable outlook reflects our view of the city's ability to maintain an overall strong financial position, evidenced by its very strong budgetary flexibility and liquidity. Furthermore, we also expect the city to maintain its good financial management policies and practices, which will likely ensure overall rating stability. For these reasons, we do not expect to change the ratings within the next two years.

Upside scenario

All else being equal, we could raise the ratings if the city's economic indicators improve to levels comparable with those of its higher-rated peers.

Downside scenario

Conversely, if the city were to experience a material economic contraction leading to a significant weakening of its financial profile, we could consider a lower rating.

Related Research

2017 Update Of Institutional Framework For U.S. Local Governments

Ratings Detail (As Of September 6, 2018)

Ratings Detail (As Of September 6, 2018) (cont.)

Kingsport go bnds ser 2013A due 03/01/2034

<i>Long Term Rating</i>	AA/Stable	Affirmed
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Kingsport GO

<i>Long Term Rating</i>	AA/Stable	Affirmed
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Kingsport GO pub imp bnds ser 2014B due 09/01/2034

<i>Long Term Rating</i>	AA/Stable	Affirmed
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Kingsport GO

<i>Unenhanced Rating</i>	AA(SPUR)/Stable	Affirmed
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<i>Long Term Rating</i>	AA/Stable	Affirmed
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Many issues are enhanced by bond insurance.

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