

ORDINANCE NO. 1069

An Ordinance authorizing adoption of an Annexation Agreement providing for the assumption by the City of Crossville of the entire operations, assets, and liabilities of the Catoosa Utility District.

WHEREAS, Catoosa Water Utility District of Cumberland and Fentress County, Tennessee (District), by resolution dated August 9, 2005, has determined that justice and reason require the assumption by the City of Crossville of the District's entire operations in accordance with T.C.A. 6-51-111 as a result of the City's prior and recent annexations of significant areas of the District's service territory and for other reasons best serving the District and its ratepayers; and

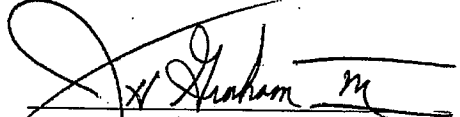
WHEREAS, the District and the City have successfully negotiated the terms and conditions of an Annexation Agreement with the City that best protects the District and its ratepayers and provides for the City's assumption of the District's entire operations and the transfer of its assets and liabilities to the City, the terms and conditions of which agreement are substantially identical to that agreement attached hereto as Exhibit A (the "Annexation Agreement");

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF CROSSVILLE, TENNESSEE as follows:

SECTION I. That the Mayor of Crossville is hereby authorized to take any and all other actions necessary or convenient to consummate the execution and delivery of the Annexation Agreement and all matters required thereby.

SECTION II. That the Mayor, City Attorney, City Manager, City Clerk, and Finance Director, acting as agents for the City, are further authorized to take any and all other actions they deem necessary or convenient to consummate and complete the transitional matters required by the Annexation Agreement.

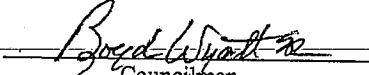
SECTION III. This ordinance shall take effect upon and after its final date of passage, the public welfare requiring it.



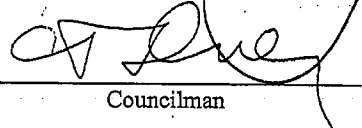
Mayor



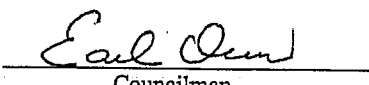
Councilman



Councilman



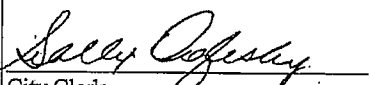
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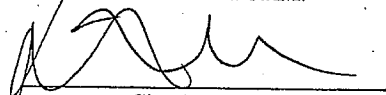
Councilman

ATTEST:

APPROVED AS TO FORM:



City Clerk



City Attorney

Passed 1st Reading: February 8, 2005
Passed 2nd Reading: August 9, 2005
Passed 3rd Reading: August 18, 2005

ANNEXATION AGREEMENT

This AGREEMENT made and entered into as of the 18th day of August, 2005 by and between **Catoosa Water Utility District of Cumberland and Fentress County, Tennessee** (hereinafter referred to as the "District") and the **City of Crossville, Tennessee** (hereinafter referred to as the "City").

WITNESSETH:

WHEREAS, the District is a utility district organized and existing under T.C.A. § 7-82-101 *et seq.* that provides water service in Cumberland County to over 3,500 customers residing in Cumberland County, some of which reside in the City's corporate limits;

WHEREAS, the City is a municipality located in Cumberland County, Tennessee, that provides water within and outside of its municipal boundaries to approximately 7,000 city customers as well as the District and other utility districts in Cumberland County;

WHEREAS, the City sells water to the District under a water services contract dated October 1, 2000 that expires on December 31, 2006, which supply constitutes the District's primary source of water;

WHEREAS, the District's boundaries are contiguous to areas currently served by the City's water system;

WHEREAS, the District and the City both believe they have a public responsibility to adequately plan and prepare for the future water needs of their current and future customers and recognize that cooperative regional efforts between utility agencies in the Cumberland County area are essential to the proper discharge of this duty;

WHEREAS, the District was approached in 2004 by the City to consolidate with the City in order to address the District's long-term need for an adequate water supply for its current and future customers within the District's boundaries under a merger proposal that also included a substantial rate reduction for the District's customers and which resulted in the parties entering into a Consolidation Agreement dated July 20, 2004 (the "Consolidation Agreement");

WHEREAS, the Consolidation Agreement provided that the District would consolidate with the City as a separate department within the City pursuant to T.C.A. § 7-82-202(f) under a merger arrangement that would provide the District's customers with a sufficient water supply for the immediate future at lower rates and which would allow the interests of the current and future

customers of the District's service area to continue to be served by a separate department within the City;

WHEREAS, pursuant to the requirement of T.C.A. § 7-82-202(f) and the requirements of the Consolidation Agreement, the District filed a petition on July 21, 2004 with the Utility Management Review Board and the Cumberland County Mayor seeking approval of the proposed consolidation;

WHEREAS, the petition was subsequently approved by the Utility Management Review Board; but it was denied by the County Mayor on November 4, 2004, which denial is currently being appealed by the District and the City in the Cumberland County Circuit Court on the grounds that it was arbitrary and capricious;

WHEREAS, in order to achieve the benefits of their proposed consolidation as soon as possible, the District and the City entered into a Interim Operating Agreement dated December 28, 2004 (the "Operating Agreement") as required by the terms of the Consolidation Agreement, which operating arrangement provides for the City's management and operation of the District's water system under a contractual arrangement that closely resembles the departmental approach pursued by the parties under the Consolidation Agreement and which provides for lower water rates to the District's customers and avoids the need for the District to build a water treatment plant;

WHEREAS, prior to the parties' entry into the Consolidation Agreement, the City annexed several areas of the District's service territory but was unable to acquire the District's assets and service rights in the annexed territory under T.C.A. § 6-51-111 because of the District's outstanding loan with the United States Department of Agriculture, the terms of which prohibited such transfer and preempted the City's annexation rights;

~~WHEREAS, pursuant to the terms of the parties' Operating Agreement, the District's loan with the United States Department of Agriculture has been paid off through financing from the City's Public Building Authority, and the City has subsequently notified the District of its desire to acquire the District's facilities and service rights in the previously annexed areas as well as recently annexed areas in the District's service area.~~

WHEREAS, after careful review of the City's present and future annexation plans and the parties' contractual obligations under the Consolidation Agreement and the Operating Agreement, the District and the City have concluded that it is in the best interests of the District's ratepayers and future customers and the City's ratepayers and taxpayers for the City to assume the operation of the entire District's utility system and assume responsibility for the District's indebtedness and other obligations by means of a total system consolidation;

WHEREAS, the City and the District have further determined that justice and reason require the District's utility system to be consolidated into the City substantially in accordance with the operational terms of the Consolidation Agreement as provided by the terms of this Agreement;

WHEREAS, the parties hereto are authorized to execute this Agreement by the statutes of the State of Tennessee, including without limitation T.C.A. §§ 6-51-111, 7-82-304(11) and 12-9-101 et seq.

NOW, THEREFORE, for and in consideration of the foregoing, and the terms, covenants and conditions hereinafter contained, the District and the City hereby agree as follows:

1. **BASIS FOR AGREEMENT.** In accordance with the City's statutory rights under T.C.A. § 6-51-111, the City has notified the District of its intent and right to have, exercise and control the exclusive right to perform and provide municipal and utility functions and services, and, particularly, without limitation, water utility services in all, and to the fullest extent of, territory annexed into the corporate boundaries of the City pursuant to City Ordinances Nos. 496, 580, 588, 600, 605, 826, 837, 842, 870, 978, 1057, 1058, 1059 and 1060 (collectively, the "Annexations"). The City has also advised the District that it anticipates future annexations of portions of the District's service area located in the City's Urban Growth Boundary. After careful review and consideration of how the Annexations will affect the District's future operations, and in view of the District's and City's contractual obligations under the Consolidation Agreement and the Operating Agreement, both the District and City agree that it is in the best interests of the District's ratepayers and future customers and the City's ratepayers and taxpayers for the City to assume the operation of the entire District's utility system and assume responsibility for the District's indebtedness and other obligations and that justice and reason require the complete consolidation of the District's utility system into the City.

2. **CONSOLIDATION.** Upon the later of (i) September 30, 2005 or (ii) the amendment of Ordinance No. 1039 as provided by **Section 3** of this Agreement (the "Consolidation Date"), the District shall be consolidated with and into the City and shall thereupon be operated as a separate department of the City as provided by this Agreement, and the District shall be fully dissolved and its existence terminated as of the Consolidation Date.

3. **OPERATION AS A SEPARATE DEPARTMENT.** Before the Consolidation Date, the City shall enact an amendment to or replacement of its Ordinance No. 1039, to affirm the creation of the Catoosa Utility Department within the City under the terms of this Agreement, which department shall be separate and apart from the City's existing water and sewer department and any

other utility department that has been or may be created in the future, as a result of the City's consolidation with any other utility district. The amendment to or replacement of Ordinance No. 1039 (the "Revised Department Ordinance") shall be presented to the District and its legal counsel for review and comment prior to its passage or adoption by the City.

4. **TRANSFER OF DISTRICT'S LEGAL RIGHTS AND DUTIES.** On the Consolidation Date, the City shall succeed to all assets of the District of every kind, character and description, real, personal and mixed, tangible and intangible, wherever situated, and shall assume all of the District's liabilities without the necessity of any separate transfer, assignment, or undertaking, including without limitation the District's outstanding indebtedness to the City's Public Building Authority, the debt service for which shall continue to be charged against the Catoosa Utility Department. The assets, obligations, legal rights and duties of the District shall be vested in the City for the use and benefit of the Catoosa Utility Department on the Consolidation Date.

5. **RATES FOR WATER SERVICE.** Commencing with the Consolidation Date, the City shall continue to charge (i) the District's outside of city customers the same rates for water service that the City charges its outside of city customers served by its own Water and Sewer Department, and (ii) the District's inside of city customers the same rates for water service that the City charges its inside of city customers served by its own Water and Sewer Department. The City's rates for inside and outside of city water service as of the date of this Agreement are attached as **Exhibit A** to this Agreement. The City agrees not to increase its outside of city rates for the Catoosa Utility Department service area until after March 31, 2007, without the prior written approval of the Advisory Committee of the Catoosa Utility Department, which committee shall be established under the Revised Department Ordinance. ~~The City, through the Catoosa Utility Department, shall~~ continue to charge water customers within the District's service area water rates that are no higher than the water rates the City charges any of its other outside of city customers; and outside of city customers of the Catoosa Utility Department that are annexed into the City after the Consolidation Date shall be charged by the City at its inside of city rates. The City further agrees that its rates for Catoosa Utility Department customers who live outside of the City shall at no time exceed 150% of the comparable rates for the City's customers who receive water service inside the City.

6. **TRANSFER OF TITLE.** The District shall execute and deliver to the City any and all appropriate documents of transfer that are reasonably required by the City to legally effect the vesting of legal title to the District's property and assets in the City as of the Consolidation Date pursuant to the terms of this Agreement and as permitted by law, including any and all deeds, bills of

sale or other instruments that are reasonably requested by the City. The City shall execute and deliver to the District any and all appropriate documents that are reasonably required by the District to properly effect the City's satisfaction or assumption of the District's liabilities and contract obligations pursuant to the terms of this Agreement, including any and all assumptions, acknowledgements and other instruments that are reasonably requested by the District. The parties agree that the Indenture, Bill of Sale, and Assignment and Assumption Agreement attached hereto as Exhibits B, Exhibit C and Exhibit D, respectively, are reasonable and satisfactory documents useful or necessary to properly consummate the transaction contemplated by this Agreement and each party agrees to execute and deliver the same as required therein on or before the Consolidation Date.

7. DEPARTMENT HEAD. City agrees that as of the Consolidation Date, the department head in charge of the District's operation and management under the Operating Agreement, Jerry Garrison, shall become the Department Head of the Catoosa Utility Department within the City. Mr. Garrison will be a classified employee of the City. As a Department Head, Mr. Garrison shall be provided a compensation package comparable to the compensation provided by the City for other Department Heads that are classified employees.

8. DEPARTMENT EMPLOYEES AND WORK FORCE STRENGTH. The District and City acknowledge that each person employed by the District prior to April 1, 2005, was offered employment by the City as a classified employee of the City in accordance with the Operating Agreement for the purpose of providing services to the District under the terms of that Agreement. The City agrees that all such employees who accepted such employment will continue to receive, at a minimum, the same wages as City employees as they received from the District immediately prior to April 1, 2005. The City also agrees that to the extent any of these employees did not receive pay increases effective July 1, 2005 similar to other City employees, their salaries will be increased effective October 1, 2005 by the same percentage increase that other City employees received effective July 1, 2005. These former District employees shall also continue to be entitled to all of the rights, benefits and privileges of other classified employees of the City. Any such District employee that was employed by the District for more than six months prior to April 1, 2005 shall have regular status as a classified employee of the City and shall not be considered a probationary employee. To the extent any rights, benefits and privileges of a City employee are based upon an employee's date of hire, the former District employee's date of hire with the District will be considered the employee's date of hire with the City. A schedule of the former District

employees employed by the City on April 1, 2005, their respective dates of hire with the District, and their respective job positions and minimum wages (based on annual pay and including the District's normal cost of living increase effective October 1, 2004) being paid by the City as of the date of this Agreement is attached as Exhibit E to this Agreement. The City also agrees so long as the District's system is operated as a department of the City, to provide and maintain a sufficient level of employees to properly deliver the needed services to the current and future customers of the District's service area. The parties agree for purposes of this covenant, that a minimum of four full time employees plus the Department Head shall be maintained for field operations and a minimum of three full time employees not including the Department Head shall be employed for the administration of the office and customer service.

9. EMPLOYEE PENSION ISSUES. The City agrees to allow any of the former District's employees who became employees of the City as of April 1, 2005 pursuant to the Operating Agreement, and who so elect, to purchase prior credited service with the City's qualified retirement plan maintained through the Tennessee Consolidated Retirement System (the "TCRS") not to exceed the credited service the employee has accrued as an employee of the District. Any such purchase of prior credited service shall comply with all requirements of the TCRS, and the electing employee shall be responsible for contributing to TCRS any required contributions made to his or her SEP account by the District for the years of prior service being purchased in the TCRS, as well as any other amounts required by the TCRS to effect the purchase of his or her prior credited service. The City agrees that it will cooperate with any such employees electing to purchase prior service from TCRS and will act on or before October 1, 2005 to consummate all matters necessary to satisfy the requirements of this section. ~~The City also agrees that the amounts listed in the attached~~ Exhibit F represent the respective contribution amounts owed by the employees to TCRS as of the contribution date indicated on the said exhibit and that any such employee who elects to purchase prior service from TCRS under the provisions of this section shall only be responsible for contributing his or her respective contribution amount, which may be adjusted by TCRS to reflect the actual contribution date.

10. ADVISORY COMMITTEE. In the Revised Department Ordinance, the City shall create an Advisory Committee for the Department (the "Advisory Committee") similar to that committee required by T.C.A. § 7-82-202(f). The Revised Department Ordinance shall provide that the Advisory Committee shall have three members, which members shall serve one or more terms of five (5) years each. The Revised Department Ordinance shall provide that the initial members of the

Advisory Committee shall be the Commissioners of Catoosa Utility District who were serving as District Commissioners on January 1, 2005. The Revised Department Ordinance shall also provide that the Advisory Committee shall meet monthly. Except as otherwise provided in this section, Advisory Committee members shall be entitled to the same compensation they currently receive as commissioners of the District (e.g., meeting allowance, health insurance coverage and reasonable expense reimbursement for the discharge of their duties, etc.). The initial members of the Advisory Committee shall receive a meeting allowance of \$300.00 per meeting for a maximum of twelve meetings per year, and they shall also be entitled to elect family coverage under the City's health insurance on the same basis as other City employees. Upon the vacancy of the original Advisory Committee member(s), the meeting fee shall be paid at the same rate as that paid to City council members.

11. **APPOINTMENT OF ADVISORY COMMITTEE.** The Revised Department Ordinance shall provide that vacancies on the Advisory Committee that occur after the initial appointments to the Advisory Committee, as set forth in Section 10, shall be filled by the City Council in accordance with the provisions of this section. The City Council shall fill each vacancy on the Advisory Committee from a list of three nominees to fill such vacancy submitted by the Advisory Committee. Each of the nominees to the Advisory Committee must be at least 25 years of age and a customer of the Catoosa Utility Department at the time of his or her nomination (a "Qualified Nominee"). No later than 30 days before the expiration of an Advisory Committee member's term of office, the Advisory Committee shall select three Qualified Nominees to submit to the City Council to fill such upcoming vacancy. Within 30 days of the occurrence of a vacancy caused by an Advisory Committee member's death, resignation, disability or forfeiture of office, the remaining members of the Advisory Committee shall select three Qualified Nominees to submit to the City Council to fill such vacancy. Within 30 days after the submission of the list of nominees by the Advisory Committee, the City Council shall either appoint one of the nominees or reject the entire list. If the City Council rejects all of the initial nominees, the Advisory Committee shall submit a second list of three Qualified Nominees within 30 days after it receives written notice of the rejection of all initial nominees. Within 30 days after the submission of the second list of three Qualified Nominees by the Advisory Committee, the City Council shall either appoint one of the nominees or reject the entire list. If the City Council rejects all of the nominees on the second list, the Advisory Committee shall submit a third list of three Qualified Nominees within 30 days after it receives written notice of the rejection of all nominees on the second list. Within 30 days after the

submission of the third list of nominees by the Advisory Committee, the City Council shall either appoint one of the nominees or reject the entire list.

If the City Council rejects all of the nominees on the third list, a committee consisting of four (4) members, namely, the City Mayor, the City Manager, and two members from the Advisory Committee, as chosen by the Advisory Committee, shall, by majority vote of all four (4) individuals (Mayor, City Manager and two (2) Advisory Committee Members) fill said vacancy.

Each member of the Advisory Committee shall continue to hold office until a successor has been appointed pursuant to the requirements of this section.

12. POWERS AND DUTIES OF ADVISORY COMMITTEE. The Revised Department Ordinance shall set forth the powers and duties of the Advisory Committee. These powers and duties shall include at least the following:

(a) The power to develop and approve the budget of the Catoosa Utility Department and to recommend its approval to the City Manager and the City Council;

(b) The power to resolve customer complaints by persons receiving utility service in the area served by the Catoosa Utility Department with any appeal to the City Manager and City Council as the City Council may deem appropriate;

(c) The power to recommend rules, regulations and policies for the provision of utility service to persons receiving utility service in the area served by the Catoosa Utility Department subject to the final approval of the City Council;

(d) The power to recommend plans of service and water line improvement and extension projects in the area served by the Catoosa Utility Department to both current and future customers, within the budget approved for the Catoosa Utility Department;

(e) The power to make any other recommendations in the operation of the Catoosa Utility Department that the Advisory Committee deems are in the best interest of the customers in the area served by Catoosa Utility Department; and

(f) The power to make a direct appeal to the City Council when its recommendations are not approved by the Catoosa Utility District Department Head or the City Manager, including without limitation those unapproved recommendations concerning plans of service and water line improvements and extension projects for citizens in the Catoosa Utility Department's service area that are not currently served.

The Revised Department Ordinance may also include other powers and duties for the Advisory Committee in addition to those listed in this section.

13. **LENGTH OF PERIOD OF OPERATION AS SEPARATE DEPARTMENT.**

Except as otherwise provided by the terms of this Agreement, the Catoosa Utility Department shall continue to operate the water system in the District's service area for the City as a separate department for a period of ten (10) years from the Consolidation Date (the "Initial Term"). The Advisory Committee shall also continue in existence and shall continue to perform its duties and functions for the Initial Term. The City shall also continue to operate and maintain a separate office for the Catoosa Utility Department at the District's present location at 5581 Plateau Road in Crossville, Tennessee, for the Initial Term subject to the negotiation of an acceptable lease for this location between the City and the current owner of the property. If the current office space becomes unavailable during the Initial Term, the office will be relocated in the general vicinity of the current office based on the recommendation of the Catoosa Utility Department Advisory Committee. Upon the conclusion of the Initial Term, the Catoosa Utility Department shall continue to exist pursuant to the Revised Department Ordinance until the earlier of (i) the date the City creates a utility board with county representation as described in **Section 19** or (ii) the date it is otherwise terminated by action of the City Council and the unanimous approval of the members of the Advisory Committee. Until such termination of the Catoosa Utility Department, the City Council may not amend the Revised Department Ordinance to change, alter, modify or eliminate any or all of the functions of the Catoosa Utility Department or the manner in which the members of the Advisory Committee are selected.

14. **DISPUTE RESOLUTION.** Subject to the either party's right to seek injunctive relief in court as provided in **Section 26** of this Agreement, any dispute, controversy or claim arising out of or in relation to or in connection to this Agreement, including without limitation any dispute as to the construction, validity, interpretation, enforceability or breach of this Agreement, including a claim for indemnification under **Section 15**, shall be resolved either as provided by applicable law, or, at the option of either party, by impartial binding arbitration. In the event that either the City or the District demands arbitration, the City and the District agree that such arbitration shall be the exclusive, final and binding forum for the ultimate resolution of such claims, subject to any rights of appeal that either party may have under the Uniform Arbitration Act as codified at T.C.A. § 29-5-301 et seq.

A. **Arbitration.** Any arbitration required under the provisions of this section shall be heard and determined by three arbitrators, who shall be impartial and who shall be selected as follows: (i) Each side shall appoint an arbitrator of its choice within thirty (30) days of the submission of a notice of arbitration; and (ii) the party-appointed arbitrators shall in turn appoint a presiding arbitrator of

the tribunal within thirty (30) days following the appointment of the last party-appointed arbitrator. If any party fails or refuses to appoint an arbitrator, the arbitration shall proceed with one (1) arbitrator.

B. Demand for Arbitration. In the event that the City or the District initially elects to file suit in any court, the other party will have 60 days from the date that it is formally served with a summons and a copy of the suit to notify the party filing the suit of the non-filing party's demand for arbitration. In that case, the suit must be dismissed by consent of the parties or by the court on motion, and arbitration commenced with the arbitrators. In situations where suit has not been filed, either the City or the District may initiate arbitration by serving a written demand for arbitration upon the other party. Such a demand must be served within twelve months of the events giving rise to the dispute. Any claim that is not timely made will be deemed waived.

C. Proceedings. Unless otherwise expressly agreed in writing by the parties to the arbitration proceedings:

(i) The arbitration proceedings shall be held in Cumberland County, Tennessee, and at a site chosen by mutual agreement of the parties. If the parties cannot reach agreement on a location within thirty (30) days of the appointment of the last arbitrator, then the arbitration proceedings shall be held at a site chosen by the arbitrators;

(ii) The arbitrators shall be and remain at all times wholly independent and impartial;

(iii) The arbitration proceedings shall be conducted in accordance with the Rules of the American Arbitration Association, as amended from time to time;

(iv) ~~Any procedural issues not determined under the arbitral rules selected~~ pursuant to item (iii) above shall be determined in accordance with Tennessee law;

(v) The costs of the arbitration proceedings (including attorneys' fees and costs) shall be borne in the manner determined by the arbitrators;

(vi) The arbitrators may grant any remedy or relief that would have been available to the parties had the matter been heard in court;

(vii) The decision of the arbitrators shall be reduced to writing; final and binding without the right of appeal; the sole and exclusive remedy regarding any claims, counterclaims, issues or accounting presented to the arbitrators; made and promptly paid free of any deduction or offset; and any costs or fees incident to enforcing the award shall to the maximum extent permitted by law, be charged against the party resisting such enforcement;

(viii) The award shall include interest from the date of any breach or violation of this Agreement, as determined by the arbitral award, and from the date of the award until paid in full, at 6% per annum; and

(ix) Judgment upon the award may be entered in any court having jurisdiction over the person or the assets of the party owing the judgment or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.

15. **INDEMNIFICATION OF DISTRICT COMMISSIONERS.** The City shall indemnify and hold harmless the Commissioners of Catoosa Utility District from the claims of any person, firm, or corporation, shall defend any action at law or equity brought, and shall protect the Commissioners against any judgments that may be made against the Commissioners for any actions taken or not taken on behalf of the District prior to the consolidation with the City, including any legal expenses and court costs that may be incurred pursuant to this obligation. This obligation to indemnify and hold harmless shall not apply to actions that are willful, wanton, grossly negligent or criminal nor to any actions or inactions of said Commissioners that constitute a breach of this Agreement or are determined to be in bad faith.

16. **OPERATION OF SYSTEM AND FINAL AUDIT.** On the Consolidation Date, the City shall assume the operation of the District's water storage and distribution system, shall account for the revenues there from in such a manner as not to impair the obligations of contract with reference to bond issues or other legal obligations of the District, and shall fully preserve and protect the contract rights vested in the owners of such outstanding bonds, obligations, and contractual interests. The City shall also undertake and complete a final audit of the District's operations for the ~~year ending September 30, 2005, the expense of which may be charged to the Catoosa Utility~~ Department.

17. **PROHIBITED TRANSACTIONS.** After the execution of this Agreement by both parties and prior to the Consolidation Date, the District shall not engage in any activity or transaction, other than in the ordinary course of business, not contemplated by the terms of this Agreement, except that the District shall take all actions necessary or appropriate under the laws of the State of Tennessee to consummate the consolidation and the requirements of this Agreement. The District also agrees that it shall not hire any employees after the execution of this Agreement by both parties without the consent of the City Manager. Further, after the execution of this Agreement by both parties and prior to the Consolidation Date, the District shall neither attempt to bind itself to any agreement, contract or obligation, nor engage in any transaction, which would materially affect

the liability of the City without the prior written approval of the City, by and through its City Council, which approval shall not be unreasonably withheld by the City.

18. CHANGES IN REVISED DEPARTMENT ORDINANCE. After the enactment of the Revised Department Ordinance as required by this Section 3 of this Agreement, the City shall make no other changes to the Revised Department Ordinance that are inconsistent with the terms of this Agreement. After the Consolidation Date, the City shall make no substantive changes to the Revised Department Ordinance without the unanimous consent of the Advisory Committee.

19. INDEPENDENT UTILITIES BOARD AND CONTINUED REGIONAL EFFORTS. The City recognizes the value of studying an independent utility board that is charged with the orderly, economic and business-like administration and operation of the City's water and sewer systems, which board should be free from unnecessary political influence and control and should include fair representation on the board from outside city customers of the utility system (the "Crossville Utilities Board"). Both parties also agree that they each have a public responsibility to adequately plan and prepare for the future water needs of their current and future customers and recognize that continued cooperative regional efforts between utility agencies in the Cumberland County area are essential to the proper discharge of this duty. The parties acknowledge that the creation and establishment of the Crossville Utilities Board will play a vital role in meeting the future utility needs of the City and Cumberland County and could serve as a regional utility for all of the residents in the City and Cumberland County. The City agrees that during the first five (5) years of the Initial Term, it shall thoroughly study the creation of the Crossville Utilities Board and provide a written report of its findings and recommendations to the advisory committees for each separate utility department maintained by the City, all independent utility districts operating in Cumberland County, and the Cumberland County Mayor and the Cumberland County Commission (collectively, the "Interested Parties). Following the submission of its report to the Interested Parties, the City will also properly notice and conduct a public hearing at which the Interested Parties and members of the general public will be invited to comment on the City's written report and provide suggestions regarding the establishment and operation of the Crossville Utilities Board. The City further pledges to consider establishing the Crossville Utilities Board prior to the end of the Initial Term based on the outcome of such written report and the input received from the required public hearing if the City determines that doing so is in the best interest of the City and its utility customers.

20. REVIEW OF COMPREHENSIVE PLAN OF FINANCE. The City reaffirms its covenant to review its Comprehensive Plan of Finance prepared in consideration of the potential

merger of the Catoosa water system with the City water and sewer system (the "Comprehensive Plan") as provided in Exhibit D to the Operating Agreement. Notwithstanding the City's desire and right to delay the implementation of the Comprehensive Plan as stated in the Operating Agreement, the City agrees to review the merits of the Comprehensive Plan prior to March 31, 2007 and to consider its implementation in order to effect a principal amortization structure that provides for level annual debt service requirements per the terms of the referenced Comprehensive Plan.

21. **APPEAL LITIGATION.** The parties acknowledge that they have agreed under the Consolidation Agreement to use all reasonable efforts to obtain the Cumberland County Mayor's approval of the District's petition for consolidation, including the prosecution of all reasonable suits and appeals to counter any action or inaction preventing such consolidation. The City has also agreed to pay for all legal fees and court costs associated with such approval and any related suits and appeals that are incurred by the City or District. The City and District are currently parties with the Cumberland County Mayor in an action filed in Cumberland County Circuit Court appealing the County Mayor's denial of the District's petition to merge with the City. Unless and until agreed otherwise by the City and the Advisory Committee, the City agrees to continue, at its expense, with such action until a decision is rendered by the Cumberland County Circuit Court.

22. **THIRD-PARTY BENEFICIARIES.** The parties understand, acknowledge and agree that the District's Commissioners and former employees of the District listed on Exhibit E are third-party beneficiaries to this Agreement and that the District's current and future customers within the District's service area are also third-party beneficiaries to this Agreement. These third-party beneficiaries have the standing and right to enforce the terms of this Agreement, including the right to obtain injunctive relief to enforce this Agreement and to enjoin the City from violating its terms and conditions.

23. **COOPERATION.** The parties agree that they will cooperate with each other in all matters that are reasonably necessary or desirable to facilitate the performance of their respective obligations under this Agreement. Each of the parties hereto further agrees to do any act or thing and execute any and all instruments that are reasonably necessary and proper to make effective the provisions of this Agreement and consummate the transactions contemplated under this Agreement. The parties further agree to take such lawful and reasonable measures and actions as may be necessary to ensure that this Agreement is not abrogated or set aside by the respective successor boards or commissions of the parties or any third parties.

24. **SURVIVAL.** The provisions of this Agreement regarding any indemnity or any other covenant to which a party would have a reasonable expectation of continuance shall survive the termination of this Agreement.

25. **ENTIRE AGREEMENT.** This Agreement and its referenced exhibits contain all the agreements, conditions, understandings, representations and warranties made between the parties hereto with respect to the subject matter hereof. To the extent the terms of this Agreement conflict with the Consolidation Agreement or the Operating Agreement, the terms of this Agreement shall supersede and control over the latter. Notwithstanding the foregoing, it is the parties' express intent and agreement, that should this Agreement be ruled invalid for any reason, then the Operating Agreement shall continue to be enforced to its fullest extent possible as if this Agreement had never superseded the Operating Agreement and the parties will cooperate with each other in taking all necessary steps to reaffirm, and if necessary reinstate, the same in such event.

26. **AMENDMENT.** No supplement, modification or amendment of this Agreement shall be binding unless made in a written instrument that is signed by all of the parties and which specifically refers to this Agreement. The language used in this Agreement will be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction will be applied.

27. **SEVERABLE PROVISIONS.** Any provision of this Agreement that shall be construed as prohibited or unenforceable under law shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement. In the event such provision of this Agreement is so held invalid, the parties shall promptly renegotiate in good faith new provisions to restore this Agreement as near as possible to its original intent and effect. To the extent permitted by applicable law, the parties hereto hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

28. **SPECIFIC PERFORMANCE.** The parties hereto recognize that any breach of the terms of this Agreement may give rise to irreparable harm for which money damages would not be an adequate remedy and accordingly agree that, in addition to all other remedies available to the parties, any non-breaching party shall be entitled to enforce the terms of this Agreement by a decree of specific performance without the necessity of proving the inadequacy of money damages as a remedy.

29. **APPROVAL.** The execution of this Agreement by the President of the Board of Commissioners of Catoosa Utility District of Cumberland County, Tennessee was authorized by the

Board of Commissioners by resolution adopted at a meeting on August 9, 2005, a copy of which resolution is attached hereto. The execution of this Agreement by the Mayor of the City of Crossville, Tennessee was authorized by its City Council by ordinance adopted at a meeting on August 18, 2005, a copy of which ordinance is attached hereto.

IN WITNESS WHEREOF, the parties have caused their names to be subscribed hereto on the day and year shown under their signatures.

**CATOOSA WATER UTILITY DISTRICT
OF CUMBERLAND AND FENTRESS
COUNTY, TENNESSEE**

By: *Russell Smith*
Russell W. Smith, President

Dated: Sept 13 2005

CITY OF CROSSVILLE, TENNESSEE

By: *J. H. Graham, III*
J. H. Graham, III, Mayor

Dated: 9/13/05

EXHIBIT A

City of Crossville Inside-of-City Water Service Rates

0-2,000 gallons (minimum monthly bill)	\$7.38
Over 2,000 gallons	\$ 3.69 per 1,000 gallons

City of Crossville Outside-of-City Water Service Rates

0-2,000 gallons (minimum monthly bill)	\$11.08
Over 2,000 gallons	\$ 5.54 per 1,000 gallons

EXHIBIT B**THIS INSTRUMENT PREPARED BY:**

C. Coulter Gilbert, Esquire
 Kennerly, Montgomery & Finley, P.C.
 Post Office Box 442
 Knoxville, Tennessee 37901 AND GRANTEE.

NAME OF RESPONSIBLE
 TAXPAYER OMITTED.
 PROPERTY IS EXEMPT
 FROM TAXATION WHILE
 OWNED BY GRANTOR

INDENTURE

KB
as of

THIS INDENTURE, made, executed and delivered this 30th day of September, 2005, by and between Catoosa Water Utility District of Cumberland and Fentress County, Tennessee, a utility district organized and existing pursuant to the Utility District Law of 1937, Tennessee Code Annotated § 7-82-101 (hereinafter referred to as "Grantor"), and the City of Crossville, Tennessee (hereinafter referred to as "Grantee").

RECITALS:

WHEREAS, the parties hereto by agreement dated the 18th day of August, 2005 (which agreement is hereinafter sometimes referred to as the "Annexation Agreement"), among other things, agreed for Grantor to convey to Grantee its water storage and distribution facilities (which are hereinafter referred to as the "Facilities"); and *2/22*

WHEREAS, this instrument is being executed and delivered by the Grantor for the purpose of conveying the Facilities in accordance with the Annexation Agreement.

CONVEYANCE:

NOW, THEREFORE, in consideration of the payment of the sum of One Dollar (\$1.00), the receipt of which by Grantor from Grantee is hereby acknowledged, Grantor has this day quitclaimed, granted, bargained, sold, transferred, conveyed, assigned, and delivered, and does by these presents hereby quitclaim, grant, bargain, sell, transfer, convey and assign, and deliver unto Grantee in fee simple, all of the estate, right, title, and interest in the following described property situated in Cumberland County, Tennessee (or Putnam County, Tennessee as specified below):

All water distribution facilities, equipment, real property, easement rights, rights-of-way, licenses and other property interests including but not limited to previously installed tanks, reservoirs, mains, lines, valves, pumps, pump stations, meters, manholes and all other related equipment attached to or a part of such installed facilities and corresponding service rights and duties, contractual rights

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and duties, and easement and other rights in real property used in the provision of water utility services located in Cumberland County, Tennessee or Putnam County, Tennessee.

Without limiting the generality of the foregoing, the Catoosa Water Utility District facilities and related service rights shall include the following interest in real property as described in the following instruments of conveyance or other contracts:

1. Deed for the Pump Station on U.S. Highway 70 N. dated July 22, 1977 at record in Deed Book 184, Page 378 in the Cumberland County Register of Deeds Office.
2. Deed for the Pump Station on U.S. Highway 127 N. dated January 3, 1977 at record in Deed Book 179, Page 472 in the Cumberland County Register of Deeds Office.
3. Warranty Deed for the Pump Station on U.S. Highway 127 N. dated June 27, 1988 at record in Deed Book 359, Page 301 in the Cumberland County Register of Deeds Office.
4. Warranty Deed for the Genesis Water Tank dated September 21, 1988 at record in Deed Book 1022, Page 1118 in the Cumberland County Register of Deeds Office.
5. Warranty Deed for the Mayland Water Tank dated May 28, 1999 at record in Deed Book 1036, Page 498 in the Cumberland County Register of Deeds Office.
6. Warranty Deed for the Mayland Pump Station dated June 1, 1999 of record in Deed Book 1036, Page 867 in the Cumberland County Register of Deeds Office.
7. Warranty Deed for the additional footage for the Mayland Pump Station property dated August 1, 2001 of record in Deed Book 1082, Page 437 in the Cumberland County Register of Deeds Office.
8. Warranty Deed for the Plateau Road Water Tank dated April 28, 1998 at record in Deed Book 1034, Page 943 in the Cumberland County Register of Deeds Office.
9. Warranty Deed for the Monterey Pump Station located in Putnam County, Tennessee dated June 6, 2002 at record in Deed Book 441, page 445 in the Putnam County Register of Deeds Office.

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10. Warranty Deed for the Water Treatment Plant location dated October 10, 2002 at record in Deed Book 1117, Page 2382 in the Cumberland County Register of Deeds office.
11. Warranty Deed for the Caryonah Dam Parcel 1 dated October 10, 2002 at record in Deed Book 1117, Page 2388 in the Cumberland County Register of Deeds office.
12. Warranty Deed for the Caryonah Dam Parcel 2 dated October 10, 2002 at record in Deed Book 1117, Page 2385 in the Cumberland County Register of Deeds office.
13. Deed for Water Tank at Intersection of I-40 and U.S. 127 N. dated December 29, 2000 at record in Deed Book 1072, Page 166 in the Cumberland County Register of Deeds office.
14. Easement for Genesis Pump Station dated August 1, 1980 at record in Deed Book 243, Page 228 in the Cumberland County Register of Deeds office.
15. Lease to Cumberland County, Tennessee for telemetry equipment off U.S. 70 N. dated April 2, 2001.
16. Lease to Cumberland County, Tennessee for Fire Department dated February 20, 2000 for 15' x 15' plot off Plateau Road.
17. Contract of sale of real property, easements and rights-of-way and water rights dated December 11, 2001 related to Caryonah Water Treatment Plant site, related dam and water rights.

Grantor represents and warrants that (i) Grantor is the lawful owner of the Facilities free and clear of all liens, encumbrances, mortgages, security interests, taxes and charges of any nature whatsoever; (ii) Grantor has the full power and authority to convey the Facilities; and (iii) Grantor will forever warrant and defend title to the Facilities unto Grantee and Grantee's successors and assigns against the claims and demands of all persons whomsoever.

To have and to hold the above described property, real, personal and mixed, together with all hereditaments and appurtenances thereunto belonging or appertaining, unto the Grantee, its successors and assigns, in fee simple forever.

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IN WITNESS WHEREOF, Grantor, having been duly authorized, has executed this Indenture by its duly authorized officer, as of the day and year first written above.

Opal Burris, Register
Putnam County
Rec #: 38409
Rec'd: 20.00 Instrument #: 51049
State: 0.00 Recorded
Clerk: 0.00 10/13/2005 at 9:08 AM
EDF: 2.00 in Record Book
Total: 22.00 265
PSS 76-79

CATOOSA WATER UTILITY
DISTRICT OF CUMBERLAND
COUNTY AND FENTRESS COUNTY,
TENNESSEE

By: Russell W. Smith
Russell W. Smith, President

ATTEST:
By: Thomas C. Kidwell
Its: Secretary

NO AFFIDAVIT OF VALUE IS REQUIRED FOR THIS TRANSFER UNDER T.C.A. § 67-4-404 SINCE GRANTEE IS A MUNICIPALITY.

STATE OF TENNESSEE
COUNTY OF CUMBERLAND

Before me, the undersigned authority, a Notary Public in and for the state and county aforesaid, personally appeared RUSSELL W. SMITH, with whom I am personally acquainted, and proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged himself to be the President of CATOOSA WATER UTILITY DISTRICT OF CUMBERLAND COUNTY AND FENTRESS COUNTY, TENNESSEE, the within named bargainor, a public utility district, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of CATOOSA WATER UTILITY DISTRICT OF CUMBERLAND COUNTY AND FENTRESS COUNTY, TENNESSEE, by himself as President thereof.



WITNESS my hand and seal at office, this 13th day of September, 2005.

Sally Oglesby
Notary Public

State of Tennessee, County of CUMBERLAND
Received for record the 30 day of
SEPTEMBER 2005 at 2:23 PM. (RECN 345899)
Recorded in official records GENERAL IN
Book 1210 pages 19- 22
State Tax \$.00 Clerks Fee \$.00,
Recording \$ 22.00, Total \$ 22.00,
Register of Deeds JUDY GRAHAM SWALLOWS
Deputy Register PHYLLIS K. BURDICK

TRANSFERRED ON
RECORD BOOK
CUMBERLAND COUNTY
OCT 10 2005
Ralph Barnwell
ASSESSOR OF PROPERTY

BK/PG: 88/170-173
05003915

1 PGS : AL - MISCELLANEOUS	
TRISH BACH: 5965	
10/19/2005 - 10:38:56 AM	
VALUE	0.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	20.00
DP FEE	2.00
REGISTER'S FEE	0.00
TOTAL AMOUNT	22.00

STATE OF TENNESSEE, FENTRESS COUNTY
FAYE STEPHENS
REGISTER OF DEEDS

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EXHIBIT C

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS:

1. That Catoosa Water Utility District of Cumberland and Fentress County, Tennessee ("Seller"), for and in consideration of the sum of One Dollar (\$1.00) in hand paid, receipt of which is hereby acknowledged, does hereby bargain, sell, transfer, assign, and deliver unto the City of Crossville ("Buyer"), all of the assets of Seller, including the furniture, fixtures, equipment, and all other personal property located on the real property more particularly described on Exhibit A attached hereto and incorporated herein by reference and owned and used by the Seller in connection therewith (collectively, hereinafter referred to as the "Assets").

2. Seller hereby warrants and represents that (i) Seller is the lawful owner of the Assets; (ii) the Assets sold hereby are free from any liens, security interests, encumbrances, or other rights, title, or interest of any other person, firm, or corporation; and (iii) Seller has the right to sell the Assets and will warrant and defend title to the Assets against the lawful claims and demands of all persons.

3. BUYER ACKNOWLEDGES THAT THE ASSETS ARE BEING SOLD ON AN "AS IS, WHERE IS BASIS" WITHOUT REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE CONDITION, QUANTITY, OR QUALITY THEREOF, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

4. This Bill of Sale is binding upon the Seller, its successors and assigns.

DATED this 30th day of September, 2005.

SELLER:

CATOOSA WATER UTILITY DISTRICT OF
CUMBERLAND AND FENTRESS COUNTY,
TENNESSEE

By: *Russell W. Smith*
Russell W. Smith, President

BUYER:

CITY OF CROSSVILLE, TENNESSEE

By: *J. H. Graham, III*
J. H. Graham, III, Mayor

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EXHIBIT D**ASSIGNMENT AND ASSUMPTION AGREEMENT**

This Assignment and Assumption Agreement (this "Agreement") is made as of September 30, 2005, by and between Catoosa Water Utility District of Cumberland and Fentress County, Tennessee ("Assignor"), and the City of Crossville, Tennessee (the "Assignee").

WITNESSETH:

WHEREAS, Assignor and Assignee have entered into an Annexation Agreement dated as of August 18, 2005;

WHEREAS, in accordance with the terms and conditions of the Annexation Agreement, Assignor has agreed to convey, transfer, assign and deliver to Assignee all of Assignor's assets and Assignee has agreed to assume all of Assignor's liabilities;

WHEREAS, in connection with the transfer of all of its assets to Assignee, Assignor is to assign all of its rights under its contracts and its service rights under statute, and Assignee is to assume all of Assignor's obligations thereunder;

WHEREAS, Assignor desires to assign to Assignee and Assignee desires to assume Assignor's rights and obligations under any and all contracts relating to the assets and business of the Assignor; and

WHEREAS, the Assignor and the Assignee have agreed to enter into this Agreement to effectuate the terms of the Annexation Agreement.

NOW THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agrees as follows:

1. **Assignment.** On the terms and subject to the conditions of this Agreement and the Annexation Agreement, Assignor shall contribute, assign, transfer, convey and deliver to Assignee, and Assignee shall acquire from Assignor, all the right, title and interest in, to and under the following transferred assets:

- (a) All cash, cash equivalents and investments of the Assignor;
- (b) All accounts receivable of Assignor;
- (c) All credits, prepaid expenses, deferred charges, advance payments, security deposits and prepaid items of Assignor; and

(d) All other or additional privileges, rights, interests, properties, intangible assets and all other assets of the Assignor of every kind and description and wherever located whether contractual, statutory or in any other form.

2. **Assumption.** Upon the terms and conditions of this Agreement and the Annexation Agreement, Assignee shall assume and pay, perform, and discharge when due, and indemnify Assignor against, and defend and hold it harmless from all of the liabilities, obligations and commitments of any nature of the Assignor, whether known or unknown, express or implied, primary or secondary, direct or indirect, liquidated, absolute, accrued, contingent or otherwise and whether due or to become due.

3. **Contracts.** The foregoing assignment and assumption shall include all contracts, leases, subleases, licenses, indentures, agreements, commitments and all other legal binding arrangements ("Contracts"), whether oral or written, to which the Assignor is a party or by which the Assignor is bound. Assignee hereby assumes and agrees to pay, perform, and discharge in accordance with the terms thereof, all of the duties, liabilities and obligations of Assignor under the Contracts. Assignor assigns, transfers, and conveys to the Assignee all rights, demand, claims and causes of action of Assignor, of every kind and character, present or future, arising out of or related, directly or indirectly, to the Contracts.

4. **Additional Rights and Obligations.** Assignor and Assignee hereby agree and acknowledge that this Agreement is being entered into pursuant to and subject to the terms and conditions set forth in the Annexation Agreement and that additional rights and obligations of the parties are expressly provided for therein, and that the execution and delivery of this Agreement shall not impair or diminish any of the rights or obligations of any of the parties to the Annexation Agreement as set forth therein.

5. **Reasonable Efforts; Cooperation.** The parties shall use their reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things reasonably necessary, proper or advisable to consummate and make effective as promptly as practicable the provisions contained herein and to cooperate with each other in connection with the foregoing.

IN WITNESS WHEREOF, this Agreement has been executed as of the date first written above.

ASSIGNOR:

CATOOSA WATER UTILITY DISTRICT OF
CUMBERLAND AND FENTRESS COUNTY,
TENNESSEE

By: *Russell W. Smith*
Russell W. Smith, President

ASSIGNEE:

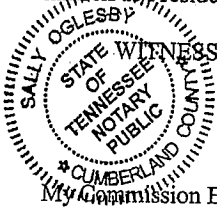
CITY OF CROSSVILLE, TENNESSEE

By: J. H. Graham, III, Mayor

STATE OF TENNESSEE
COUNTY OF CUMBERLAND

Before me, the undersigned authority, a Notary Public in and for the state and county aforesaid, personally appeared RUSSELL W. SMITH, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged himself to be the President of CATOOSA WATER UTILITY DISTRICT OF CUMBERLAND COUNTY AND FENTRESS COUNTY, TENNESSEE, the within named bargainer, a public utility district, and that he, as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of CATOOSA WATER UTILITY DISTRICT OF CUMBERLAND COUNTY AND FENTRESS COUNTY, TENNESSEE, by himself as President thereof.

WITNESS my hand and seal at office, this 13th day of September, 2005.



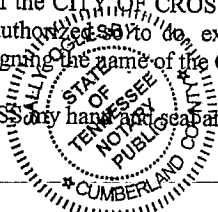
Sally Oglesby
Notary Public

My Commission Expires: 3/4/09

STATE OF TENNESSEE
COUNTY OF CUMBERLAND

Before me, the undersigned authority, a Notary Public in and for the state and county aforesaid, personally appeared J. H. Graham, III, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged himself to be the Mayor of the CITY OF CROSSVILLE, the within named bargainer, and that he, as such Mayor, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the CITY OF CROSSVILLE, by himself as Mayor thereof.

WITNESS my hand and seal at office, this 13th day of September, 2005.



Sally Oglesby
Notary Public

My Commission Expires: 3/4/09

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EXHIBIT ECATOOSA UTILITY DISTRICT
EMPLOYEE HISTORY

EMPLOYEE CUD CLASS	S.S.#	DOB	HIRE DATE	PRESENT RATE OF PAY	CUD ANNUAL INCREASE OCT. 1, 2004	CITY CLASSIFICATION & AGREED PAY
Monte H. Garrett, Full-Time 172 Drowning Creek Rd. Crossville, TN 38571 Utility Worker II	421-06- 3616	1-15-73	10-19-92	\$13.60 per hr. \$28,288.00 Annual	\$29,136.00	Meter Maintenance Salary Grade 25 \$29,136.00
Billy Jo Garrison, Part-Time 434 Hyder Ridge Crossville, TN 38555 Maintenance Tech	414-68- 6593	3-30-44	10-1-92	\$13.80 per hr. \$19,320.00 Annual	\$19,899.00	Captain-Fire Dept. \$33,000.00
Jerry T. Garrison Full-Time 480 Jonia Lane Crossville, TN 38571 Operations Manager	409-76- 7866	6-11-48	1-1-78	\$55,860.00 per yr.	\$57,535.00	Director Salary Grade 32 \$57,535.00
Theresa J. Garrison, Full-Time 480 Jonia Lane Crossville, TN 38571	413-80- 3336	9-12-51	1-1-78	\$37,086.00 per yr.	\$38,198.00	Supv.-Customer Service Salary Grade 27 \$38,198.00
Phyllis E. Henry, Full-Time 76 Spencer Lane Crossville, TN 38571 Clerk II	410-82- 3756	4-4-49	11-29-99	\$10.90 per hr \$22,672.00 Annual	\$23,352.00	Sr. Customer Service Assoc. Salary Grade 25 \$23,352.00
Jason E. Pierce, Full-Time 401 Price Ave. Monterey, TN 38574 To Be Treatment Plant Operator	413-39- 4390	3-19-75	10-26-03	\$15.00 per hr. \$31,200.00 Annual	\$31,200.00	Operation Tech II Salary Grade 25 \$31,200.00
Delores F. Rector, Full-Time 685 Turner Bluff Rd. Crab Orchard, TN 37723 Clerk I	415-11- 9010	12-14-56	6-15-00	\$8.60 per hr. \$17,888.00 Annual	\$18,868.00	Customer Service Associate Salary Grade 23 \$18,868.00
Paul Stewart Russell, Full-Time P.O. Box 3053 Crossville, TN 38557 Crew Leader/ Backhoe Operator	410-39- 4053	10-10-69	10-1-92	\$16.70 per hr. \$34,736.00 Annual	\$35,778.00	Crew Leader-Utility Maint. Salary Grade 27 \$35,778.00
Jimmie K. Sisco, Full-Time 80 Custer Rd. Crossville, TN 38571 Bookkeeper	411-70- 6757	2-16-46	10-1-92	\$12.60 per hr. \$26,208.00 Annual	\$26,994.00	Sr. Customer Service Assoc. Salary Grade 25 \$26,994.00

EXHIBIT F**List of Employee's Maximum Contribution
Amounts for TCRS Purchase of Prior Service**

Employee Name	Date of Estimate	Employee Contribution *
1. Monte Garrett	2/28/2005	46,039.91
2. Billy Jo Garrison	N/A	Not Eligible
3. Jerry Garrison	2/28/2005	115,379.57
4. Thresea Garrison	2/28/2005	83,347.39
5. Phyllis Henry	2/28/2005	12,491.73
6. Jeffrey Johnson	2/28/2005	9,045.67
7. Jason Pierce	N/A	Not Eligible
8. Delores Rector	2/28/2005	6,873.48
9. Paul Russell	2/28/2005	51,241.50
10. Jimmie Sisco	2/28/2005	46,506.32

* These contribution estimates are based on 2003 salary numbers and may increase once actual salary numbers are used for any final calculation per TCRS's letter dated April 1, 2005. The City of Crossville's contribution rate will also increase by .33% of payroll because the city's liability will increase by approximately \$112,000 if all of the prior service is purchased by the subject employees.