

**LOUDON COUNTY COMMISSION**

**REGULAR MEETING**

**December 06, 2004**

- |      |   |                                     |
|------|---|-------------------------------------|
| (1)  | Opening Of Meeting                                |                                     |
| (2)  | Roll Call   |                                     |
| (3)  | Agenda Adopted                                    |                                     |
| (4)  | Minutes for November 01, 2004 Approved            |                                     |
| (5)  | Comments: Agenda Items                            |                                     |
| (6)  | Title VI Resolution Approved                      | <u>Resolution 120604-A</u>          |
| (7)  | TDOT Road Improvement Resolution Approved         | <u>Resolution 120604-B</u>          |
| (8)  | Holidays Approved                                 | <u>Exhibit C</u>                    |
| (9)  | Meeting Dates Approved                            | <u>Exhibit D</u>                    |
| (10) | Vis. Bur. & Chamber Appointments Approved         | <u>Resolutions 120604-E &amp; F</u> |
| (11) | Budget Director Affirmed                          |                                     |
| (12) | Hospital Lease Filed                              | <u>Exhibit G</u>                    |
| (13) | Eaton Forest Redrawing Approved                   | <u>Resolution 120604-H</u>          |
| (14) | Nichols Road Extension Approved                   | <u>Resolution 120604-I</u>          |
| (15) | Sugarlimb Property Approved To Sell To Smoky Inc. | <u>Exhibit J</u>                    |
| (16) | Capital Projects Budget Approved                  | <u>Exhibit K</u>                    |
| (17) | Mobile Communications Center Purchase Approved    | <u>Exhibit L</u>                    |
| (18) | Office Of Aging Committee Approved                | <u>Resolution 120604-M</u>          |
| (19) | ETHRA Dues Approved                               |                                     |
| (20) | Budget Amendments Approved                        | <u>Exhibit N</u>                    |
| (21) | Richesin Honored                                  |                                     |
| (22) | Hwy 70 Update                                     |                                     |
| (23) | X-Ray Suit Authority To Settle Approved           |                                     |
| (24) | Notaries & Bonds Approved                         |                                     |
| (25) | Comments: Non-Agenda Items                        |                                     |
| (26) | Adjournment                                       |                                     |

**LOUDON COUNTY COMMISSION**  
**STATE OF TENNESSEE**  
**COUNTY OF LOUDON**  
**December 06, 2004**  
**6:00 PM**

**(1)**  
**Opening**  
**Of Meeting**

**BE IT REMEMBERED** that the Board of Commissioners of Loudon County convened in regular session in Loudon, Tennessee on the 6<sup>th</sup> day of December, 2004.

The **Honorable Roy Bledsoe** called the meeting to order.

**Sheriff Tim Guider** opened Court and led the Pledge of Allegiance to the Flag of the United States of America, and **Mr. Edward Headlee** gave the invocation.

**(2)**  
**Roll Call**

Present were the following Commissioners: **Marcus, Meers, Jenkins, Maples, Franke, Bledsoe, Duff, Shaver, Harold and Miller: (10).**

Thereupon **Chairman Bledsoe** announced the presence of a quorum. Also present was the **Honorable George Miller, County Mayor** and **Loudon County Attorney Harvey Sproul.**

**(3)**  
**Agenda**  
**Adopted**

**Chairman Bledsoe** requested that the December 06, 2004 agenda be adopted.

A **motion** was made by **Commissioner Shaver** with a second by **Commissioner Franke** to adopt agenda as presented.

Upon voice vote the motion **Passed** unanimously.

**(4)**  
**Minutes for**  
**November**  
**01, 2004**  
**Approved**

**Chairman Bledsoe** requested the November 01, 2004 County Commission Meeting minutes be approved and accepted.

A **motion** was made by **Commissioner Miller** with a second by **Commissioner Meers** to adopt minutes as presented.

Upon voice vote the motion **Passed** unanimously.

**(5)**  
**Comments:**  
**Agenda**  
**Items**

**Chairman Bledsoe** asked for any visitor wishing to address the Commission regarding items on the planned agenda to come forward.

**No one** came forward to speak.

**County Mayor Miller** requested discussion and possible action on the following items:

**(6)**  
**Title VI**  
**Resolution**  
**Approved**

1. Consideration of adopting a resolution to affirm compliance with Federal Title VI regulations.

A **motion** was made by **Commissioner Franke** with a second by **Commissioner Marcus** to adopt this resolution. **Commissioner Miller** requested that each elected official and department head sign an affidavit stating that they are in compliance with Title VI. There were no objections.

Upon voice vote the motion **Passed** unanimously.

**Resolution 120604-A**

**(7)**  
**TDOT Road**  
**Improvement**  
**Resolution**  
**Approved**

2. Consideration of adopting a resolution accepting the proposal of TDOT to construct a project designated as Federal Project No. N/A, State Project No. 53945-4269-04, SR-72 and SR-95.

A **motion** was made by **Commissioner Jenkins** with a second by **Commissioner Franke** to adopt this resolution.

Upon voice vote the motion **Passed** unanimously.

**Resolution 120604-B**



(8)  
Holidays  
Approved

3. Consideration of approving 2005 holidays.  
A **motion** was made by **Commissioner Shaver** with a second by **Commissioner Meers** to approve 2005 holidays.  
Upon voice vote the motion **Passed** unanimously.  
**Exhibit C**

(9)  
Meeting  
Dates  
Approved

4. Consideration of approving 2005 meeting dates.  
A **motion** was made by **Commissioner Jenkins** with a second by **Commissioner Shaver** to adopt the meeting dates, with the addition of Purchasing Committee to meet the same date as County Commission at 4:30 pm.  
Upon voice vote the motion **Passed** unanimously.  
**Exhibit D**

(10)  
Vis. Bur. &  
Chamber  
Appoint-  
ments  
Approved

5. Consideration of adopting resolutions appointing Commissioner Jenkins to the Visitor's Bureau Board and Commissioner Duff to the Chamber of Commerce Board of Directors.  
A **motion** was made by **Commissioner Harold** with a second by **Commissioner Miller** to adopt these resolutions.  
Upon voice vote the motion **Passed** unanimously.  
**Resolutions 120604-E & F**

(11)  
Budget  
Director  
Affirmed

6. Consideration of affirming Tracy Blair as Director of Budgets and Accounts.  
A **motion** was made by **Commissioner Shaver** with a second by all **Commission Members** to accept this recommendation.  
Upon voice vote the motion **Passed** unanimously.

(12)  
Hospital  
Lease Filed

7. Filing of executed lease and deed for attachment to the County Commission minutes for record purposes.  
**Exhibit G**

(13)  
Eaton Forest  
Redrawing  
Approved

A **motion** was made by **Commissioner Shaver** with a second by **Commissioner Duff** to adopt a resolution redrawing the Eaton Forest Sewer District boundary.  
Upon roll call vote the following Commissioners voted **Aye: Marcus, Meers, Jenkins, Maples, Franke, Bledsoe, Duff, Shaver, Harold and Miller: (10).**  
The following Commissioners voted **Nay: (0).**  
Thereupon the Chairman announced the motion **Passed: (10-0).**  
**Resolution 120604-H**

(14)  
Nichols Road  
Extension  
Approved

**Russ Newman, Loudon County Planning and Community Development**, requested consideration of adopting a resolution accepting an approximate 200' extension at Nichols Road into the public roadway system of Loudon County, located off Northshore Drive in the Sixth Legislative District of Loudon County, Tennessee.  
A **motion** was made by **Commissioner Harold** with a second by **Commissioner Maples** to adopt this resolution.  
Upon voice vote the motion **Passed** unanimously.  
**Resolution 120604-I**

(15)  
Sugarlimb  
Property  
Approved To  
Sell To  
Smoky Inc.

**Pat Phillips, Loudon County Economic Development Agency**, requested consideration of selling approximately two (2) acres in Sugarlimb Industrial Park on RPM Drive to Lillian R. Rayson and Edwin H. Rayson dba Smoky, Inc.  
A **motion** was made by **Commissioner Shaver** with a second by **Commissioner Marcus** to approve selling said property.  
Upon roll call vote the following Commissioners voted **Aye: Marcus, Meers, Jenkins, Maples, Franke, Bledsoe, Duff, Shaver, Harold and Miller: (10).**  
The following Commissioners voted **Nay: (0).**  
Thereupon the Chairman announced the motion **Passed: (10-0).**  
**Exhibit J**



(16)  
Capital  
Projects  
Budget  
Approved

**Nancy Richesin, Loudon County Director of Budgets and Accounts**, requested discussion and consideration of the following items:

1. Consideration of adopting FY 2004 – 2005 Capital Projects Budget.

A **motion** was made by **Commissioner Miller** with a second by **Commissioner Meers** to adopt the Capital Projects budget.

Upon roll call vote the following Commissioners voted **Aye: Marcus, Meers, Jenkins, Maples, Franke, Bledsoe, Duff, Shaver, Harold and Miller: (10).**

The following Commissioners voted **Nay: (0).**

Thereupon the Chairman announced the motion **Passed: (10-0).**

**Exhibit K**

(17)  
Mobile  
Communica-  
tions Center  
Purchase  
Approved

2. Consideration of approving an agreement to purchase a mobile communications center in compliance with homeland security grant funding.

A **motion** was made by **Commissioner Shaver** with a second by **Commissioner Maples** to accept this agreement.

Upon roll call vote the following Commissioners voted **Aye: Marcus, Meers, Jenkins, Maples, Franke, Bledsoe, Duff, Shaver, Harold and Miller: (10).**

The following Commissioners voted **Nay: (0).**

Thereupon the Chairman announced the motion **Passed: (10-0).**

**Exhibit L**

(18)  
Office Of  
Aging  
Committee  
Approved

3. Consideration of adopting a resolution establishing a committee to direct construction of a new facility for the Office of Aging on Main Street in the City of Loudon.

A **motion** was made by **Commissioner Meers** with a second by **Commissioner Marcus** to adopt this resolution.

Upon voice vote the motion **Passed** unanimously.

**Resolution 120604-M**

(19)  
ETHRA  
Dues  
Approved

4. Consideration of approving \$7,000 in membership dues to ETHRA.

A **motion** was made by **Commissioner Franke** with a second by **Commissioner Marcus** to approve this request.

Upon roll call vote the following Commissioners voted **Aye: Marcus, Meers, Jenkins, Maples, Franke, Bledsoe, Duff, Shaver, Harold and Miller: (10).**

The following Commissioners voted **Nay: (0).**

Thereupon the Chairman announced the motion **Passed: (10-0).**

(20)  
Budget  
Amendments  
Approved

5. Consideration of approving budget amendments to General Purpose School, General Sessions Court and Circuit Court funds.

A **motion** was made by **Commissioner Jenkins** with a second by **Commissioner Franke** to accept the budget amendments.

A **motion** was made by **Commissioner Harold** to amend the motion that the Budget Committee move for off-sets. Motion **died** due to lack of a second.

Upon roll call vote the following Commissioners voted **Aye: Marcus, Meers, Jenkins, Maples, Franke, Bledsoe, Duff, Shaver and Miller: (9).**

The following Commissioners voted **Nay: Harold: (1).**

Thereupon the Chairman announced the motion **Passed: (9-1).**

**Exhibit N**

(21)  
Richesin  
Honored

**Mayor Miller** and **Chairman Bledsoe** presented a plaque on behalf of the Loudon County Commission to **Nancy Richesin** for over thirty (30) years of service with Loudon County Government.

(22)  
Hwy 70  
Update

**Harvey Sproul, Loudon County Attorney**, gave background information and an update on the Highway 70 sewer contract.

No action was taken.

(23)  
X-Ray Suit  
Authority To  
Settle  
Approved

**Attorney Sproul** gave background information on the suit with X-Ray.

A **motion** was made by **Commissioner Shaver** with a second by **Commissioner Maples** to give the attorney authority to settle with X-Ray.

Upon roll call vote the following Commissioners voted **Aye: Marcus, Meers, Jenkins, Maples, Franke, Bledsoe, Duff, Shaver, Harold and Miller: (10).**

The following Commissioners voted **Nay: (0).**

Thereupon the Chairman announced the motion **Passed: (10-0).**



(24)  
Notaries &  
Bonds  
Approved

A **motion** was made by **Commissioner Meers** with a second by **Commissioner Shaver** to approve bond for Bonnie Ferguson and notaries for Joe E. Henderson, Barbara Ann Wells, Lori A. Everett, Kristi D. Guider, Roy E. Hicks, Patrick Henry Graves, Steven Kirby Burrell, Jewel P. Cook, Linda Sue Houk, Doyle Eugene Arp, Susan K. Goodwin, Kimbra Paige Black, Ronald H. Johnson, Becky Sue Clayton, Grazyna H. Gammons and Jennifer Lynn Moore. Upon voice vote the motion **Passed** unanimously.

(25)  
Comments:  
Non-Agenda  
Items

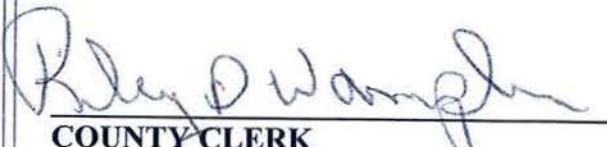
**Chairman Bledsoe** asked for any visitor wishing to address the commission regarding items not on the agenda.  
**Commissioner Meers** requested that RFP's for ambulance be sent by March 01 for 2005 - 2006 budget purposes.

(26)  
Adjournment

There being no further business, a **motion** being duly made and seconded, the December 06, 2004 meeting stood adjourned at 7:01 p.m.

  
CHAIRMAN

ATTEST:

  
COUNTY CLERK

  
COUNTY MAYOR



Resolution 120604-A

**RESOLUTION TO AFFIRM COMPLIANCE WITH  
FEDERAL TITLE VI REGULATIONS**

**WHEREAS**, both Title VI of the Civil Rights Act of 1964 and the Civil Rights Restoration Act of 1987 provide that no person in the United States shall, on the ground of race, color or national origin be excluded from participation in, be denied the benefits of or be subjected to discrimination under any program or activity receiving federal financial assistance; and

**WHEREAS**, the Tennessee Attorney General opined in Opinion No. 92.47 that state and local governments are required to comply with Title VI of the Civil Rights Act in administering federally funded programs; and

**WHEREAS**, the Community Development Division of the Tennessee Department of Economic and Community Development administers the Three-Star Program and the Three-Star Pilot Program and awards financial incentives for communities designated as Three-Star communities; and

**WHEREAS**, by virtue of the Tennessee Department of Economic and Community Development receiving federal financial assistance all communities designated as Three-Star communities must confirm that the community is in compliance with the regulations of Title VI of the Civil Rights Act of 1964 and the Civil Rights Restoration Act of 1987;

**NOW, THEREFORE, BE IT RESOLVED**, by the county legislative body of Loudon County, Tennessee, meeting in regular session at Loudon, Tennessee, that:

**SECTION 1.** The legislative body of Loudon County declares that the county is in compliance with the federal Title VI regulations.

**SECTION 2.** The Department of Economic and Community Development may from time to time monitor the county's compliance with federal Title VI regulations.

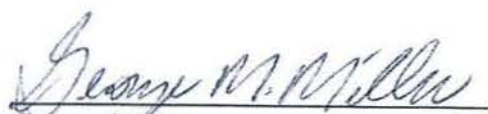
**SECTION 3.** This Resolution shall take effect upon adoption, the public welfare requiring it.

Adopted this 6<sup>th</sup> day of December, 2004.

  
County Chairman

Attest:

  
County Clerk

  
County Mayor



Resolution 120604-B

**ACCEPTANTCE OF THE PROPOSAL OF THE TENNESSEE DEAPRTMENT OF  
TRANSPORTATION TO CONTRUCT A PROJECT DESIGNATED AS FEDERAL  
PROJECT NO. N/A, STATE PROJECT NO. 53945-4269-04, SR-72 AND SR-95**

*Whereas*, the Tennessee Department of Transportation has presented a Proposal to Loudon County, Tennessee, concerning Federal Project No. N/A, State Project No. 53945-4269-04, which involves small structure repair at SR 72 (LM 15.90) and SR 95 (LM 5.80); and

*Whereas*, the Loudon County Commission has determined that the above referenced project will benefit Loudon County, Tennessee and the citizens thereof; and

*Whereas*, the Loudon County Commission wishes to cooperate with the State of Tennessee Department of Transportation in its small structure repair and replacement improvements in Loudon County, Tennessee; and

*Whereas*, said Proposal is incorporated herein by referenced, the same as if copied herein verbatim, with a copy of said Proposal attached hereto; and


*Whereas*, the terms and conditions of said Proposal to Loudon County as submitted by the State of Tennessee department of Transportation are accepted and approved by the Loudon County Commission shall fulfill all obligations concomitant thereto.

*Now, Therefore, Be It Resolved*, by the Loudon County Commission that this Resolution is duly passed and approved this 6<sup>th</sup> day of December, 2004, and shall take effect from and after its passage.

  
County Chairman

Attest:

  
County Clerk

  
County Mayor



## **Exhibit C**

### **Loudon County Government**



### **2005 Holidays**

---

#### **December 2004**

Friday 31<sup>st</sup>

New Year's Day

#### **January**

Monday 17<sup>th</sup>

Martin Luther King, Jr. Day

#### **February**

Monday 21<sup>st</sup>

President's Day

#### **March**

Friday 25<sup>th</sup>

Good Friday

#### **May**

Monday 30<sup>th</sup>

Memorial Day

#### **July**

Monday 4<sup>th</sup>

Independence Day

#### **September**

Monday 5<sup>th</sup>

Labor Day

#### **November**

Friday 11<sup>th</sup>

Thursday 24<sup>th</sup>

Friday 25<sup>th</sup>

Veteran's Day

Thanksgiving

Thanksgiving

#### **December**

Friday 23<sup>rd</sup>

Monday 26<sup>th</sup>

Christmas

Christmas



## **Exhibit D**

### **Loudon County Government**



### **2005 Meeting Dates**

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<b>January</b>	3 <sup>rd</sup> 24 <sup>th</sup>	Purchasing, County Commission Capital Projects, Budget, Workshop
<b>February</b>	7 <sup>th</sup> 28 <sup>th</sup>	Purchasing, County Commission Capital Projects, Budget, Workshop
<b>March</b>	7 <sup>th</sup> 21 <sup>st</sup>	Purchasing, County Commission Capital Projects, Budget, Workshop
<b>April</b>	4 <sup>th</sup> 18 <sup>th</sup>	Purchasing, County Commission Capital Projects, Budget, Workshop
<b>May</b>	2 <sup>nd</sup> 16 <sup>th</sup>	Purchasing, County Commission Capital Projects, Budget, Workshop
<b>June</b>	6 <sup>th</sup> 20 <sup>th</sup> 27 <sup>th</sup>	Purchasing, County Commission Capital Projects, Budget, Workshop Purchasing, County Commission
<b>July</b>	11 <sup>th</sup>	Capital Projects, Budget, Workshop
<b>August</b>	1 <sup>st</sup> 15 <sup>th</sup>	Purchasing, County Commission Capital Projects, Budget, Workshop
<b>September</b>	12 <sup>th</sup> 19 <sup>th</sup>	Purchasing, County Commission Capital Projects, Budget, Workshop
<b>October</b>	3 <sup>rd</sup> 17 <sup>th</sup>	Purchasing, County Commission Capital Projects, Budget, Workshop
<b>November</b>	7 <sup>th</sup> 28 <sup>th</sup>	Purchasing, County Commission Capital Projects, Budget, Workshop
<b>December</b>	5 <sup>th</sup> 12 <sup>th</sup>	Purchasing, County Commission Capital Projects, Budget, Workshop

*Purchasing  
County Commission  
Capital Projects  
Budget  
Workshop*

*4:30 pm  
6:00 pm  
3:30 pm  
4:30 pm  
6:00 pm*

*Courthouse Annex  
Courthouse Annex  
County Office Building  
County Office Building  
County Office Building*



## LOUDON COUNTY COMMISSION

### RESOLUTION 120604-E

#### RESOLUTION APPROVING OR ACKNOWLEDGING BOARD OR COMMITTEE APPOINTMENT BY COUNTY MAYOR

**WHEREAS**, by statute, and/or intergovernmental agreement and/or County Procedural Regulations, the County Mayor has authority to make certain committee and board appointments; and

**WHEREAS**, an appointment is necessary and/or desirable at this time; and

**WHEREAS**, the County Mayor appoints the following as a member of the

#### LOUDON COUNTY VISITORS BUREAU BOARD

Appointee

Commissioner Chuck Jenkins

Term Expiration

December 31, 2005

**NOW, THEREFORE, BE IT RESOLVED** that the Loudon County Commission meeting in regular session assembled this 6<sup>th</sup> day of December, 2004, hereby approves and acknowledges (as appropriate), the said appointment.

  
COUNTY CHAIRMAN

ATTEST:

  
COUNTY CLERK

  
COUNTY MAYOR



**LOUDON COUNTY COMMISSION**

**RESOLUTION 120604-F**

**RESOLUTION APPROVING OR ACKNOWLEDGING BOARD OR  
COMMITTEE APPOINTMENT BY COUNTY MAYOR**

*WHEREAS*, by statute, and/or intergovernmental agreement and/or County Procedural Regulations, the County Mayor has authority to make certain committee and board appointments; and

*WHEREAS*, an appointment is necessary and/or desirable at this time; and

*WHEREAS*, the County Mayor appoints the following as a member of the

**LOUDON COUNTY CHAMBER OF COMMERCE  
BOARD OF DIRECTORS**

Appointee

**Commissioner Harold Duff**

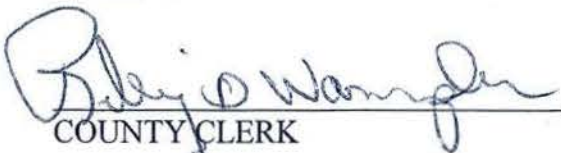
Term Expiration

**December 2005**

*NOW, THEREFORE, BE IT RESOLVED* that the Loudon County Commission meeting in regular session assembled this 6<sup>th</sup> day of December, 2004 hereby approves and acknowledges (as appropriate), the said appointment.

  
COUNTY CHAIRMAN

ATTEST:

  
COUNTY CLERK

  
COUNTY MAYOR

**Exhibit G**

---

**LEASE AGREEMENT**

**among**

**LOUDON COUNTY, TENNESSEE**

**FORT LOUDOUN MEDICAL CENTER**

**AND**

**COVENANT HEALTH**

Dated as of November 9, 2004

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## LEASE AGREEMENT

This Lease Agreement ("Lease") is made and entered into between **Loudon County, Tennessee** ("Lessor"), a county organized and existing as a governmental unit under the laws of the State of Tennessee, and **Fort Loudoun Medical Center**, a not-for-profit corporation organized and existing under the laws of the State of Tennessee (the "Lessee") and **Covenant Health**, a not-for-profit corporation organized and existing under the laws of the State of Tennessee and the sole member of Lessee ("Covenant").

### Recitals

1. The County Commission of the Lessor has determined that a new hospital facility should be constructed in Loudon County in order to provide Loudon County residents with convenient access to a modern, up-to-date health care facility and that the best way to accomplish such objectives is by means of this Lease.
2. Lessee and Covenant are each Tennessee not-for-profit corporations, organized for charitable purposes, and are recognized as organizations exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended, by virtue of the provisions of Section 501(c)(3) of the Code.
3. The Lessor, pursuant to its powers under the Constitution and the laws of the State of Tennessee, including ordinances, resolutions and other legislative proceedings of its Governing Body, has the authority and desires to exercise such powers by leasing the Leased Premises, as herein defined, to Lessee, on the terms and conditions herein set forth.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises and agreements between the Lessor and the Lessee hereinafter set forth, it is hereby agreed as follows:

### ARTICLE I Definitions

*Section 1.1. Definitions.* The following terms are defined terms under this Lease (including recitals) and shall have the following meanings given to them, unless the context and use clearly indicates a different intent and meaning:

"*Advisory Committee*" shall have the meaning set forth in *Section 14.13*.

"*Agreement*" means the agreement between Lessor and Lessee dated June 19, 2002, pursuant to which Lessee agreed to pay for, or reimburse Lessor for, the costs of acquiring the Land.

"*Authorized Lessee Representative*" means the person at any relevant time designated to act on behalf of the Lessee by written certificate furnished to the Lessor containing the specimen



signature of such person and signed on behalf of the Lessee by its President or other officer authorized by its Board of Directors or Covenant. Such certificate may designate an alternate or alternates. The Authorized Lessee Representative shall be authorized to act for and on behalf of the Lessee under this Lease, as the Lessee's agent, for the purpose of taking any actions under this Lease, including, without limitation, the giving or receiving of any notices, approvals or consents.

*"Authorized Lessor Representative"* means the person at any relevant time designated to act on behalf of the Lessor by written certificate furnished to the Lessee containing the specimen signature of such person and signed by the County Executive. Such certificate may designate an alternate or alternates. All approvals by Lessor under this Lease shall be deemed given if given in a writing signed by the Authorized Lessor Representative. The Authorized Lessor Representative shall be authorized to act for and on behalf of the Lessor under this Lease, as the Lessor's agent, for the purpose of taking any actions under this Lease, including, without limitation, the giving or receiving of any notices, approvals or consents.

*"CMS"* means the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services.

*"Code"* means the federal Internal Revenue Code of 1986, as amended, or the provisions of any successor code with respect to the federal taxation of income of individuals, corporations and other organizations, as applicable.

*"Commencement Date"* means the time and date the Lease Term commences, being 12:01 a.m., local time, October 4, 2004.

*"Construction Plans"* shall have the meaning set forth in *Section 3.1*.

*"Contingencies"* shall have the meaning set forth in *Section 3.6*.

*"County Executive"* means, at any relevant time, the duly elected and incumbent County Executive of the Lessor or such other public official who, under applicable law, has succeeded to the office of or is then exercising the powers of such County Executive.

*"Department"* means the Tennessee Department of Health.

*"Design Plans"* shall have the meaning set forth in *Section 3.1*.

*"Designated Services"* means those hospital services listed in Exhibit B to this Lease.

*"Developmental Approvals"* shall have the meaning set forth in *Section 3.2*.

*"Governing Body"* means the Loudon County Commission or such successor body as may be provided by law.



*"Hospital Affiliate"* means any entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Lessee, where "control" means the possession, directly or indirectly, or the power to direct or cause the direction of the management policies of an entity whether through the ownership of voting securities, membership, by contract or otherwise.

*"Hospital Facility"* means the hospital facility to be constructed by Lessee pursuant to and in accordance with the terms of this Lease.

*"Land"* means the real estate and interests in real estate described in Exhibit A to this Lease.

*"Lease"* means this Lease Agreement and any future amendments and supplements hereto.

*"Lease Term"* means the duration of the leasehold estates created in this Lease, including the initial term and any renewal periods.

*"Lease Year"* means initially the time period commencing on the Commencement Date of this Lease and ending on December 31 of the year in which the Commencement Date occurs, and thereafter, the period of time commencing January 1 of each year and ending on December 31 of such year.

*"Leased Premises"* means the Land and the Hospital Facility.

*"Lessee"* means Fort Loudoun Medical Center.

*"Lessor"* means Loudon County, Tennessee.

*"Lessor's Interest"* shall mean all of Lessor's rights and interest in this Lease and the Leased Premises.

*"Operating Approvals"* means all licenses, permits, certificates and authorizations necessary for Lessee to initially open and operate the Hospital Facility, including, without limitation, (i) issuance of a certificate of need by the Tennessee Health Facilities Commission, (ii) issuance of a license by the Department's Board for Licensing Health Care Facilities, (iii) obtaining, if necessary, a provider number from CMS, and (iv) issuance of a certificate of occupancy.

*"Permitted Encumbrances"* means, as of any particular time, with respect to the Leased Premises (i) this Lease and (ii) easements and restrictions of record as of the Commencement Date.

*"Plans"* means the Design Plans and the Construction Plans.

*"Total Costs"* shall have the meaning set forth in *Section 3.7*.



*Section 1.2. Alternative Forms of Defined Terms.* The use of the singular form of any word herein shall also include the plural form and vice versa. The use of the neuter form of any word herein shall also include the masculine and feminine forms, and the masculine form shall include the feminine and neuter forms and vice versa.

## **ARTICLE II**

### **Representations and Warranties**

*Section 2.1 Representations by the Lessor.* The County makes the following representations and warranties to Lessee and Covenant:

- (i) Lessor is a duly created and validly existing county and political subdivision of the State of Tennessee.
- (ii) Under the provisions of the Constitution and applicable laws of the State of Tennessee, Lessor has the power and authority to enter into this Lease and the transactions hereby contemplated and to carry out and perform its obligations hereunder.
- (iii) The Governing Body has, by all necessary and appropriate proceedings, approved the form and substance of this Lease and has duly authorized its execution, delivery and performance by Lessor. Such proceedings are either not subject to veto or appeal or the time therefor has elapsed and such proceedings have not been repealed, amended or supplemented as of the date hereof.
- (iv) Upon its due execution and delivery by all other parties hereto, this Lease will be a valid and binding obligation of Lessor, enforceable in accordance with its terms, subject only to bankruptcy and other similar laws affecting the rights of creditors and the exercise of judicial discretion in appropriate cases.
- (v) Neither the Lessor's execution and delivery of this Lease nor the Lessor's performance of its obligations under this Lease will (i) violate any provision of the Constitution or laws of the State of Tennessee, (ii) violate any ordinance, rule or regulation, or (iii) conflict with or violate, in any material respect, any representation, warranty, covenant, agreement or other obligation binding upon the Lessor or the Leased Premises.
- (vi) There are no judicial or administrative proceedings pending or, to the best of the Lessor's knowledge, threatened, challenging directly or indirectly (i) the validity of the proceedings by the Lessor's Governing Body authorizing the Lessor's execution, delivery and performance of this Lease, (ii) the validity of this Lease, or (iii) the Lessor's power and authority to perform its obligations under this Lease in accordance with its provisions.
- (vii) Lessor owns the Land in fee simple with title thereto unencumbered by any encumbrance, obligation, covenant or restriction which would prevent or interfere with Lessee's use of the Leased Premises or the construction of the Hospital Facility as contemplated by this Lease.



*Section 2.2. Representations by the Lessee and Covenant.* Lessee and Covenant make the following representations and warranties to County:

(i) Each of Covenant and the Lessee (i) is a nonprofit public benefit corporation organized and existing under the laws of the State of Tennessee and exempt from federal income taxation under Section 501(a) of the Code.

(ii) Each of Covenant and the Lessee has the power to enter into this Lease and carry out its obligations hereunder and, by all proper corporate action, has been duly authorized to enter into, execute and deliver this Lease.

(iii) Upon its due execution and delivery by all other parties hereto, this Lease will be a valid and binding obligation of Covenant and the Lessee to the extent provided in the Lease, enforceable in accordance with its terms, subject only to bankruptcy and other similar laws affecting the rights of creditors and the exercise of judicial discretion in appropriate cases.

(iv) Neither the Lessee's or Covenant's execution and delivery of this Lease nor Lessee's or Covenant's performance of its obligations under this Lease will (i) violate any provision of the Constitution or laws of the State of Tennessee or (ii) conflict with or violate, in any material respect, any representation, warranty, covenant, agreement or other obligation of the Lessee or Covenant.

(v) There are no judicial or administrative proceedings pending or, to the best of Covenant's or the Lessee's knowledge, threatened, challenging directly or indirectly (i) the validity of the proceedings of the Lessee or Covenant authorizing the execution, delivery and performance of this Lease, (ii) the validity of this Lease, or (iii) Covenant's or the Lessee's power and authority to perform its obligations under this Lease in accordance with its provisions.

### **ARTICLE III**

#### **Construction of Hospital Facility**

*Section 3.1. Design and Construction Plans.* Lessee, through an architect of its selection, shall cause to be prepared with respect to the Hospital Facility (i) schematic design plans that do not include detailed construction plans or specifications ("Design Plans") and (ii) construction plans and specifications that conform with the Design Plans and with all applicable building codes and other governmental requirements ("Construction Plans"). Design Plans and Construction Plans are collectively referred to as "Plans." Lessee shall submit the Plans to Lessor for approval, which approval shall not be unreasonably withheld, delayed or conditioned by Lessor. Plans shall be deemed approved by Lessor unless, within thirty (30) days after Lessor receives such Plans, Lessor delivers written notice to Lessee specifying all reasons for disapproval of such Plans. Lessor shall not refuse to approve any Plan unless such Plan fails to meet industry standards or fails to comply with the requirements of this Lease. If Lessor disapproves of the Design Plans or Construction Plans, it shall specify in writing the reasons for such disapproval and the parties shall engage in a good faith effort without delay to resolve all



disapproved aspects of such Plans. Once approved by the parties, no material changes shall be made in such Plans without the prior written approval of Lessor and Lessee, which approval shall not be unreasonably withheld, delayed or conditioned, except that Lessee shall be permitted to make any changes to the Plans pursuant to *Section 3.2* of this Lease and shall be permitted to approve any change orders necessary to facilitate construction of the Hospital Facility. Lessee agrees that the Plans shall provide for space that may be utilized in the future for the provision of obstetrical and gynecological services in the Hospital Facility.

*Section 3.2. Developmental Approvals.* Lessee shall apply for and use diligent efforts to obtain all applicable governmental zoning, zoning variances, development plans, site plans, environmental impact or related approvals, consents, permits and authorizations as are necessary for the construction and licensing of the Hospital Facility, including, without limitation, approval of the Plans by the Department ("Developmental Approvals"). Lessee shall pay all impact and other governmental fees, special assessments and charges related to obtaining the Developmental Approvals. Lessor shall assist and cooperate with Lessee in obtaining the Developmental Approvals. Lessee shall have the right to make changes in any Plans after approval by Lessor if necessary to obtain Developmental Approvals.

*Section 3.3. Building Permits.* Lessee shall be responsible for obtaining all governmental permits, consents and approvals with respect to the construction of the Hospital Facility that are necessary for the construction of such facility ("Building Permits"), and shall apply for and use diligent efforts to obtain all Building Permits. Lessor shall assist and cooperate with Lessee's efforts in obtaining such Building Permits.

*Section 3.4. Construction of Health Facility.* Subsequent to the approval of the Plans by the parties, and obtaining all Developmental Approvals and Building Permits, Lessee shall construct the Hospital Facility in conformity with the Plans in a good and workmanlike manner with use of new materials, in compliance with all applicable governmental requirements and by use of workers, a contractor or contractors selected by Lessee.

*Section 3.5. Operating Approvals.* Lessee shall be responsible for obtaining all Operating Approvals prior to commencement of operations at the Hospital Facility.

*Section 3.6. Contingencies.* For purposes of this Section, the term "Contingencies" means the approval of the Plans and obtaining all Developmental Approvals and Building Permits. If all of such Contingencies have not been eliminated or resolved within three hundred sixty-five (365) days from and after the Commencement Date, then at any time thereafter until all of the Contingencies are eliminated or resolved to Lessee's satisfaction, Lessee (unless such failure was caused primarily by Lessee's willful failure to perform any of its obligations under this Lease) may terminate this Lease pursuant to *Section 11.2*. Lessee's obligation under this Lease to construct and operate the Hospital Facility is expressly contingent upon the prior elimination or resolution of all Contingencies.

*Section 3.7. Construction Costs.* The maximum amount that Lessee shall be obligated to expend for the acquisition of the Land and the construction and equipping of the Hospital Facility shall be Twenty-Two Million Dollars (\$22,000,000.00) ("Total Costs"). Total Costs do



not include the costs of construction of physician office buildings or other ancillary structures (estimated at \$3,000,000), shall be determined by the Lessee and shall include, but not be limited to, site identification costs, land acquisition costs, costs of obtaining a certificate of need, all Developmental Approvals, Building Permits and Operational Approvals, all site preparations and construction costs, costs of equipment, furnishings and fixtures, legal, accounting and consulting fees, capitalized interest and financing costs and start-up costs. The parties agree that it is their intent that Total Costs include all costs of any nature whatsoever incurred by Lessee in connection with acquisition of the Land and the construction and opening of the Hospital Facility. Prior to commencing construction of the Hospital Facility, Lessee shall in good faith project Total Costs, and Lessee shall deliver written notice of such projected Total Costs to Lessor. As construction progresses and the obligation to pay such costs comes due, Lessee shall be responsible for paying all such costs. Lessee may, in its discretion, waive any requirement that the general contractor or any subcontractor provide a performance or other bond.

*Section 3.8. Mechanics' Liens.* Lessee shall not allow the creation or attachment, or to remain undischarged, any lien, encumbrance or other charge arising out of any work done or materials or supplies furnished by any contractor, subcontractor, mechanic, laborer or materialman which might be or become a lien or encumbrance or other charge against or upon the Leased Premises. Lessee shall not allow the sufferance of any other matter or thing whereby the estate, rights, title and interest of Lessee or Lessor in the Leased Premises might be impaired. If any claim or lien or notice of claim or lien on account of an alleged debt of Lessee, or any notice of lien by a person engaged by Lessee or Lessee's contractor to work on the Leased Premises, shall be filed against or upon the Leased Premises, Lessee shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise within thirty (30) days from and after the date that Lessee becomes aware of such filing or notice.

*Section 3.9. Insurance.* Throughout the performance of the construction of the Hospital Facility, Lessee shall maintain or require its contractors to maintain (i) commercial general liability insurance coverage of no less than \$1.0 million per occurrence for personal injury, bodily injury, death or property damage; \$2.0 million in the aggregate for multiple occurrences of personal injury, bodily injury, death or property damage and an additional \$2.0 million of umbrella coverage, or the equivalent thereof; (ii) builder's risk insurance for full replacement of the construction work; and (iii) workers' compensation insurance as required by applicable law. Lessor shall be named as an additional insured on policies described in (i) and (ii). Upon written request, Lessee shall provide Lessor with evidence (certificates of insurance or copies of policies) of the maintenance of the insurance coverage required by this *Section 3.9*.

*Section 3.10. Access.* At all times during construction of the Hospital Facility, Lessor's Authorized Representative and Lessor's other agents, at their own risk, shall have access to the Leased Premises for purposes of observing the work in progress, subject to the condition that performance of the construction work shall not be interfered with by such access and observation. Lessor shall not be obligated to observe or inspect such construction work.

*Section 3.11. Force Majeure.* The time periods set forth in this *Article III* shall be extended for periods of time equal to periods of delay caused by matters beyond the reasonable



control of Lessor or Lessee, as the case may be, including, but not limited to, interference by governmental authorities, civil disturbance, strikes, lockouts, labor disputes, fire, casualty, severe weather, acts of God and unavoidable delays, including injunctions, the inability to procure labor or materials, failure of power, war, fire, terrorist acts or other casualty or reason of a similar or dissimilar nature.

*Section 3.12. Lessor Cooperation.* Lessor shall cooperate with and actively support and assist Lessee's efforts to eliminate or satisfy all Contingencies within the period prescribed by Section 3.6.

#### **ARTICLE IV Demising Clause; Title Insurance**

*Section 4.1. Demise of the Leased Premises.* In consideration of and subject to the rentals and other terms and conditions herein specified, and otherwise in accordance with the provision of this Lease, Lessor hereby demises and leases the Leased Premises to Lessee.

*Section 4.2. Title Insurance or Opinion.* Lessee may, at its expense, obtain a policy or policies of title insurance in such amount as Lessee deems appropriate in its sole discretion or an opinion of counsel acceptable to Lessee that the Lessor has good and merchantable title to the Leased Premises subject only to Permitted Encumbrances. Lessor shall cooperate fully with Lessee with respect to Lessee's obtaining such title insurance or opinion of counsel. Lessor shall also have the right to obtain an owner's title insurance policy in its discretion.

#### **ARTICLE V Commencement Date; Delivery and Acceptance of Possession; Lease Term; and, Surrender of Possession**

*Section 5.1. Effective Date.* This Lease shall become effective upon its execution by all parties hereto.

*Section 5.2. Delivery and Acceptance of Possession.* Lessor shall deliver possession of the Land to Lessee and the Lease Term shall commence on the Commencement Date, and Lessee shall accept possession of the Leased Premises upon such delivery.

##### *Section 5.3. Lease Term.*

*5.3.1. Initial Term.* This Lease shall have an initial term beginning on the Commencement Date and ending at 11:59 p.m., local time, on the twentieth (20<sup>th</sup>) anniversary of the December 31 immediately following the date all Operating Approvals have been obtained by Lessee. Lessee shall notify Lessor if and when such date occurs.

*5.3.2. Renewal Terms.* The Lessee shall have the option to extend this Lease for two (2) additional terms of five (5) years each. The Lessee may exercise its option to extend the Lease for the first renewal term by giving written notice thereof to the Lessor at least six (6) months prior to the expiration of the initial term and its option to extend the Lease for the second



renewal term by giving written notice thereof to the Lessor at least six (6) months prior to the expiration of the first renewal term of this Lease.

*Section 5.4. Surrender of Possession Upon Expiration or Termination.* Upon the expiration of this Lease or its termination for any reason herein permitted, the Lessee shall promptly surrender possession of the Leased Premises to the Lessor, broom clean, free of debris, in good order, condition and state of repair, excepting, however, reasonable use, ordinary wear and tear, taking by condemnation, eminent domain or other process, and destruction or damage by fire or other unavoidable casualty, failing which the Lessor may restore the Leased Premises to such condition and state of repair and the Lessee shall pay the cost of such restoration. In the event that the Lessor shall permit the Lessee to hold over after expiration of this Lease, such holding over shall constitute a tenancy from year-to-year only and shall be considered as a renewal or extension of this Lease; and, during such year-to-year tenancy and for the period of such tenancy, the Lessee shall be bound by all of the provisions of this Lease insofar as, and to the extent that, the same may be pertinent.

*Section 5.5. Removal of Lessee's Property.* All equipment, supplies, medical, business and other records and intangible personal property of Lessee located in or on the Leased Premises shall be and remain the property of Lessee. All other existing furnishings, beds, trade fixtures and other personal property located in or on the Leased Premises on the termination date shall become the property of Lessor upon termination of this Lease. Lessee shall have the right at any time and from time to time during the Lease Term and for a period of thirty (30) days after termination of this Lease to remove any and all of its property; provided that such right shall not be deemed or construed to permit or allow Lessee to remove so much of such property prior to the end of the Lease Term without the prompt replacement thereof with similar property of comparable or better quality or otherwise render the Hospital Facility unsuitable for the use authorized and permitted by this Lease. At the end of the Lease Term, Lessee shall have the right to remove all of its property from the Leased Premises; provided that Lessee repairs any damage occasioned by such removal.

## **ARTICLE VI**

### **Rent and Additional Consideration**

*Section 6.1. Rents Payable.* During each Lease Year of the initial or any renewal term of this Lease, the Lessee shall pay as rent the sum of One Hundred Dollars (\$100.00), which rent shall be due within thirty (30) days following commencement of each Lease Year. If it so elects, Lessee may prepay in lump sum all or any portion of the rent due during the initial term or, after exercise of its option to renew, any renewal term.

*Section 6.2. Additional Consideration.* As additional consideration, Lessee shall pay or expend additional amounts as required by this Section 6.2.

*6.2.1. Minimum Expenditures.* During the Lease Term, expend a minimum of Twenty Million Dollars (\$20,000,000.00) for any one or more of the following purposes:



(i) Capital expenditures and capital improvements for the Hospital Facility, physician office building and related facilities located in Loudon County, Tennessee, including, but not limited to, expenditures for facility repairs or improvements, additions or upgrades of equipment through lease or purchase arrangements, installation, acquisition or licensing of information system improvements including software, maintaining or meeting accreditation and licensing requirements and making technological improvements.

(ii) Recruiting physicians to and retaining physicians, including hospital-based physicians, in Loudon County, Tennessee, and/or its surrounding areas, including, without limitation, the provision of financial assistance through income guaranties, subsidies, coverage payments and incurring or reimbursing expenses related to recruitment;

(iii) Supporting other community benefit projects designed to promote the health, wellness and welfare of Loudon County residents.

(iv) Lessee shall use reasonable efforts to expend at least \$2,000,000 during the first three (3) years of the Lease Term (and an aggregate of \$3,000,000 during the entire Lease Term) for the purposes described in (ii) or (iii) above. Any expenditures incurred by Lessee from and after April 1, 2002, shall apply toward Lessee's obligations under this *Subsection 6.2.1*.

No portion of such \$20,000,000 shall be used by Lessee to cover operating losses or any costs incurred by Lessee in providing care to Medicare, Medicaid (TennCare), indigent or uninsured patients.

It shall be the sole responsibility of the Board of Directors of Lessee to authorize and approve the purpose of any expenditures by the Lessee under this *Subsection 6.2.1* in its sole and absolute discretion. Upon request of the Lessor, made no less often than annually, Lessee shall provide Lessor with an accounting of all expenditures made pursuant to this *Subsection 6.2.1* as of the end of the Lease Year immediately preceding the date of such request by Lessor.

**6.2.2. Cost of Repairs.** During the Lease Term, pay all costs and expenses of maintenance and repair of the Leased Premises when and as the same shall be due and payable.

**6.2.3. Taxes.** During the Lease Term, pay, as part of the cost of operating and maintaining the Leased Premises, all taxes and assessments, if any, that may be levied against the same; provided, however, that the Lessor shall cooperate with Lessee in any manner reasonably requested by Lessee to assist Lessee in its efforts to take steps that may reasonably be required at any time and from time to time to continue to maintain, if practicable, the exemption of the Leased Premises in their entirety from any and all taxation. Lessor agrees in the event any taxes or other assessments shall be assessed against Lessee at any time during the Lease Term, that Lessee is a nonprofit corporation, exempt from federal income taxes under Section 501(c)(3) of the Code or any comparable successor provision of federal law, then Lessor shall pay Lessee on an annual basis an amount equal to all taxes and other assessments assessed against Lessee by Lessor as taxes or other assessments during such year as compensation for Lessee's providing hospital care to the Lessor's indigent and uninsured populations.



6.3. *Continuing Obligations.* In the event the Lessee fails to make any of the payments required in this Section 6.3, the item so in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid and such payment obligation shall survive the expiration of the Lease Term or the termination hereof by Lessor for a default by Lessee.

6.4. *Hospital Affiliates.* Lessor acknowledges and agrees that any expenditure made by any Hospital Affiliate during the Lease Term that meets any of the purposes set forth in Subsection 6.2.1 shall qualify as having been made by Lessee under Section 6.2 to the same extent as if directly expended by Lessee.

## **ARTICLE VII**

### **Warranties and Covenants**

*Section 7.1. Warranties and Covenants of Lessor.* The Lessor warrants, covenants and agrees to and with Lessee and Covenant as set forth in this Section 7.1.

7.1.1. *Quiet Possession.* If the Lessee shall keep and perform the covenants in this Lease on its part to be kept and performed, the Lessee shall peaceably and quietly hold, occupy and enjoy the Leased Premises during the term of this Lease or any extension or renewal thereof, without any hindrance or molestation by the Lessor or any person or persons lawfully claiming under it.

7.1.2. *Lessee Control.* Except as otherwise expressly provided in this Lease, full administrative control and operation of the Leased Premises shall be vested in the Lessee and not subject to Lessor's oversight and review.

7.1.3. *Services.* Except as otherwise expressly provided in this Lease, the Lessor shall not be required to construct or install any facilities, improvements or equipment in or on the Leased Premises or offer any particular hospital service or care at the Hospital Facility.

7.1.4. *Alterations.* Lessee shall have the right from time to time at its sole cost and expense to make repairs, restorations, replacements, additions, alterations and changes, whether structural or nonstructural, in or to the Leased Premises.

7.1.5. *Environmental Laws.* The Lessor warrants that it is not aware of any noncompliance with any environmental laws concerning the Land, including, without limitation, the presence or absence of asbestos, petroleum products, hazardous wastes, illegal substances, toxic substances, and all other pollutants and contaminants.

7.1.6. *Competition.* During the Lease Term, Lessor shall not own, lease (as lessor or lessee) or operate any licensed hospital facility in Loudon County other than the Leased Premises.



*Section 7.2. Warranties and Covenants of Lessee.* The Lessee warrants, covenants and agrees to or with Lessor as set forth in this *Section 7.2.*

*7.2.1. Use of Leased Premises.* The Lessee shall use and occupy the Leased Premises solely for and shall faithfully and exclusively administer, operate and maintain the Hospital Facility as a primary care hospital or the equivalent thereof, without discrimination as to race, creed, color, sex, national origin or disability.

*7.2.2. Compliance With Laws.* The Lessee shall administer, operate and maintain the Leased Premises in accordance with the terms of this Lease; and, in the discharge of its obligations hereunder, shall, in all material respects, conform to and abide by all present and future applicable laws, ordinances, rules, regulations, requirements, and orders of all governmental authorities or agencies having jurisdiction over the Leased Premises or the operations of the Lessee; provided, however, that nothing herein contained shall require the Lessee to comply with, observe, and conform to any such law, ordinance, rule, regulation, requirement or order so long as the validity thereof or the applicability thereof shall be contested in good faith; and, provided further, however, that the terms and conditions of this Lease shall not be altered by any ordinance, resolution or other proceedings of the Governing Body without the prior written consent of the Lessee, except as required by law. Except as herein otherwise expressly provided, all costs of administration, operation and maintenance of the Leased Premises shall be the exclusive obligation of the Lessee and shall be discharged by the Lessee at its sole expense. Notwithstanding the preceding, immaterial violations of any law, rule, regulation or ordinance that does not directly, materially and adversely affect the ability of Lessee to operate the Hospital Facility shall not be deemed a violation of this Subsection.

*7.2.3. Financial Information.* For each year during the Lease Term of this Lease, Lessee will, upon request within one hundred twenty (120) days after the end of its fiscal year, provide the Lessor with a copy of (i) the annual financial statements filed by Lessee with its Medicare cost reports and (ii) information from the Lessee's auditors' examination of Lessee's contractual adjustments, discounts, and charity and bad debt expense and the balance sheet accounts (reserves) for contractual adjustments, discounts, and charity and bad debt expense, including the methods used by Lessee in arriving at such expenses and reserves, the consistency in methodology used from year to year, and the reasonableness of such reserve requirements. Any costs incurred by Lessee, beyond its normal and customary auditing costs and expenses, in obtaining such information from its auditors and reporting same as required herein will be reimbursed by the Lessor within ninety (90) days of Lessee's submission of a statement therefor. Lessor shall keep such information confidential and make no public disclosure thereof, except as required by law or valid court order.

*7.2.4. Waste.* The Lessee shall use and occupy the Leased Premises in a careful, safe, and proper manner and for lawful purposes only and shall commit no waste and shall suffer no waste to be committed thereon.

*7.2.5. Casualty Insurance.* The Lessee shall, at its expense and at all times, keep the Leased Premises insured against loss or damage by fire or other casualty by a policy or policies of full extended coverage insurance in a company or companies of good standing and



qualified to write such insurance in the State of Tennessee or a suitable program of self-insurance. Such insurance or self-insurance program shall be for an amount not less than the full insurable value of the Leased Premises; including completed improvements and additions thereto or any separable portion thereof as determined by Lessee. Lessor shall be an additional named insured under any such casualty insurance policy, provided all proceeds from such policy shall be used as required by this *Subsection 7.2.5*. If, at any time during the Lease Term, the Leased Premises are destroyed or damaged and such destruction or damage was covered by or attributable to a casualty covered by such insurance or self-insurance program, as required by this Subsection, Lessee shall use its reasonable best efforts, exercised promptly and diligently, to repair such damage and reconstruct and restore the Leased Premises as soon as reasonably practicable and as near to their former condition as practicable at Lessee's expense, using the proceeds of such insurance or self-insurance program exclusively for such purposes, and this Lease shall continue in full force and effect. Lessee shall not be required to expend any sums in excess of the proceeds of such insurance or self-insurance program for the repair, reconstruction, or restoration of the Leased Premises. If it is reasonably practicable to do so, Lessee shall continue the operation of the Hospital Facility during the period the damage, destruction, repair, reconstruction, or restoration continues; provided, however, if, during such period, it is not reasonably practicable to operate the Hospital Facility, the Lessee may cease operations of the Hospital Facility until the repairs are made and the reconstruction and restoration completed.

*7.2.6 General Liability Insurance.* Lessee shall further, at its expense and at all times, maintain insurance or one or more suitable self-insurance programs to cover such risks and in such amounts as, in its judgment, are adequate to protect it and its properties and operations. Lessor shall be named as an additional insured under such policy.

*7.2.7. Professional Liability Insurance.* Lessee, at its expense and at all times, shall either procure and maintain a policy or policies of professional liability insurance from a company or companies of good standing qualified to write such insurance in the State of Tennessee or maintain a suitable program of self-insurance in an amount not less than that maintained by Covenant for other hospital facilities operated by Covenant or its affiliates.

*7.2.8. Maintenance and Repairs.* The Lessee shall, at its own cost and expense, keep the Leased Premises in good repair and order, reasonable wear and tear excepted, and in as reasonably safe condition as its operations will permit and make all necessary repairs thereto, interior and exterior, structural and nonstructural, ordinary as well as extraordinary, and foreseen as well as unforeseen, and all necessary replacements or renewals, subject in all respects to the receipt by the Lessee of all necessary governmental permits and approvals therefor; provided, however, that nothing herein contained shall be construed to prevent the Lessee from discontinuing the use and operation of any non-essential part of the Leased Premises if in its judgment it is no longer cost effective to use and operate such part.

*7.2.9. Assignment or Subletting.* The Lessee shall not sublease the Leased Premises or any part thereof, assign this Lease or permit a transfer, by operation of law or any process or court proceedings, of the Lessee's interest in the Leased Premises, without having obtained in each case the prior consent of the Governing Body to be evidenced by its duly adopted and effective resolution, except that the prior consent of the Governing Body shall not



be required with respect to (i) an assignment to or merger or consolidation with any other non-profit corporation, the sole member of which is Covenant (or its successor), or which is affiliated with or controlled, directly or indirectly, by Covenant or (ii) any sublease for patient or employee convenience activities such as, but not limited to, gift shops, snack shops, barber or beauty shops, health care provider accommodations, flower shops, counseling or pastoral services, laundry services, pharmacy, and living accommodations for persons providing services within the Leased Premises, or for services related to the operation of the Hospital Facility such as, but not limited to, physician's offices, pathology, radiology, physical medicine, anesthesiology, electrocardiology and emergency room operations; provided, however, no such transfer, assignment or sublease shall conflict with the covenants of the Lessee under this Lease or relieve the Lessee of its obligations hereunder for payment of rent or from any other of the conditions, obligations, agreements and covenants of this Lease or with respect to any portion of the Leased Premises so transferred, assigned or subleased.

*7.2.10. Notification.* Recognizing the need to safeguard the Lessor's interest in the Leased Premises and in the operation of the Hospital Facility, the Lessee shall immediately notify the Lessor of any legal process or other notification concerning any judicial proceedings, including bankruptcy, or any proceeding of a quasi-judicial nature before any administrative board, commission, or other body which, in the reasonable exercise of the Lessee's judgment, would jeopardize such interest of the Lessor.

*7.2.11. Utilities.* The Lessee shall pay all charges for utility services furnished to the Leased Premises.

*7.2.12. Lessor Access.* The Lessee shall allow the Authorized Lessor Representative or such person's designee free access to the Leased Premises at all reasonable times for the purpose of examining the same; provided each access does not interfere with Hospital Facility operations or patient care.

*7.2.13. Accreditation.* The Lessee shall at all times conduct the operation of the Hospital Facility (other than facilities not subject to accreditation) in a manner acceptable to the Joint Commission on Accreditation of Health Care Organizations or such other accrediting organization utilized by Lessee and approved by CMS; provided, however, that Lessee need not comply with this Subsection if and to the extent that the Lessee's governing body shall have determined in good faith, evidenced by a resolution of such governing body, that such compliance is not in Lessee's best interests and that lack of such compliance would not materially impair the Lessee's ability to comply with the other requirements applicable to Lessee under this Lease.

*7.2.14. Board Representation.* During the Lease Term, at Lessor's option, the Lessor shall have the right to require that Lessee's board of directors shall have at least one member who shall be nominated for election by the Lessor's Authorized Representative. Such nomination shall consist of the submission of no less than three (3) nominees to the Lessee's board of directors (or nominating committee if so designated by Lessee) from which the Lessee's board of directors shall elect one (1) member. Any director elected shall be required to meet and comply with all requirements and qualifications for board membership as set forth in the bylaws of the



Lessee and in any applicable policies of the Board. Such member shall be subject to removal on the same basis as any other director, but his/her vacancy shall be filled in accordance with the terms of this Subsection.

7.2.15. *Indigent Patients.* During the Lease Term, the Lessee agrees to provide treatment to indigent patients in accordance with the policies and practices of Covenant. The Lessor shall have no obligation to fund any portion of the costs incurred by Lessee in providing such care through the use of county taxes, provided Lessor will pass through to Lessee any federal or state funds paid to Lessor for such purpose.

7.2.16. *Designated Services.* As of the commencement of operation of the Hospital Facility, Lessee shall, at a minimum, offer the Designated Services at the Hospital Facility, provided Lessee shall retain the right to cease to provide any Designated Service if, in Lessee's reasonable judgment, the provision of such service is no longer necessary or economically viable due to (i) demographic changes, (ii) changes in need for the delivery of health care services, (iii) financial circumstances, including changes in reimbursement rates, (iv) insufficient volumes or admissions, (v) lack of qualified physician or other professional staffing, or (vi) national developments in the hospital industry. Lessee shall provide the Committee with no less than sixty (60) days prior written notice of any decision to cease the provision of any Designated Service pursuant to this Subsection except in cases where such action must be taken by Lessee in less than sixty (60) days due to exigent circumstances.

## **ARTICLE VIII**

### **Condemnation**

In the event of a taking of all or any portion of the Leased Premises by condemnation, eminent domain or other process, the Lessor shall waive any rights that it may have to any portion of the proceeds of the award for such taking. Such proceeds shall be deposited in such lawful manner as the Lessee shall direct and the same, at the direction of the Lessee, shall be expended, to the extent possible, for the replacement of any portion of the Leased Premises so taken. The Lessor, upon being notified of any action or proceeding to take all or any portion of the Leased Premises, shall immediately notify the Lessee of the pendency of such action or proceeding. If, after such taking of any portion of the Leased Premises, the remaining portion is determined by the Lessee to be insufficient for further operation of the Hospital Facility, this Lease shall terminate without penalty to either party hereto as of the effective date of such taking, and Lessee shall be entitled to retain the entire award for damages or compensation resulting from such condemnation proceedings by Lessee pursuant to this Lease. A sale or transfer of all or any portion of the Leased Premises by Lessor to any authority having the power of eminent domain, either under threat of condemnation or while condemnation proceedings are pending, shall be deemed a taking under the power of eminent domain for all purposes of this Article.



## ARTICLE IX Defaults and Remedies

*Section 9.1. Events of Default by Lessee.* The following shall be "events of default" under this Lease and the terms "event of default" or "default" shall mean, whenever they are used in this Lease, any one or more of the following events:

*9.1.1. Lessee's Failure to Pay Rent.* Lessee shall default in the payment of any rental due under *Section 6.1* of this Lease, and such default shall have continued for a period of thirty (30) days after the same shall become payable.

*9.1.2. Lessee's Other Failures.* Lessee shall breach, neglect or fail to perform or observe any warranties, covenants, representations, provisions or agreements made by or required to be performed by Lessee under the terms of this Lease other than the failure to pay rent under *Section 6.1*, and Lessee shall, within thirty (30) days after written notice thereof by Lessor, fail to commence appropriate action in good faith to cure such failure and thereafter prosecute the same to completion with due diligence.

*9.1.3. Insolvency.* The Lessee shall have admitted in writing it is insolvent or shall have filed a petition asserting it is a bankrupt or shall have made an assignment for the benefit of its creditors.

*9.1.4. Appointment of Receiver.* Possession of the Lessee's assets shall be taken by a receiver or trustee.

*9.1.5. Abandonment.* The Lessee shall have abandoned the entire Leased Premises.

*Section 9.2. Events of Default by Lessor.* Lessor shall breach, neglect or fail to perform or observe any warranties, covenants, representations, provisions, or agreements made or required to be performed by Lessor under the terms of this Lease and shall, within thirty (30) days after written notice thereof by Lessee, fail to commence appropriate action in good faith to cure such failure and thereafter prosecute the same to completion with due diligence

### *Section 9.3. Remedies Upon Default.*

*9.3.1 No Termination.* Upon any event of default by Lessee or Lessor under this Lease, other than Lessee's abandonment of the Leased Premises, the nondefaulting party shall have no right to terminate this Lease, nor shall Lessor have the right to exclude the Lessee from possession of the Leased Premises, relet the Leased Premises or reenter and take possession of the Leased Premises. Instead, the parties hereby agree that each party's remedies upon default of the other party that is not cured within the period provided under the terms of this Lease shall be limited to instituting an action at law to collect actual monetary damages sustained from such default and/or instituting an action at equity to obtain injunctive relief (excluding relief preventing Lessee's use of the Leased Premises or exercise of its rights under this Lease); provided, further, that a nondefaulting party shall have the right to cure any defaulting party's



default at the defaulting party's expense and to do or cause to be done any act or thing necessary to cure such default. Upon written notification to the defaulting party of the cost thereof, the defaulting party shall pay promptly to the nondefaulting party the amount of all such costs incurred.

*Section 9.4. Provisions Applicable to Both Parties.*

*9.4.1. Attorney's Fees and Litigation Expenses.* In the event a party should default under any of the provisions of this Lease and the other party should employ attorneys or incur other expenses for the enforcement or performance or observance of any obligation or agreement on the part of either party contained in this Lease, the defaulting party agrees that it will on demand therefor reimburse the other for the reasonable fees of such attorneys and such other expenses so incurred.

*9.4.2. Waiver and Breach.* In the event any agreement contained in this Lease should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

**ARTICLE X**  
**Mortgage of Leasehold; Subordination of Lessor's Interest**

*Section 10.1. Right to Mortgage.* Lessee shall have the continuing right during the Lease Term once or more often, without obtaining Lessor's consent or approval, such consent and approval being hereby given, to mortgage, pledge or otherwise encumber Lessee's interest in this Lease, including Lessee's leasehold estate hereunder and all right, title and interest of Lessee under this Lease and in any of Lessee's assets, property or equipment located or utilized in the Hospital Facility (any and all of which are referred to as a "Leasehold Mortgage"), the holder of such Leasehold Mortgage being herein referred to as a "Lender." During the term of this Lease, Lessor shall not mortgage, pledge or otherwise encumber its interest in the Leased Premises except for Permitted Encumbrances and to the extent required by *Section 10.2*.

*Section 10.2. Subordination.* Lessor does hereby subordinate Lessor's Interest (being Lessor's fee simple interest in the Leased Premises, including the Land) and its lien rights, if any, in and to any of Lessee's assets, property or equipment to the lien of any such Lender. Lessor shall promptly execute an appropriate form of subordination agreement and/or mortgage, in form and content satisfactory to Lender, which evidences and acknowledges such subordination and Lender's mortgage and lien rights in Lessor's Interest.

*Section 10.3. Enforcement.* Lender or its assigns may enforce such Leasehold Mortgage and acquire Lessee's leasehold estate created under this Lease and Lessor's Interest in any lawful way, and pending foreclosure of such Leasehold Mortgage may, without further consent of Lessor, sell and assign Lessor's Interest and Lessee's leasehold estate hereby created in satisfaction of Lessee's obligation under the Leasehold Mortgage. An event of default shall not



be deemed to exist solely by reason of Lender's enforcement of the Leasehold Mortgage in the manner provided in this Section.

*Section 10.4. Notice of Default.* If Lessee has encumbered Lessee's leasehold estate created under this Lease by a Leasehold Mortgage and the Lender has given Lessor written notice of the creation thereof, then Lessor at the same time as it gives notice of default of this Lease to Lessee, shall, in addition, give the same notice to the Lender, and no such notice shall be deemed to have been given to Lessee unless and until a copy thereof shall have been so given to such Lender. The Lender, its agents, receivers, trustee and anyone claiming under such Lender upon the receipt of any such notice shall have the immediate right to enter upon the Leased Premises and take possession thereof and to remedy any default in the payment of money and/or other default within the period allowed Lessee for rectification thereof, and this Lease shall remain in full force and effect during and throughout the period specified in this Section, the rights and remedies provided Lessor under *Article IX* shall not be exercised by Lessor after Lessee shall default or be deemed to have defaulted under this Lease unless said Lender shall have failed to rectify the same within the aforesaid period of time allowed said Lender for rectification thereof as hereinafter set out; it being understood that (i) a default of this Lease which cannot be cured by the payment of money shall be deemed to have been rectified within the period allowed said Lender by the terms hereof if rectification thereof and such correction thereafter shall be commenced within the period and thereafter prosecuted with reasonable diligence to completion; (ii) if the Lender cannot reasonably take the action required to cure such default without being in possession of the Leased Premises, the time within which the Lender has to rectify such default, as hereinabove set out, shall be deemed extended to include the period of time required by it to obtain such possession, including possession by a receiver, with due diligence; and (iii) the time within which such Lender shall be required to obtain possession of the Leased Premises (including possession by a receiver) shall be deemed extended by the number of days of delay occasioned by judicial restriction against the initiation of proceedings to obtain such possession or occasioned by any other circumstances beyond such Lender's reasonable control. All notices by Lessor to a Lender pursuant to this Section or pursuant to any other provision of this Lease shall be given by registered or certified mail, postage prepaid, return receipt requested, addressed to such Lender at the address last specified to Lessor by such Lender.

*Section 10.5. Lender Payments.* All payments so made and all things so done and performed by said Lender within the period allowed such Lender for rectification of Lessee's default, as set forth in *Section 10.4*, shall be as effective to prevent a forfeiture of the rights of Lessee under this Lease as the same would have been if done and performed by Lessee instead of by Lender. Any Leasehold Mortgage executed by Lessee may be conditioned as to provide, as between the Lender and Lessee, that the Lender, on making good and rectifying any such default on the part of Lessee, shall be thereby subrogated to any and all rights of Lessee under this Lease. No Lender shall be considered or become liable to Lessor as an assignee of this Lease or otherwise until such time as said Lender shall by foreclosure or other appropriate proceedings in the nature thereof or as a result of any other action or remedy provided for by such Lender acquire Lessee's leasehold estate created hereunder.



## **ARTICLE XI**

### **Termination**

*Section 11.1. Surrender by Lessor.* Lessee shall have the right to surrender its interest in the Lease and the Leased Premises and terminate this Lease without cause or other basis and without liability or further obligation under this Lease by giving no less than one hundred eighty (180) days prior written notice to the Lessor.

*Section 11.2. Termination by Lessee.* Lessee shall have the right to terminate this Lease in the event all Contingencies have not occurred within three hundred sixty-five (365) days from and after the Commencement Date (unless nonoccurrence was caused primarily by Lessee's failure to perform any of its obligations under this Lease), by giving no less than thirty (30) days prior written notice of termination to the Lessor. Upon termination of this Lease pursuant to this *Section 11.2*, Lessor shall be obligated to (i) at its option, either convey all of its rights, title and interest in the Land by warranty deed to the Lessee or reimburse Lessee for all costs incurred by Lessee in connection with the acquisition of the Land, including, without limitation, all costs incurred by the Lessee in obtaining or meeting all Initial Requirements, as such term is defined in the Agreement, and (ii) in the event that the failure to eliminate or resolve any Contingency was caused primarily by Lessor's failure to perform any of its obligations under this Lease, Lessor shall reimburse Lessee for all reasonable costs incurred by Lessee in its efforts to eliminate or resolve all Contingencies.

*Section 11.3. Reversion of Leased Premises to Lessor.* Except as otherwise provided in this Lease, upon expiration of the Lease Term or upon surrender of this Lease by Lessee pursuant to *Section 11.1*, the Leased Premises shall revert to the Lessor; provided that all equipment, supplies, medical, business or other records and intangible personal property of the Lessee located in or on the Leased Premises may be removed after termination by the Lessee in accordance with *Section 5.5*.

*Section 11.4. Retention of Leased Premises by Lessee.* Notwithstanding the provisions of *Section 11.3*, in the event that at the time of expiration of the Lease Term or surrender of this Lease by Lessee pursuant to *Section 11.1*, Lessor does not hold fee simple title to the Leased Premises, the Leased Premises shall revert to and/or become owned in fee simple by the Lessee without any further act or deed on the part of the Lessee or the Lessor.

## **ARTICLE XII**

### **Estoppel Certificates**

From time to time and within twenty (20) days after a request in writing therefore from the other party, Lessor and Lessee agree to execute and deliver to the other party, or to such other addressee or addressees as may be designated in the written request in form and substance reasonably satisfactory to both Lessor and Lessee (herein called "Estoppel Certificate"), certifying, if correct, that this Lease is in full force and effect, that this Lease has not been assigned, modified, supplemented or amended (except as disclosed in such certificate), to the extent of the party's direct knowledge that neither party is in default under the provisions of this



Lease and as to such matters as may be reasonably requested. Estoppel Certificates may be executed by the Lessor's or Lessee's Authorized Representative, as appropriate.

### **ARTICLE XIII**

#### **Notices**

Any notice or notification specified hereunder to be given to the Lessee or the Lessor shall be deemed effective upon the earlier of actual delivery or three (3) days following the date such notice shall have been mailed by United States certified or registered mail, postage prepaid, addressed to the Lessee or to the Lessor, respectively, as follows or to such other address as a party may designate by notice under this Article:

If to Lessor:	County of Loudon, Tennessee 100 River Road, #106 Loudon, Tennessee 37774 Attn: George M. Miller, County Executive
If to Lessee:	Fort Loudoun Medical Center Prior to Opening Hospital Facility: Suite 214, 280 Fort Sanders West Blvd. Knoxville, Tennessee 37922 Attn: Chief Administrative Officer  Subsequent to opening Hospital Facility: 550 Fort Loudoun Medical Center Drive Lenoir City, Tennessee 37771 Attn: Chief Administrative Officer
If to Covenant:	Covenant Health 100 Fort Sanders West Boulevard Knoxville, Tennessee 37922 Attn: President and Chief Executive Officer

### **ARTICLE XIV**

#### **Miscellaneous**

*Section 14.1. Guarantee.* Covenant hereby guarantees the full and prompt performance by Lessee of all of its obligations hereunder. Furthermore, Covenant will not sell, transfer or otherwise dispose of all or any significant portion of its assets without requiring such buyer or transferee to join in writing in the foregoing guarantee. Covenant's obligations under this Lease are limited to those set forth in this Section. At such time as all financial obligations of Lessee that are guaranteed by Covenant are fully paid and satisfied or provision for full payment and satisfaction has been made to the reasonable satisfaction of Lessor, the provisions of this *Section 14.1* shall cease to be effective.



*Section 14.2. Acceptance of Federal Funding.* The Lessor and the Lessee shall have full power and authority, jointly or severally, to accept federal funds for the improvement of the Leased Premises.

*Section 14.3. Severability.* In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof or such otherwise invalid provision under circumstances other than those under which it was determined to be invalid, except to the extent that such provision is wholly dependent for its operation upon the part declared to be invalid, and to that extent the provisions hereof are agreed and declared to be severable.

*Section 14.4. Immunity of Officers and Directors, Etc.* No recourse shall be had on any obligation, covenant or agreement in this Lease against any past, present or future incorporator, official, officer, director, or employee of the Lessor or the Lessee, as such, either directly or indirectly, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporators, officials, officers, directors, or employees as such, is hereby expressly waived and released as a condition of and consideration for the execution and delivery of this Lease.

*Section 14.5. Amendments and Modifications.* This Lease shall not be amended or modified except by a written instrument signed by the duly authorized representatives of each of the parties hereto.

*Section 14.6. Captions.* The titles of articles, sections or subsections herein are solely for the convenience of the parties and shall not be used to explain, limit, expand, modify, simplify, or aid in the interpretation of the provisions of this Lease.

*Section 14.7. Assignments.* Except as herein otherwise expressly provided, no party hereto may assign or otherwise transfer its rights or delegate its obligations hereunder without the prior written consent of the other parties hereto.

*Section 14.8. Entire Agreement.* This Lease constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and the transactions hereby contemplated. Any prior understandings, proposals, or representations of any kind shall not be binding upon either party except to the extent incorporated in this Lease.

*Section 14.9. Governing Law.* This Lease shall be governed by and construed in accordance with the Constitution, laws and regulations of the State of Tennessee without regard to provisions with respect to conflicts or choices of law.

*Section 14.10. Execution in Counterparts.* This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.



*Section 14.11. Memorandum of Lease.* The parties agree to execute and file of record, on or within ten (10) days after the Commencement Date, a memorandum of lease evidencing the existence of this Lease, the Lease Term and the Land herein leased.

*Section 14.12. Survivability.* To the extent any covenant, obligation or right of a party is to or may be performed or exercised after termination of this Lease, such obligation or right shall survive termination.

*Section 14.13. Hospital Advisory Committee.* A special hospital advisory committee ("Advisory Committee"), not to exceed thirteen (13) members unless otherwise mutually agreed by the parties, shall be established by the Lessor for the purpose of (i) reviewing the activities of the Lessee and making recommendations to the chief administrative officer of the Lessee regarding the operations of the Hospital Facility and (ii) monitoring the activities of the Lessee for and on behalf of the Lessor. The Advisory Committee will serve only in an advisory capacity and shall have none of the powers of the Board of Directors of the Lessee. Unless otherwise mutually agreed by the parties, the Advisory Committee shall be comprised of ten (10) residents of Loudon County, who shall be appointed by the County Executive and approved by the Governing Body, and the chief administrative officer of the Lessee, the chief of the medical staff of the Lessee, and the president of Covenant. The elected members of the Advisory Committee shall be arranged in three (3) panels that are as nearly equal in number as practicable with each member elected for no more than two (2) consecutive three (3) year terms. The officers of the Advisory Committee shall be the chairman, vice chairman and secretary and shall be elected by the Advisory Committee. The chairman shall preside at meetings of the Advisory Committee and shall consult with the chief administrative officer of the Lessee with regard to recommendations for operations of the Hospital Facility. The vice chairman shall preside at all meetings of the Advisory Committee in absence of the chairman, and the secretary shall be responsible for recording and keeping of an accurate record of all business of the Advisory Committee. Meetings of the Advisory Committee shall be set by the Advisory Committee but, except in exigent circumstances, will occur no more often than quarterly.

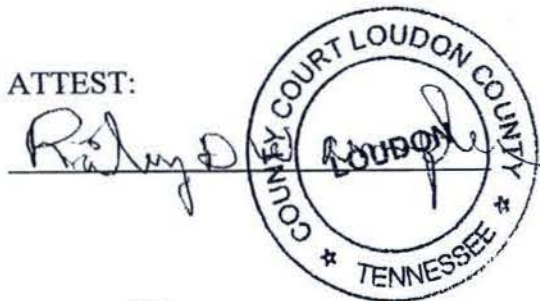
*Section 14.14. Annual Report.* On or prior to April of each calendar year, the Lessee shall prepare and submit to the Advisory Committee a written report of the funds expended by the Lessee pursuant to *Subsection 6.2.1* of this Lease during the preceding calendar year.

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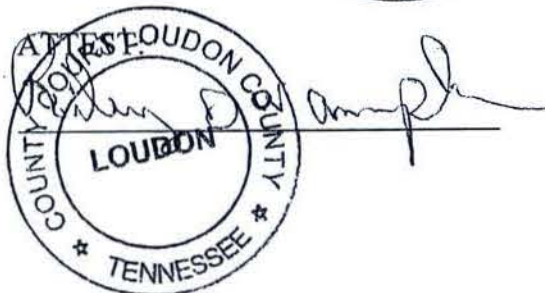
IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective duly authorized officer or official as of this 12<sup>th</sup> day of November, 2004

ATTEST:



LOUDON COUNTY COMMISSION FOR  
AND ON BEHALF OF LOUDON COUNTY,  
TENNESSEE

By: George M. Miller  
George M. Miller  
Title: County Mayor



By: Nancy Richesin  
Nancy Richesin  
Title: Director of Purchasing Insurance

FORT LOUDOUN MEDICAL CENTER

By: Jeffrey L. Feike  
Jeffrey L. Feike  
Title: Chief Administrative Officer

COVENANT HEALTH

By: Anthony L. Spezia  
Anthony L. Spezia  
Title: President and Chief Executive Officer



STATE OF TENNESSEE )

COUNTY OF LOUDON )

Before me, a Notary Public in the State and County aforesaid, personally appeared George M. Miller, with whom I am personally acquainted and who, upon oath, acknowledged himself to be the incumbent County Mayor of Loudon County, a political subdivision of the State of Tennessee, and that he as such incumbent County Mayor of Loudon County, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing his name as incumbent County Mayor of Loudon County, Tennessee.

WITNESS my hand and official seal at office this 12<sup>th</sup> day of November, 2004.

Harvey L. Sproul  
Notary Public

My Commission Expires: 8/6/08



STATE OF TENNESSEE )

COUNTY OF LOUDON )

Before me, a Notary Public in the State and County aforesaid, personally appeared Nancy Richesin, with whom I am personally acquainted and who, upon oath, acknowledged herself to be the Director of Purchasing for Loudon County, a political subdivision of the State of Tennessee, and that she as such Director of Purchasing for Loudon County, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing her name as Director of Purchasing for Loudon County, Tennessee.

WITNESS my hand and official seal at office this 12<sup>th</sup> day of November, 2004.

Harvey L. Sproul  
Notary Public

My Commission Expires: 8/6/08





STATE OF TENNESSEE )

COUNTY OF Knox )

Personally appeared before me, a Notary Public in the State and County aforesaid, Jeffrey L. Feike, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, under oath, acknowledged himself to be the Chief Administrative Officer of Fort Loudoun Medical Center, the within-named bargainer, and that he as such Chief Administrative Officer being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Chief Administrative Officer.

WITNESS my hand and official seal at office this 9th day of November, 2004.

Germaine Gombert  
Notary Public



My Commission Expires: 12/22/07

STATE OF TENNESSEE )

COUNTY OF Knox )

Personally appeared before me, a Notary Public in the State and County aforesaid, Anthony L. Spezia, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, under oath, acknowledged himself to be the President and Chief Executive Officer of Covenant Health, the within-named bargainer, a nonprofit corporation, and that he as such President and Chief Executive Officer being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President and Chief Executive Officer.

WITNESS my hand and official seal at office this 9th day of November, 2004.

Germaine Gombert  
Notary Public



My Commission Expires: 12/22/07



## EXHIBIT A

The land referred to in this Commitment is described as follows:

SITUATED in District No. Two (2) of Loudon County, Tennessee, and within the corporate limits of the City of Lenoir City, Tennessee, being known and designated as all of Lot 3 as shown on the Final Plat for Covenant Health recorded in Plat Cabinet F, Page 280, in the Loudon County Register's Office, said lot being more particularly bounded and described as shown by map aforesaid, to which map specific reference is hereby made for a more particular description.

BEING part of the same property conveyed to Covenant Health, a Tennessee nonprofit corporation, by Warranty Deed dated as of December 13, 2002, from Horne Development, L.P., a Tennessee limited partnership, recorded in Deed Book 272, page 247, in the Loudon County Register's Office.

TOGETHER WITH drainage easements, detention basin easements, ingress/egress and utility easements granted and established in Declaration of Restrictive Covenants and Easements made by Covenant Health dated August 13, 2004, filed for record in Trust Book 741, page 263, in the Loudon County Register's Office, to the extent the same are appurtenant to Lot 3 described above.



## **EXHIBIT B**

### **Designated Services**

- ◆ Inpatient Acute Med/Surg Services
- ◆ Critical Care Services
- ◆ Emergency Care Service
- ◆ Surgery Services
- ◆ Diagnostic Imaging
- ◆ Cardiopulmonary
- ◆ Rehabilitation Services
- ◆ Pharmacy services
- ◆ Patient Education
- ◆ Laboratory Services



**OWNER/RESPONSIBLE TAXPAYER:**

Loudon County, Tennessee  
 100 River Road, #106  
 Loudon, Tennessee 37774  
 CLT No. 15-79.02

**THIS INSTRUMENT PREPARED BY:**

M. Douglas Campbell, Jr., Esq.  
 Wagner, Myers & Sanger, P.C.  
 1801 First Tennessee Plaza  
 Knoxville, Tennessee 37929

**WARRANTY DEED**

**THIS INDENTURE** made as of this 9<sup>TH</sup> day of November, 2004, between **COVENANT HEALTH**, a Tennessee nonprofit, public benefit corporation, ("First Party"), and **LOUDON COUNTY, TENNESSEE**, a county organized and existing as a governmental unit under the laws of the State of Tennessee ("Second Party"):

**WITNESSETH:**

**THAT SAID FIRST PARTY**, for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00), and other good and valuable consideration, to it in hand paid by said Second Party, the receipt of which is hereby acknowledged, has granted, bargained, sold and conveyed, and does by these presents grant, bargain, sell and convey unto Second Party, all of its interest in and to the real property described as follows, to wit:

**SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF;**

with the hereditaments and appurtenances thereto appertaining, hereby releasing all claims therein. TO HAVE AND TO HOLD the same unto the Second Party, its successors and assigns forever.

AND said First Party, for itself and its heirs, successors and assigns, does hereby covenant with said Second Party, its successors and assigns, that it is lawfully seized in fee simple of the premises above conveyed and has full power, authority and right to convey the same; and that said premises are free from all encumbrances except the lien of 2004 property taxes, which are due and payable as of the date hereof but not yet delinquent, and the matters set forth in Exhibit "B" attached hereto and made a part hereof; and that First Party will forever warrant and defend the said premises and title thereto against the lawful claims of all persons whomsoever.

Whenever in this instrument a pronoun is used, it shall be construed to represent either singular or plural, or the masculine, feminine or neuter gender, as the case may demand.

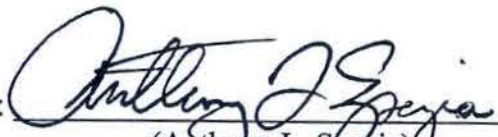
**IN WITNESS WHEREOF**, the said First Party hereunder has executed this instrument as of the day and year first above written.

BK/PG:D289/845-848

**04013213**

4 PGS : AL - WARRANTY DEED	
TRACIE BATCH: 19036	
11/16/2004 - 02:23 PM	
VALUE	0.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	20.00
DP FEE	2.00
REGISTER'S FEE	0.00

**COVENANT HEALTH**

By:   
 (Anthony L. Spezia)

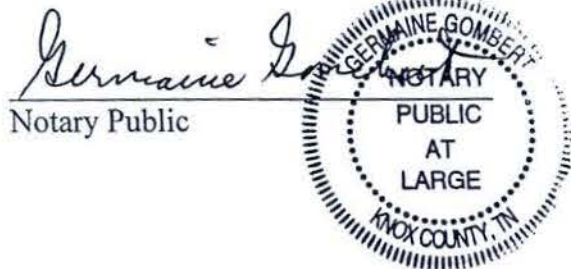


STATE OF TENNESSEE )  
 )  
COUNTY OF KNOX )

Before me, a Notary Public at Large of the state and county mentioned, personally appeared Anthony L. Spezia, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be president of Covenant Health, the within named bargainor, a corporation, and that he as such president, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by himself as president.

Witness my hand and seal this 9TH day of November, 2004.

Subscribed and sworn to before me this 9TH day of November, 2004.



My Commission Expires: 12/22/07

I hereby swear and affirm that the actual consideration or true value of this transfer, whichever is greater, is \$ 0.

George M. Miller  
Affiant

THE PREPARER OF THIS DEED HAS NOT BEEN REQUESTED BY THE PARTIES AND HAS NOT CONDUCTED AN EXAMINATION OF THE STATUS OF THE TITLE TO THE PROPERTY DESCRIBED IN THIS WARRANTY DEED, AND THEREFORE MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE WHATSOEVER AS TO THE STATUS OF TITLE TO SAID PROPERTY.

THE PROPERTY DESCRIPTION CONTAINED IN THIS DEED WAS TAKEN FROM A PLAT OF SURVEY OF EDDIE D. MILLER, RLS NO. 2033, OF RECORD IN PLAT CABINET F, PAGE 280 IN THE REGISTER'S OFFICE FOR LOUDON COUNTY, TENNESSEE.



**EXHIBIT "A"**

The land referred to in this Commitment is described as follows:

SITUATED in District No. Two (2) of Loudon County, Tennessee, and within the corporate limits of the City of Lenoir City, Tennessee, being known and designated as all of Lot 3 as shown on the Final Plat for Covenant Health recorded in Plat Cabinet F, Page 280, in the Loudon County Register's Office, said lot being more particularly bounded and described as shown by map aforesaid, to which map specific reference is hereby made for a more particular description.

BEING part of the same property conveyed to Covenant Health, a Tennessee nonprofit corporation, by Warranty Deed dated as of December 13, 2002, from Horne Development, L.P., a Tennessee limited partnership, recorded in Deed Book 272, page 247, in the Loudon County Register's Office.

TOGETHER WITH drainage easements, detention basin easements, ingress/egress and utility easements granted and established in Declaration of Restrictive Covenants and Easements made by Covenant Health dated August 13, 2004, filed for record in Trust Book 741, page 263, in the Loudon County Register's Office, to the extent the same are appurtenant to Lot 3 described above.



**EXHIBIT "B"**

1. Taxes for the year 2004, a lien, which are currently due and payable, and all taxes for subsequent years.
2. Matters disclosed by map of record in Plat Cabinet F, page 280, in the office of the Loudon County Register of Deeds.
3. Declaration of Restrictive Covenants and Easements made by Covenant Health dated August 13, 2004, filed of record in Trust Book 741, page 263, in the office of the Loudon County Register of Deeds.
4. All applicable restrictions, easements and building setback lines as are shown of record in the office of the Loudon County Register of Deeds.



LOUDON COUNTY COMMISSION

RESOLUTION NO. 120604-H

RESOLUTION AMENDING RESOLUTION NO. 091100-R BY  
DELETING PARCEL NO. 11P-A-19 (MARY ALICE HOWARD) FROM  
THE EATON FOREST SPECIAL SEWER DISTRICT ASSESSABLE PARCELS

WHEREAS, Resolution 091100-R established the buildable/assessable parcels for the Eaton Forest Subdivision Special Sewer District; and

WHEREAS, Parcel 11P-A-19 (now 9N-A-19 under the new numbering system) is listed and included in the aforesaid Sewer District boundary, and was listed in the name of Roy Howard at the time of the designation of buildable parcels in the Eaton Forest Special Sewer District, but listed in the name of Mary Alice Howard since tax year 2001 (by virtue of a transfer of title in Deed Book 257, Page 250), but erroneously did not receive a main sewer line extension and tap during the course of the construction of the system; and

WHEREAS, the ownership of the adjacent Parcel 11P-A-22 (now 9N-A-22), on which the Howard dwelling is located, also is listed as being in the special sewer district and did receive a sewer tap when the sewer system was constructed; and

WHEREAS, the Loudon County Trustee's records indicate that for Parcel 11P-A-19 (now 9N-A-19) a sewer assessment was paid by Roy Howard for the year 2000 in the amount of Five Hundred Fifty Dollars (\$550.00), and was paid by Mary Alice Howard in the year 2001 in the amount of Five Hundred Fifty Dollars (\$550.00), with the years 2002, 2003, and 2004 remaining unpaid; and

WHEREAS, the special sewer assessment on Parcel 11P-A-22 (now 9N-A-22) on which the home is located is shown as being paid in the year 2000 by Mary Alice Howard, and in the year 2001 by Nations Title Company, and showing unpaid in the years 2002, 2003, and 2004; and



WHEREAS, it would appear that it would be appropriate and equitable to amend the special sewer district boundaries to omit Parcel 9N-A-19, effective from the inception of the district, and that the assessments paid on Parcel 9N-A-19 for the years 2000 and 2001 be rescinded and reimbursed by applying the assessments on Parcel 9N-A-22 for the years 2002 and 2003, leaving the year 2004 remaining to be paid.

NOW, THEREFORE, BE IT RESOLVED by the Loudon County Commission, in regular session assembled this 6th day of December, 2004: (1) That Parcel 9N-A-19 (11P-A-19), listed now in the name of Mary Alice Howard, be removed from the Eaton Forest Special Sewer District, effective from the beginning; and (2) That Resolution No. 091100-R be amended by deleting the aforesaid parcel as a part of the Eaton Forest Special Sewer District; and (3) That the sewer assessments for the two years in which a sewer assessment was paid on this parcel be transferred as a credit to the payments due on Parcel 9N-A-22 in the name of Mary Alice Howard, which will result in the years 2002 and 2003 being designated as "paid," notwithstanding if there is a "dollar difference," leaving the year 2004 unpaid and due at this time, but not delinquent until after February 28, 2005.

This resolution shall become effective immediately, the public welfare requiring it.

  
COUNTY CHAIRMAN

ACCEPTED:

  
COUNTY MAYOR

ATTEST:

  
COUNTY CLERK

**Resolution 120406-I**

**RESOLUTION**

**A RESOLUTION ADOPTED BY THE LOUDON COUNTY COMMISSION  
ACCEPTING AN APPROXIMATE 200' EXTENSION AT NICHOLS ROAD INTO THE  
PUBLIC ROADWAY SYSTEM OF LOUDON COUNTY, LOCATED OFF  
NORTHSHORE DRIVE IN THE SIXTH LEGISLATIVE DISTRICT OF LOUDON  
COUNTY, TENNESSEE**

**WHEREAS**, the chief legislative body of the county has the authority under Tennessee Code Annotated to accept the dedication of roads, to adopt policies and standards for the acceptance of new roads and to reopen previously closed county roads; and

**WHEREAS**, the Loudon County Regional Planning Commission has received a request from a property owner that a newly constructed section of Nichols Road, measuring approximately 200' in length with 50 feet of right-of-way and a 60' cul-de-sac turnaround be accepted into the county public road system; and

**WHEREAS**, said extension of Nichols Road is being made to allow the owner of approximately 52 acres to divide the parcel into a 16-acre tract and a 35-acre tract for one additional home; and

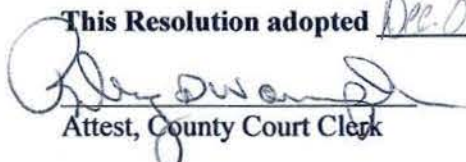
**WHEREAS**, said extension of Nichols Road is constructed to the same width as the existing road which is 13 feet wide; and


**WHEREAS**, the Loudon County Regional Planning Commission has reviewed this matter and has recommended this 200' extension of Nichols Road **be accepted** into the County's roadway system.

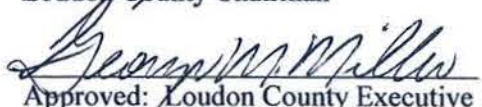
**NOW, THEREFORE, BE IT RESOLVED**, that the Loudon County Commission considers the acceptance of this extension to Nichols Road to be in the public benefit and that said extension be accepted into the County's roadway system as indicated on the attached map, said map being a part of this Resolution.

**NOW, THEREFORE, BE IT FINALLY RESOLVED**, that this Resolution shall take effect immediately the public welfare requiring it.

This Resolution adopted Dec. 04, 2004.

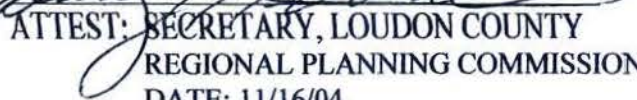
  
Attest, County Court Clerk

  
Loudon County Chairman

  
Approved: Loudon County Executive

The vote on the question of approval of this Resolution by the Planning Commission is as follows:

APPROVED: 8  
DISAPPROVED: 2

  
ATTEST: SECRETARY, LOUDON COUNTY  
REGIONAL PLANNING COMMISSION  
DATE: 11/16/04



## Exhibit J



274 Blair Bend Drive  
Loudon, Tennessee 37774  
Phone 865.458.8889  
Fax 865.458.3792  
lceda@loudoncountyeda.org  
www.loudoncountyeda.org

### MEMORANDUM

To: County Commission  
From: Patrick Phillips  
Date: November 12, 2004  
Subject: Sell of property in Sugarlimb Industrial Park

The Loudon County Economic Development Agency Board of Directors and Blair Bend/Sugarlimb Committee have recommended selling approximately 2.0 acres to Lillian and Edwin H. Rayson, owners of Smoky Inc., an existing Loudon County business presently located on Hwy. 321, south of Fort Loudoun Dam. They presently lease space and are intending to initially construct a 4,000-6,000 sq. ft. facility to accommodate Smoky Inc a distribution of small motorcycle parts. The tract in consideration is located on RPM Drive adjacent to S. W. & Sons and directly across the street from Apex Canvas. The recommendation is to sell the property for \$17,500. Property in Sugarlimb has recently sold for \$17,500/acre; however in this case the tract has some issues relating to shape, topography, inappropriate fill and presence of a 50' gas easement parallel to RPM Drive that restrict the use to approximately one acre of developable property. Enclosed is a map of the property. This item will be placed on the December agenda for your consideration.



Nationwide

CrossOver  
Drives

S.W. and Sons

PCS

Johnson  
Shop

Eagle Racing

Apex

Ethan  
Allen

RPM Drive

M&L

Fraen



**Exhibit K**

FUND #171  
FY 2005 BUDGET  
Print Date: 11/17/2004

<b>REVENUE (Debit)</b>			
40110 Current Property Tax		\$	255,000.00
40120 Trustee's Collections - Prior Year		\$	8,000.00
40130 Cir Clk/Clk & Master Collections		\$	3,500.00
40140 Interest and Penalty		\$	1,500.00
40320 Bank Excise Tax		\$	1,700.00
44570 Contributions and Gifts		\$	9,500.00
46290 Public Safety Grant (Irene Lane)		\$	90,000.00
47180 CDBG Grant (Hwy 70 Sewer)		\$	91,096.00
48990 Other (City of Greenback - Sewer)		\$	14,454.00
48990 Other (City of Loudon - Stormwater Mgmt)		\$	4,385.00
48990 Other (Tellico Village Church Cont - Irene Lane)		\$	30,000.00
49100 Bonds Issued		\$	3,000,000.00
49500 Other Loans Issued		\$	603,800.00
<b>TOTAL REVENUE</b>			<b>\$ 4,112,935.00</b>
<b>EXPENSES (Credit)</b>			
	<b>FY 04-05 Estimate</b>	<b>Budget</b>	
<b>53500 Juvenile Center</b>			
399 Other Contracted Services			
499 Other Supplies and Materials			
<b>Total Juvenile Center</b>	<b>\$ 300,000.00</b>		
<b>54210 Jail (Justice Center Construction)</b>			
321 Engineering Services	\$ 3,500.00	\$ -	
706 Building Construction	\$ 415,000.00	\$ -	
<b>Total Jail</b>	<b>\$ 418,500.00</b>		<b>\$ -</b>
<b>54710 Public Safety (Irene Lane- Grant \$90,000; County \$15,000; Church \$30,000)</b>			
321 Engineering Services	\$ -	\$ -	
399 Other Contracted Services	\$ -	\$ -	
<b>Total Public Safety Grants</b>	<b>\$ 135,000.00</b>		<b>\$ -</b>
<b>55110 Local Health Center (New)</b>			
321 Engineering Services	\$ 104,700.00	\$ -	
706 Building Construction	\$ 270,000.00	\$ -	
<b>Total Local Health Center</b>	<b>\$ 374,700.00</b>		<b>\$ -</b>
<b>55110 Local Health Center (Old)</b>			
321 Engineering Services			
706 Building Construction			
<b>Total Local Health Center</b>	<b>\$ 100,000.00</b>		
<b>55120 Animal Shelter</b>			
321 Engineering Services			
706 Building Construction			
<b>Total Animal Shelter</b>	<b>\$ 200,000.00</b>		
<b>55732 Greenback Conv/Recy Center</b>			
321 Engineering Services	\$ 4,500.00		
706 Building Construction	\$ 300,000.00		
<b>Total Conv/Recy Center</b>	<b>\$ 304,500.00</b>		
<b>55900 Other Public Health &amp; Welfare (ADA Compliance)</b>			
399 Other Contracted Services	\$ 100,000.00		
499 Other Supplies and Materials	\$ 50,000.00		
<b>Total Other Public Health &amp; Welfare</b>	<b>\$ 150,000.00</b>		
<b>56300 Senior Citizen's Center</b>			
321 Engineering Services			
706 Building Construction			
<b>Total Senior Citizens Center</b>	<b>\$ 750,000.00</b>		
<b>58900 Miscellaneous</b>			
510 Trustee's Commission	\$ 5,000.00	\$ -	\$ -
<b>91170 Public Utility Projects (Hwy 70 Sewer; TAAS)</b>			
321 Engineering Services	\$ 33,525.00	\$ -	
791 Other Construction	\$ 127,000.00	\$ -	
<b>Total Public Utility</b>	<b>\$ 160,525.00</b>		<b>\$ -</b>
<b>91190 Other General Gov't (Undesignated Capital Projects Funds)</b>			
399 Other Contracted Services			
Loudon Convenience Center Parking	\$ 24,000.00		
Justice Center Paving	\$ 4,500.00		
Sheriff's Dept Fingerprinting Equip (1/3 Total Cost - Shared w/Cities)	\$ 6,120.00		
Remaining Undesignated Funds	\$ 1,180,090.00		
<b>Total Other General Government</b>	<b>\$ 1,214,710.00</b>		<b>\$</b>
<b>TOTAL EXPENSE ESTIMATE</b>	<b>\$ 4,112,935.00</b>		<b>\$</b>

**Exhibit L**

**LEASEBACK AGREEMENT**

**THIS AGREEMENT**, made this 6<sup>th</sup> day of December, 2004, by and between **LOUDON COUNTY, TENNESSEE**, a political subdivision of the State of Tennessee, in cooperation with the **LOUDON COUNTY EMERGENCY MANAGEMENT AGENCY**, as an agency of Loudon County (hereafter referred to as "Lessor"), and the **LOUDON COUNTY EMERGENCY COMMUNICATIONS DISTRICT** (hereafter referred to as "E-911 District"), of Loudon County, Tennessee (hereafter called "Lessee")

**WITNESSETH**

**WHEREAS**, Lessor has purchased from Lessee an Emergency Mobile Command trailer, which was constructed and purchased for the purpose of providing a mobile central communications center during the event of emergency response events and potential damage and destruction of the permanent E-911 Communications Center, and to be used as temporary offices for the Loudon County Communications Center; and

**WHEREAS**, Lessor has become the owner for use as an Emergency Mobile Command Center, in the event of CBRNE, terrorist attacks or other emergency response events, and for various purposes, but at the same time to continue to make it generally available to E-911 District, but also with the care and maintenance of the Emergency Mobile Communications Command Center (EMCCC) to be the operational responsibility of Lessee;



**NOW, THEREFORE**, in consideration of the premises and other good and valuable consideration, and of the covenants and provisions set forth below, the parties hereto agree as follows:

1. Leaseback of Emergency Mobile Communications Command Center

(EMCCC): The Lessor agrees to lease to Lessee, all of the property and assets and equipment involved in the Emergency Command Trailer and Mobile Central Communications Center, as more particularly described in the attached Exhibit A, such property and equipment being hereafter called the "Mobile Command Trailer," or EMCCC, which shall include all fixtures and articles of personal property attached or appurtenant to or used in connection with the EMCCC.

2. Condition: Lessee has examined the EMCCC and accepts it in its present condition and without any representations on the part of Lessor or its agents or employees as to the present or future condition and shall quit and surrender the EMCCC at closing in as good a condition as the reasonable use thereof will permit. No alterations or improvements to the EMCCC shall be made without the prior written approval of the Lessor, which the Lessor agrees not to reasonably withhold, provided the Lessee is in compliance with all the terms of this Agreement.

3. Term: The term and duration of this lease shall be for a period of time commencing on the date of closing, and continuing, unless sooner terminated, in accordance with its terms, for a period of five (5) years, with the option of Lessee to continue for additional five (5) year periods, leaving the EMCCC at the same rent and under the same terms during the entire term. The term will continue for additional five (5) year terms unless Lessee gives written notice of termination to Lessor at least thirty (30) days before the end of any term.



4. Rent: The Lessee shall pay and the Lessor shall accept for rental on the EMCCC the sum of One Dollar (\$1.00). Lessee, in addition, is to provide a location for the housing of the EMCCC and to provide all maintenance and upkeep for the EMCCC.

5. Destruction of the EMCCC: Lessee assumes the full risk for any damage or destruction by fire or the elements, or accident otherwise to EMCCC, including without limitation all equipment, contents, etc. The cost of the work of restoration, rebuilding, repairing, and replacement of the EMCCC (and all its equipment) shall be borne by the Lessee, at its sole cost and expense.

6. Use: Lessee agrees that the EMCCC shall be used for emergency response events in the discretion of the E-911 Director including but not limited to, CBRNE, terrorist attacks, natural disasters, fires, environmental spills or contamination for Loudon County and other emergency response agencies which are entitled to mutual aid and assistance.

7. Maintenance, Repair and Replacement: Lessee at no expense to Lessor will keep the EMCCC and all equipment, contents, and improvements in good order and condition and shall promptly make all necessary and appropriate repairs and replacements whether structural or non-structural, ordinary or extraordinary, foreseen or unforeseen. All repairs and replacements shall be at least equal in quality to the original work. Lessee will not do or permit any act or thing which might materially impair the condition of the EMCCC or any part thereof, or commit or permit any waste in the EMCCC or any part thereof. Lessee shall also pay and be responsible for all charges and assessments for heat, light, electric power, water, sewer, gas or oil, and any other public utility or other charge that may or could be assessed or charged against the EMCCC during the term of this Lease. Lessee hereby assumes the full and sole responsibility



for the condition, operation, repair, maintenance, renovation, improvement and management of the EMCCC and all improvements thereon.

8. Insurance: Lessee shall, at its own cost and expense, maintain throughout the term of this Lease, public liability insurance covering the EMCCC, with limits of liability not less than One Million Dollars (\$1,000,000.00) for one person and Two Million Dollars (\$2,000,000.00) for two or more persons in any one accident or occurrence for bodily injury or death and not less than Eighty-Four Thousand Dollars (\$84,000.00) for property damage and One Hundred Twenty Thousand Dollars (\$120,000.00) for contents. Property insurance policies shall include the Lessor as loss payee, with the Lessee as its interests may appear and the liability policy shall include the Lessor as additional insured with the Lessee. All such policies shall contain a provision that they may not be cancelled by the insurer without at least thirty (30) days prior written notice to Lessor. Lessee shall promptly furnish to Lessor duplicate originals of all such insurance policies maintained on a current basis during the term of the Lease.

9. Lessor's Use: Lessor may use the EMCCC under the following conditions and limitations: emergency response events including but not limited to CBRNE or terrorist attacks, environmental or other natural disasters with consent of the E-911 Director.

10. Assignment or Subletting: The Lessee shall not assign this Agreement or sublease the EMCCC without the prior written approval of the Lessor, which approval will not be unreasonably withheld.

11. Indemnification: The Lessee covenants and agrees with the Lessor that during the entire term of this Lease, the Lessee will indemnify and save harmless the Lessor against any and all claims, debts, demands or obligations which may be made against it, or against its title of



the EMCCC, notwithstanding that joint or concurrent liability may be imposed upon it by statute, ordinance or any governmental enactment of authority, arising by reason of the use of the EMCCC, notwithstanding that joint or concurrent liability may be imposed upon it by statute, ordinance or any governmental enactment of authority, arising by reason of the use of the Mobile Command Center or arising by a breach of this Lease by or occasioned by an alleged tortious or negligent act of the Lessee or persons in the Mobile Command Center with the Lessee's permission, including the Lessee's employees, invitees, licensees, agents and customers, occurring in or connection with the Mobile Command Center; and if it becomes necessary for the Lessor to defend any action seeking to impose such liability, the Lessee will pay all costs of court and attorney's fees reasonably incurred by Lessor in effecting such defense, in addition to any other sums which Lessor may be called upon to pay by reason of the entry of a judgment against the Lessor in the litigation in which such claim is asserted.

12. Termination: Agreement may be terminated by mutual written consent of the parties and shall be reviewed upon renewal to determine if any terms should be re-negotiated.

13. Default: If there is default by Lessee in its obligations under this lease, and the Lessee shall fail to keep and perform any of the covenants, agreements or conditions of this Lease on the part of Lessee to be kept and performed, and shall fail to promptly begin and expeditiously proceed to correct such failure for thirty (30) days after notice of such default has been given to Lessee by Lessor in writing, it shall be lawful for Lessor to enter into the EMCCC and again have, repossess and enjoy the same as if this Lease had not been made.

14. Covenants of Lessor: Lessor represents and covenants that it has the full right and authority to execute this Lease for the term hereof and upon the conditions herein stated, and



that for so long as Lessee keeps and performs all of his obligations to be performed, it shall have quiet, peaceful, undistributed and continuous possession of the EMCCC for the term of this Lease.

15. Right of Entry: Lessor or its duly authorized representatives shall have the right to enter the EMCCC at all reasonable times to examine the condition and use thereof, provided that such right shall be exercised so as not to interfere with the Lessee and the conduct of the Lessee's business in the EMCCC.

16. Amendments: This Agreement may not be amended, modified, altered or changed in any respect whatsoever, except by further agreement in writing duly executed by the parties hereto.

17. Entire Agreement: This Agreement constitutes the entire agreement of the parties and the same may not be amended or modified orally. All understandings and agreements heretofore had between the parties are merged in this Agreement which alone fully and completely expresses their understandings, provided that, should any single provision or provisions of the agreement be declared invalid, the validity of the remaining provisions shall not be impaired.

18. Successors: This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and personal representatives.



IN WITNESS WHEREOF, each signatory by the execution hereof, acknowledges that each has full right and authority to enter into this agreement on its own behalf or on behalf of the entity stated, and that each party represented in this agreement has authorized its execution as of the day and year first above written.

LOUDON COUNTY, TENNESSEE

BY: 

LOUDON COUNTY EMERGENCY  
MANAGEMENT AGENCY

BY: 

LOUDON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT

BY: 



SALE AGREEMENT/ BILL OF SALE

**THIS AGREEMENT**, made and entered into between the **LOUDON COUNTY EMERGENCY COMMUNICATIONS DISTRICT** (hereafter referred to as "E-911 District"), and **LOUDON COUNTY, TENNESSEE**, a political subdivision of the State of Tennessee (hereafter referred to as "COUNTY"), for the use and benefit of the **LOUDON COUNTY EMERGENCY MANAGEMENT AGENCY** (hereafter referred to as "LCEMA")

W I T N E S S E T H

**WHEREAS**, the E-911 District is the owner of an Emergency Mobile Communications Command Center trailer (EMCCC), which was constructed and purchased for the purpose of providing a mobile central communications center during the event of damage and destruction of the permanent dispatch center and offices of the Loudon County Communications Center, and to be otherwise of service during the event of community emergency events or disasters; and

**WHEREAS**, LCEMA desires to acquire the mobile command trailer for purposes of providing an emergency command center for LCEMA use, and use by emergency response agencies at sites wherever useful and helpful in dealing with CBRNE, terrorist attacks or other emergency response events, and the parties have reached an agreement as to a price and a shared use of the emergency mobile command trailer, which is to remain having a primary function and availability for the E-911 District; in exchange for the E-911 District having the entire responsibility for the care and maintenance of the EMCCC trailer, together with the day to day operational responsibility; and

**NOW, THEREFORE**, for and in consideration of the premises, and by the payment of County to the E-911 District, in the amount of One Hundred Fifty-Seven Thousand Two Hundred Fifty-Eight Dollars and Twenty-Four Cents (\$157,258.24), for which the E-911 District acknowledges payment, for the transfer of the Emergency Mobile Central Communications/Command Trailer and all assets and the property as set forth in Exhibit A hereto (the EMCCC).

**NOW, THEREFORE**, the E-911 District does hereby bargain, sell and convey, and transfer, assign, and quitclaim to the County of Loudon, without any warranties of any kind or nature, except as set forth in the above, all right, title, and interest of every kind and nature, held by the District in and to the property and assets set forth on Exhibit A hereto.

**IN WITNESS WHEREOF**, each signatory by the execution hereof, acknowledges that each has full right and authority to enter into this agreement on its own behalf or on behalf of the entity stated, and that each party represented in this agreement has authorized its execution as of the day and year first above written.

**FIRST PARTY:**

Loudon County Emergency  
Communications District

BY: John Parvis

**SECOND PARTIES:**

Loudon County, Tennessee

BY: Marcy Lechesin

Loudon County Emergency Management Agency

BY: Lyndon Whiters



#### Loudon County Communications Trailer

- 1 – 160 Channel Event Radio
- 2 – 16 Channel UHF 40 Watt Repeater
- 12 – 250 Channel UHF 25 Watt Radios
- 2 – 250 Channel VHF 45 Watt Radios
- 14 – UHF Interface Cables (Connect the radios with the dispatch consoles)
- 12 – UHF Antennas
- 2 – VHF Antennas
- 4 – Repeater Antennas
- 4 – 30 foot cables (connect radios with repeaters)
- 4 – Lightning Protectors
- 1 – Ground Bar
- 4 – Repeater Mast (one on each corner of trailer)
- 3 – Desktop Consoles with gooseneck microphones
- 3 – Headset Phone Jacks
- 3 – Dell Laptop Computers (CAD System)
- 3 – PSAP 911 Telephones
- 4 – 911 Telephone Lines
- 3 – Flat Panel Monitors
- 3- 2 Drawer Filing Cabinets
- 1 – TEAC Communications Recorder

NAME		MODEL	SERIAL
ZETR CONSOLE INTERF		4020	SNO46902
KENWOOD		M4XBMAX /TKR850	40400132
KENWOOD		M4XBMAX/TKR850	40400251
ANTENNA	4	ISBD0HNC2MA	
RADIO-KENWOOD		TK880	50103523
RADIO-KENWOOD		TK880	50103400
RADIO-KENWOOD		TK880	50103484
RADIO-KENWOOD		TK880	50103399
RADIO-KENWOOD		TK880	50103396
RADIO-KENWOOD		TK880	50103398
RADIO-KENWOOD		TK780H	50300444
RADIO-KENWOOD		TK880	50103485
RADIO-KENWOOD		TK790	41200744
RADIO-KENWOOD		TK890	41200237
RADIO	6	CANT READ	CANT READ
TEAC COMM RECORDER		CR556D	451055
MEMO TEC		SC56	1002075A4
MEMO TEC		SC56	1002126A4
ZETRO CARD SHELF		3200	SNO45394
PHONE BOX	2	DLS-75	
BREAKER BOX			
KEYPAD		G9900	D252993
DELL MONITOR		E151FPB	CN08W23446633AA04NT
APC BACKUPS		BK650MC	PB0125222478
OEM PRODUCT		P7300654	00085171070218
FAX MACHINE		04323	R67
FIRE EXTINGUISHER		B5V1997	W763501
L PACK POWER SYSTEM		FW10012 POWER SUPP	001139
DELL MONITOR		E151FPB	EB102024352B
NOTEBOOK COMP		0932RY	00045459239399
ANI ALI ZETRON		M3200ALI	SN047310
TELEPHONE		3240D	SN046759
CONSOLE		4018	SN046951
CONSOLE		4018	SN046945
PHONE LIFT HANDSET		CA10	021101831

HOOKUP	1	BP2993	150327
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HOOKUP	1		
ELPAC POWER SYSTEM		FW10012POWERSUPPL	001144
LAPTOP		0932RY	00045459239398
ALI DISPLAY		M3200ALI	SN047314
POWER SUPPLY		ADP90FBREVB	TH06G356179713ADJBO E
POWER SUPPLY		ADP90FBREVB	TH06G356179713ADJBO H
TELEPHONE		3240D	SN046763
CHAIR		3312	58965
PHONE		3A10	021101762
ANTI ALI		M3200ALI	SN047304
PHONE		3240D	SN046756
LAPTOP		0932RY	00045453568196
POWER SOURCE		ADPOFBREVB	TH06G356179713ABJ2A2
CONDOR CHARGER		41A121000	
PLANTRONICS CHARGE		CA10	
CONDOR CHARGER		A121A	
CONSOLE		4018	SN046950
MICROWAVE		R312AK	33196
FRIDGE		RM2652	33400235
HEAT STREAM 1000		30H25	329610
FLEX VISION		NO VISABLE #	
CHAIR			
FIRE EXTINGUISHER		0832	VX748598
FUSE BOX		NO VISABLE #	
SPEAKER KENWOOD		KES5	
SMOKE DETECTORS			
WATER STIRAGE TANK		2088422144	
WATER			
PEPSI			
DIET PEPSI			
GATORADE			



**RESOLUTION 120604-M**

**A RESOLUTION ESTABLISHING A COMMITTEE TO DIRECT  
CONSTRUCTION OF A NEW FACILITY FOR THE OFFICE OF  
AGING ON MAIN STREET IN THE CITY OF LOUDON**

*Whereas*, Loudon County entered into a lease agreement to locate a new Office of Aging Facility on certain property owned by the City of Loudon on Main Street; and

*Whereas*, Loudon County assumes responsibility for the construction and maintenance of said facility; and

*Whereas*, Loudon County desires to appoint a construction management committee to coordinate design, expenditures and construction of a facility; and

*Whereas*, the facility is being planned in coordination with a privately owned/constructed adult living complex along the river front owned by Richard Dover dba Family Pride Corporation.

*Now, Therefore Be It Resolved* that the Loudon County Commission does hereby establish an Office of Aging Facilities Management Committee composed of and with the following responsibilities and duties:

□.1. Organization of Committee: The committee shall be comprised of 5 members as follows:

- Don Miller representing the Purchasing Committee
- Ed Harold representing the Capital Projects Committee
- Nancy Richesin representing the Office of Budget and Finance
- Patrick Phillips representing the Loudon County Economic Development Agency serving as project manager
- Richard Dover, ex-officio serving in an advisory capacity representing Family Pride Corporation
- Toby Brewster, ex-officio serving in an advisory capacity representing Loudon County Office on Aging

□.2. Responsibilities/function of Committee:

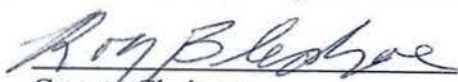
- To choose a chairperson who shall schedule, establish agendas and preside over meetings.
- To select an architect, site engineer, such other technical advisors as is necessary and to review and recommend plans, specifications and budget.
- To approve all change orders occurring following adoption of original approved design
- To consult with the Loudon County Office on Aging on the design of said facility and to coordinate any fund raising program initiated by the Office of Aging to provide funding for interior furnishings.

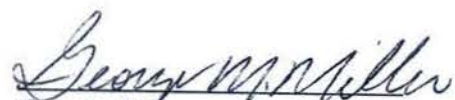
□.3. Professional Services:

- Initial architectural services including plans and specifications, shall be contributed to Loudon County by Family Pride Corporation.
- Professional civil engineering services for site grading, drainage and other related site improvements shall be provided by Loudon County.
- Professional architectural services relating to contract and construction management shall be provided by Loudon County.
- Construction services shall be procured by Loudon County consistent within established procedures.

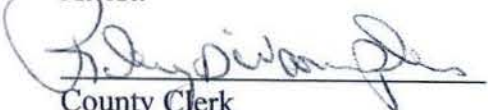
*Now, Therefore, Be It Finally Resolved*, that this Resolution shall take effect immediately the public welfare requiring it.

Passed this the 6<sup>th</sup> day of December, 2004.

  
County Chairman

  
County Mayor

Attest:

  
County Clerk



**Exhibit N**

Approved 10/14/04

BDE

PRSC - Steekee Preschool Grant	
71100-116-PRSC	\$31,805
71100-163-PRSC	\$10,345
71100-201-PRSC	\$2,614
71100-204-PRSC	\$2,550
71100-206-PRSC	\$340
71100-207-PRSC	\$9,659
71100-208-PRSC	\$600
71100-212-PRSC	\$611
71100-599-PRSC	\$5,476
72210-355-PRSC	\$1,000
	\$65,000
Revenue	
46590	\$65,000

LAUNCH Grant - Family Resource Center	
72510-189-LAU	\$2,850
73300-105-LAU	\$5,000
73300-189-LAU	\$56,960
73300-201-LAU	\$3,842
73300-204-LAU	\$2,840
73300-206-LAU	\$250
73300-207-LAU	\$5,000
73300-208-LAU	\$250
73300-212-LAU	\$899
73300-399-LAU	\$5,700
73300-499-LAU	\$8,409
73300-524-LAU	\$1,000
73300-599-LAU	\$2,000
	\$95,000
Revenue	
47590	\$95,000

SAFE - Safe Schools Grant	
72130-399-SAFE	\$9,250
72320-307-SAFE	\$1,890
72620-418-SAFE	\$8,000
71100-722-SAFE	\$4,708
72210-524-SAFE	\$4,000
	\$27,848
Revenue	
46590	\$27,848

Budget Amendments

Submitted for Approval - November 11, 2004

American History Grant	
72130-599	\$378,135
71100-189	\$5,154
Total	\$383,289
Revenue Code	
47990	\$383,289

Approved  
11/11/04  
BOE



**FY 04-05 Budget Amendment Requests**  
**Considered by Budget Committee November 15, 2004**

**Circuit Court Clerk**  
**Fund 101-53100**

	<i>Original Appropriation</i>	<i>Requested Appropriation</i>
101 County Official	\$ 53,969.00	\$ 53,969.00
162 Clerical Personnel	\$ 47,420.00	\$ 47,420.00
189 Other Salaries & Wages (Overtime pay)	\$ -	\$ 1,250.00
196 In-Service Training	\$ 500.00	\$ 500.00
307 Communication	\$ 2,631.00	\$ 2,631.00
320 Dues and Memberships	\$ 700.00	\$ 700.00
349 Printing, Stationery, and Forms	\$ 1,500.00	\$ 1,500.00
355 Travel	\$ 1,400.00	\$ 1,400.00
399 Other Contracted Services	\$ 7,000.00	\$ 7,000.00
435 Office Supplies	\$ 5,000.00	\$ 5,000.00
505 Judgments	\$ 7,000.00	\$ 7,000.00
508 Premiums on Corporate Surety Bonds	\$ 250.00	\$ 250.00
719 Office Equipment	\$ -	\$ 370.00

<b>Total Circuit Court Clerk</b>	<b>\$ 127,370.00</b>	<b>\$ 128,990.00</b>
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**General Sessions Court**  
**Fund 101-53300**

	<i>Original Appropriation</i>	<i>Requested Appropriation</i>
162 Clerical Personnel	\$ 145,124.00	\$ 145,124.00
189 Other Salaries & Wages (Temp Help & O/T)	\$ -	\$ 5,200.00
196 In-Service Training	\$ 200.00	\$ 200.00
307 Communication	\$ 3,508.00	\$ 3,508.00
320 Dues and Memberships	\$ 300.00	\$ 300.00
349 Printing, Stationery, and Forms	\$ 4,500.00	\$ 4,500.00
355 Travel	\$ 700.00	\$ 700.00
399 Other Contracted Services	\$ 5,500.00	\$ 5,500.00
435 Office Supplies	\$ 7,500.00	\$ 7,500.00
719 Office Equipment	\$ -	\$ -

<b>Total General Sessions Court</b>	<b>\$ 167,332.00</b>	<b>\$ 172,532.00</b>
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<b>Total Increase in Circuit &amp; Sessions Courts</b>	<b>\$ 6,820.00</b>
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