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# Anderson County Board of Commissioners

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## **Regular Agenda** **Monday July 19, 2021 @ 6:30 p.m.**

- 1. Call to Order / Roll Call**
- 2. Prayer / Pledge of Allegiance**
- 3. Appearance of Citizens**
- 4. Approval and Correction of Agendas**
  - Consent Agenda
  - Regular Agenda
- 5. Public Hearing Report – by Vice Chairman Shain Vowell**
- 6. Departments**
  - Road Superintendent, Gary Long
  - Anderson County Trustee, Regina Copeland
- 7. Committee Reports**
  - Purchasing Report - by Katherine Ajmeri, Deputy Purchasing Agent
  - Budget Report – by Robby Holbrook, Interim Finance Director
- 8. Director of Schools – No Report**
- 9. County Mayor**
  1. Approval of motion acknowledging that the county mayor has reviewed with the county commission the county's debt management policy.
  2. Approval of motion that the county mayor and county commission acknowledge that an annual cash flow forecast must be prepared and submitted to the Comptroller prior to issuance of debt.
  3. Approval of motion that the county mayor and county commission acknowledge that all county offices are required to have documented system of internal controls.
  4. Request for Legal Opinion for Short-Term Rentals
  5. Film Recruitment
- 10. Law Director**
  - A. Contract Approvals
  - B. Lawsuit Updates
  - C. Resolution and Contract Vetoed
    - 1) American Nuclear – Modified Resolution Attached
    - 2) ASAP Lease – Modified Lease Attached.
  - D. Henderson Bend Subdivision – Complaints
  - E. Request to Hire Outside Counsel – Ethics Complaint
  - F. Request to approve TDEC letter regarding Bull Run Remediation – Requested by Commissioner Denenberg.
- 11. Committees/Boards Reports**
  1. Operations Committee Report – by Chairman Isbel
    - Purdue Bankruptcy Settlement

**12. New Business**

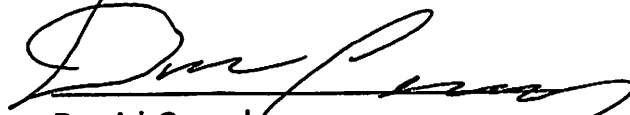
**13. Old Business**  
Covid-19 Update

**14. Adjourn**

**Respectfully Submitted**  
**Joshua Anderson, Chairman**

**LEGAL NOTICE OF PUBLIC HEARING**  
**[Published in Compliance with TCA 13-7-105]**

The Anderson County Board of Commissioners will hold a Public Hearing on **JUNE 21, 2021** in Room 312 of the Anderson County Courthouse, 100 N. Main Street, Clinton, Tennessee to consider an amendment to the Anderson County Zoning Resolution to include the rezoning of the property at **the intersection of Foust Carney Road and Old Edgemoor Ln, Clinton, TN 37716. Parcel 2.0; Anderson County Tax Map 96J Group D from C-1 District to R-1 District.** A copy of the proposed zoning amendment is available at the Planning and Zoning Office of the Anderson County Public Works Department.



David Crowley,  
Anderson County Building Commissioner

**WHEREAS** the Anderson County Regional Planning Commission has reviewed and made recommendations regarding the proposed amendment of the “Zoning Resolution of Anderson County, Tennessee”, in accordance with Section 13-7-105 (a) of the Tennessee Code Annotated; and

**NOW, THEREFORE, BE IT RESOLVED** that the Anderson County Board of Commissioners does hereby amend the Anderson County Zoning Resolution.

**This resolution shall take effect immediately after its notification and passage, the public welfare requiring it.**

\_\_\_\_\_  
Joshua Anderson, Chairman

ATTEST:

\_\_\_\_\_  
Jeff Cole, County Clerk

DATE:

**RESOLUTION 21 05 871**

**A RESOLUTION AMENDING THE "ZONING RESOLUTION OF ANDERSON  
COUNTY, TENNESSEE" BY REZONING PARCEL 2.0; ANDERSON COUNTY TAX  
MAP 96J Group D FROM C -1 (General Commercial District) TO  
R-1 (Suburban – Residential District)**

**WHERE AS,** The Anderson County Commission, in accordance with Section 13-7-105 of *Tennessee code Annotated*, may amend the zoning resolution and the "Zoning Map of Anderson County, Tennessee" and

**WHERE AS,** the Anderson County Regional Planning Commission has forwarded its recommendation to the Anderson County Commission regarding the amendment to the "Zoning Map of Anderson County, Tennessee";

**NOW, THEREFORE BE IT ORDAINED** by the Anderson County Commission of Anderson County, Tennessee that:

**Section 1.** The zoning Map of Anderson County, Tennessee is hereby amended by rezoning Parcel 2.0; Anderson County Tax Map 96J Group D from C-1 (General Commercial District) to R-1 (Suburban-Residential District). Said territory located at the intersection of Foust Carney Road and Old Edgemoor Ln, TN. 37716; and being more clearly defined by the attached map that is made a part of this resolution:

**Section 2.** This resolution shall be effective from and after its passage and publication, as required by Section 13-7-105 (b) of *Tennessee Code Annotated*, the public welfare requiring it.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Joshua Anderson    Chairman

\_\_\_\_\_  
Terry Frank            Mayor

Public Hearing Held \_\_\_\_\_

Resolved and Approved \_\_\_\_\_

\_\_\_\_\_  
Jeff Cole    Clerk

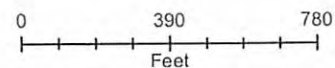
## Carl Scarbrough Plat



ANDERSON COUNTY, TENNESSEE

DISCLAIMER: THIS MAP IS FOR PROPERTY TAX ASSESSMENT PURPOSES ONLY. IT WAS CONSTRUCTED FROM PROPERTY INFORMATION RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS AND IS NOT CONCLUSIVE AS TO LOCATION OF PROPERTY OR LEGAL OWNERSHIP.

MAP DATE: May 24, 2021



### Public Hearing

3. Commissioner Isbel made a motion to approve all three rezoning's as presented. Which included parcel 13.01 tax map 103 from A-2 to C-1, parcel 3.0 tax map 99 from R-1 to C-1 and parcel 2.0 tax map 96J group D from C-1 to R-1.(Exhibit B) Seconded by Commissioner Vowell.

Commissioner Yager made a motion to pull out the rezoning at the intersection of Foust Carney Rd and Old Edgemoor Lane Clinton. Seconded by Commissioner Creasey. Motion carried by voice vote.

Voting aye to approve remaining two rezoning's: Fritts, Wandell, Jameson, Meredith, Waddell, Anderson, Vowell, Isbel, McKamey, White, Denenberg, Mead, Creasey, Yager and Smallridge. Voting no: Scott. Absent: none. Motion passed.

4. Commissioner Wandell made a motion to refer the property at Foust Carney Rd and Old Edgemoor Lane parcel 2.0 tax map 96J group D back to the Planning Commission. Seconded by Commissioner Yager.

Commissioner Wandell withdrew his motion.

Commissioner Fritts made a motion to delay this property for 30 days and give the owner the opportunity to come forward and disclose the intentions of this property. Seconded by Commissioner Mead. Voting aye: Fritts, Wandell, Jameson, Meredith, Waddell, Anderson, Vowell, Isbel, McKamey, White, Denenberg, Mead, Creasey, Scott, Yager and Smallridge. Voting no: none. Absent: none. Motion passed.

### Charter Commission Appointment

5. Commissioner Isbel made a motion to appoint Sabra Beauchamp to the Charter Commission to fill the open vacancy in District 7. Seconded by Commissioner Waddell.

Commissioner McKamey made a motion for nomination to cease and that Sabra Beauchamp be elected by acclamation. Seconded by Commissioner Meredith.

Motion carried by voice vote to elect Sabra Beauchamp to the Charter Commission for District 7.

### Purchasing

6. Commissioner Fritts made a motion to approve the following contracts. Seconded by Commissioner Meredith. Voting aye: Fritts, Wandell, Jameson, Meredith, Waddell, Anderson, Vowell, Isbel, McKamey, White, Denenberg, Mead, Creasey, Scott, Yager and Smallridge. Voting no: none. Absent: none. Motion passed.

- Trust Company of Tennessee, EMS-Two year contract to lease building for EMS Station 5 on Arcadia lane in Oak Ridge.
- Comcast, Rocky Top Library-Contract for business internet, phone lines and basic TV.

7. Commissioner Yager made a motion to approve the the following contracts. Seconded by Commissioner Denenberg. Voting aye: Fritts, Wandell, Jameson, Meredith, Waddell, Anderson, Vowell, Isbel, McKamey, White, Denenberg, Mead, Creasey, Scott, Yager and Smallridge. Voting no: none. Absent: none. Motion passed.

**ANDERSON COUNTY  
ROAD COMMITTEE MINUTES**

July 12, 2021

**Members Present**

Jerry White, Chairman  
Robert Jameson  
Denver Waddell  
Tim Isbel  
Chuck Fritts

**Members Absent**

Robert Jameson  
Steve Mead

Chairman White called the meeting to order at 5:00 p.m.

Commissioner Isbel made a motion to approve the minutes for the January 11, 2021 road committee meeting.

Commissioner Waddell seconded the motion. Motion carried.

Commissioner Isbel made a motion to recommend to the full commission that Wood Cutters Crossing S/D be taken into the county road system.

Logger Lane	Length 3,356 feet	Width 24 feet
	South Cull-de-sac	178 feet wide by 87 feet deep
	North Cull-de-sac	75 feet wide by 91 feet deep

Crossing Rd	Length 433 feet	Width 24 feet
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Cutters Crossing	Length 1938 feet	Width 24 feet
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Commissioner Fritts seconded the motion. Motion carried.

Based on recommendation from the Anderson County Sheriff's Department, Commissioner Waddell made a motion to recommend the full commission approve the following speed limits.

Miller Hollow Lane	20 mph
Henderson Bend S/D road	20 mph

Commissioner Isbel seconded the motion. Motion carried.

Anderson County Road Committee

Motion was made by Commissioner Waddell to recommend to the full commission that \$46,000 be approved to bring the construction entrance to the Arcadian Springs subdivision up to county road standards before the road be taken into the county road system.

In addition, a 50 foot ROW agreement must be obtained prior to the road being taken into the our system.

Motion was seconded by Commissioner Isbel. Motion carried

A copy of the construction estimate is attached.

There being no additional business, the meeting was adjourned.

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# PROPOSAL

## ROGERS GROUP, INC.

601 Maryville Pk.  
KNOXVILLE, TN 37920  
(865) 579-2000  
Fax: (865) 579-2004

Proposal To: <b>ANDERSON CO. HWY DEPT</b>	Job Name: <b>ARCADIAN SPRINGS</b>
	<b>CONSTRUCTION ENTRANCE</b>
	Job Location: <b>ANDERSONVILLE</b>
	Architect:
Attention: <b>GARY LONG</b>	Date of Plans
Phone: <b>865-463-6835</b>	Drawn By:
Fax: <b>865-463-8917</b>	Budget Date: <b>7/9/2021</b>

We Hereby Submit Specifications And Estimates For: **PAVING BID**

Property Location:

Rogers Group, Inc. (the "Company"), offers to furnish all labor, materials and/or equipment required for the performance of the herein below described work on property owned by \_\_\_\_\_. Unless otherwise specified herein, the price to be paid the Company in consideration thereof shall be \$ SEE BID, payable within 15 days of receipt of invoice for completion or partial completion of any work described below. Description of work (the "Work") and, if any, special provisions:

**@ ARCADIAN SPRINGS CONSTRUCTION ENTRANCE : ( 730' X 23' )**

1. INSTALL 2 - 2" LIFTS OF ASPHALT BINDER
2. ADD TACK COAT
3. INSTALL 1.5" C-MIX

**ESTIMATED COST: \$46,000.00**

**NOTE: 1. ESTIMATED COST IS BASED UPON ACHD CONTRACTED PRICE**  
**2. RGI STRONGLY RECOMMENDS 4" BM-MIX & 1.5" C-MIX**  
**DUE TO THE SHALLOW DEPTH OF EXISTING BASE STONE**

If the foregoing meets with your acceptance, kindly sign and return the attached copy of this proposal. Upon its receipt, it is understood the foregoing, including the terms and conditions set forth on the reverse side hereof, will constitute the full and complete agreement.

This offer expires thirty (30) days from the date thereof, but may be accepted at a later date at the sole option of the Company.

ACCEPTED:

\_\_\_\_\_  
(Individual or firm name)

\_\_\_\_\_  
(Signature & Title)

Date: \_\_\_\_\_

Respectfully submitted,  
**ROGERS GROUP, INC.**

By: **KELLY McCARTT**

Cell# 865-368-8104

Date: 7/9/21



**REGINA COPELAND**  
**ANDERSON COUNTY TRUSTEE**  
100 N. MAIN STREET • ROOM 203 • CLINTON TN, 37716  
Phone: (865) 457-6233 Fax: (865) 264-6247  
Email: rcopeland@actrustee.com  
andersoncountytrustee.com



**July 6, 2021**

**TO ANDERSON COUNTY COMMISSION:**

**I, Regina Copeland, Trustee of Anderson County, have complied with the laws relative to filing reports of delinquent and insolvent taxpayers for the year 2019. Suits for the collection of said taxes have been instituted in the Chancery Court of Anderson County, Tennessee.**

**I ask that I hereby be relieved of liability for the collection of delinquent taxes turned over to the Clerk & Master of Anderson County for the year 2019 with a total of \$803,235.97. This total includes all real, personal and utility taxes.**

**Respectfully submitted,**

  
**Regina Copeland, Trustee**



**REGINA COPELAND**  
**ANDERSON COUNTY TRUSTEE**  
100 N. MAIN STREET • ROOM 203 • CLINTON TN, 37716  
Phone: (865) 457-6233 Fax: (865) 264-6247  
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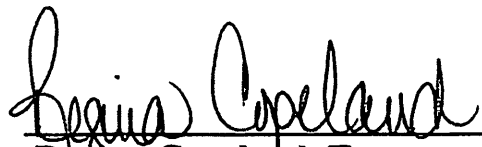
July 6, 2021

**TO THE ANDERSON COUNTY COMMISSION**

**I, Regina Copeland, Trustee for Anderson County,  
respectfully ask for the release of the 2019 property taxes and  
property assessor changes in the assessments.**

**The total tax to be released is \$40,385.22. This is based on the  
information that we receive from the Property Assessor for any  
change to the assessment which includes all districts and all rates  
from Oct 1, 2019 thru March 29, 2021.**

**Respectfully submitted,**

  
**Regina Copeland, Trustee**

TRUSTEE RELEASE LETTER

Anderson County for the year ending March 31, 2020 to the Release Committee: I respectfully ask for the release on taxes assessed against the following persons for the reasons given.

Bill#	Notes	Amount
<u>17332</u>	IDEMITSU CHEMICALS USA CORPORATION BACK ASSESSMENT/REASSESSMENT	-4,200.00
<u>35310</u>	TOYS OF USA MELISSA JENNINGS REQUEST FOR RELIEF -- FORCED APPRAISAL FORM	-13.00
<u>4771</u>	BUNCH'S TREE SERVICE NO. 13387 BUSINESS CLOSED	-17.00
<u>11374</u>	FLOUR SACK MAMA.COM NO. 13389 BUSINESS MOVED	0.00
<u>19163</u>	KF EVENTS & PRODUCTIONS LLC NO. 13388 BUSINESS CLOSED	-13.00
<u>19163</u>	KF EVENTS & PRODUCTIONS LLC NO. 13388 BUSINESS CLOSED	0.00
<u>4771</u>	BUNCH'S TREE SERVICE NO. 13387 BUSINESS CLOSED	0.00
<u>11374</u>	FLOUR SACK MAMA.COM NO. 13389 BUSINESS MOVED	-12.00
<u>39375</u>	FLOUR SACK MAMA.COM	12.00
<u>6571</u>	CHURCH MAIN STREET BAPTIST NO. 13381 EXEMPT EFF 6/30/19 BY STATE BOARD	-21.00
<u>9566</u>	DOUBLE L CONSTRUCTION LLC NO. 13396 PICK UP NEW HOUSE - PRORATE AUGUST 20, 2019	959.00
<u>10452</u>	ELLIS MARTHA E C/O TAMMI RENEE POINTER NO. 13395 DEMO HOUSE PRORATE AUGUST 1, 2019	-268.00
<u>24040</u>	MONDAY CAROLYN NO. 13392 PICK UP NEW HOUSE - PRORATED JUNE 15, 2019	672.00
<u>29942</u>	RUTHERFORDS HANDYMAN SERVICES NO. 13345 BUSINESS CLOSED	-13.00
<u>39376</u>	MICHAEL RUCKER TRUSTEE PICKED UP BILL IN ERROR - SHOULD HAVE BEEN A CHANGE, NOT A PICKUP.	0.00
<u>37915</u>	WHITSON LESA PHILLIPS AND BROOKS HANDY WHITSON NO. 13391 DEMO OLD HOUSE MARCH 15, 2019 - PRORATED	-193.00

<b><u>39376</u></b>	MICHAEL RUCKER TRUSTEE	1,076.00
<b><u>27872</u></b>	PRINCETON COMMERCIAL E HOLDINGS LLC NO. 13382 EXEMPT OFF 6/30/19 BY STATE BOARD	-15.00
<b><u>30912</u></b>	SHANLEVER RAYMOND C AND OTHERS ADD ROLBACK FOR OWNER TO PAY	15,097.00
<b><u>6780</u></b>	CLAYTON PROPERTIES GROUP, INC NO. 13393 PICK UP NEW HOUSE - PRORATED AUGUST 19, 2019	746.00
<b><u>39376</u></b>	MICHAEL RUCKER TRUSTEE PICKED UP BILL IN ERROR - SHOULD HAVE BEEN A CHANGE, NOT A PICKUP.	-1,076.00
<b><u>29942</u></b>	RUTHERFORDS HANDYMAN SERVICES NO. 13345 BUSINESS CLOSED	0.00
<b><u>19655</u></b>	KRYSTAL COMPANY ORTOO1 C/O MARVIN F POER & CO BACK ASSESSMENT/REASSESSMENT AUDIT RESULTS	125.00
<b><u>37411</u></b>	WELLS BURL W AND WIFE SANDRA SUE WELLS NO. 13394 ACREAGE CHG FOR 2019	15.00
<b><u>33153</u></b>	STRETCH-N-GROW NO. 13403 BUSINESS CLOSED IN 2015	-13.00
<b><u>33153</u></b>	STRETCH-N-GROW NO. 13403 BUSINESS CLOSED IN 2015	0.00
<b><u>17642</u></b>	JACKSON KIMBERLY NO. 13402 REMOVE MH 3-FIRE	-62.00
<b><u>33913</u></b>	TENNESSEE VAPOR FACTORY NO. 13407 DUPLICATE PARCEL	-17.00
<b><u>32367</u></b>	SPARKYS MOWING NO. 13409 BUSINESS CLOSED	0.00
<b><u>32367</u></b>	SPARKYS MOWING NO. 13409 BUSINESS CLOSED	-13.00
<b><u>33913</u></b>	TENNESSEE VAPOR FACTORY NO. 13407 DUPLICATE PARCEL	0.00
<b><u>11651</u></b>	FOUST LEOMIA AND DELORES JUSTICE NO. 13410 KEYING ERROR -- REMOVE HOUSE FROZEN	-28.00
<b><u>5054</u></b>	BUTLER BUS LINES CERTIFICATION FOR BACK/RE - ASSESSMENT AUDIT RESULTS	1,248.00

<b><u>349</u></b>	AISIN USA MFG INC NO. 13406 CORRECTION TO IDB	264.00
<b><u>39377</u></b>	HEAVENLY HOG BAR-B-Q	13.00
<b><u>33137</u></b>	STRAIGHT ON LAWN CARE PROPERTY MANAGEMENT NO. 13418 BUSINESS CLOSED	0.00
<b><u>17578</u></b>	J & S CLEANING SERVICES NO. 13411 BUSINESS CLOSED 10-24-18	0.00
<b><u>16020</u></b>	HILL WILLIE AND WIFE OLLIE C/O CLAUDE HILL NO. 13413 KEYED FOR WRONG YEAR, SHOULD HAVE BEEN 2020	281.00
<b><u>33941</u></b>	TETRA TECH INC NO. 13415 AMENDED SCHEDULE	-142.00
<b><u>33137</u></b>	STRAIGHT ON LAWN CARE PROPERTY MANAGEMENT NO. 13418 BUSINESS CLOSED	-17.00
<b><u>17578</u></b>	J & S CLEANING SERVICES NO. 13411 BUSINESS CLOSED 10-24-18	-17.00
<b><u>19191</u></b>	KIDWELL SWAN O AND WIFE MARIE ADD ROLLBACK TAXES TO BE PAID	5,904.00
<b><u>28400</u></b>	RECOVERY HOUSE OF EAST TENNESSEE LLC NO. 13422 BUSINESS LOCATED IN OLIVER SPRINGS - PICKED UP ON CHANGE #13423	0.00
<b><u>39378</u></b>	RECOVERY HOUSE OF EAST TENNESSEE LLC	91.00
<b><u>28353</u></b>	RAYBO INC NO. 13414 AMENDED SCHEDULE	-1,269.00
<b><u>19192</u></b>	KIDWELL SWAN O ADD ROLLBACK TAXES TO BE PAID	1,425.00
<b><u>28400</u></b>	RECOVERY HOUSE OF EAST TENNESSEE LLC NO. 13422 BUSINESS LOCATED IN OLIVER SPRINGS - PICKED UP ON CHANGE #13423	-75.00
<b><u>17374</u></b>	INDUSTRIAL DEVELOPMENT BOARD PROTOMET/ EXHIBIT A NO. 13424 ACCOUNT TAXED ON IDB	-31,220.00
<b><u>10685</u></b>	EUBANKS JAMES C AND WIFE JUDITH L EUBANKS NO. 13419 HOUSE BURNT 2019	-768.00
<b><u>2292</u></b>	BELL MIKE E AND WIFE BECKY A NO. 13417 HOUSE NOT COMPLETE - REMOVE FROM ROLL TAX YEAR 2019	-936.00
<b><u>37640</u></b>	WHITAKER JAMES K L/E ROBERT T CARDWELL REM NO. 13420 DEMO HOUSE PRORATE MAY 1, 2019	-135.00

<b><u>17374</u></b>	INDUSTRIAL DEVELOPMENT BOARD PROTOMET/ EXHIBIT A NO. 13424 ACCOUNT TAXED ON IDB	0.00
<b><u>19705</u></b>	LABORATORY HOLDINGS, LLC. NO. 13425 BUSINESS IN ROANE CO 1/1/19 MOVED TO ANDERSON 4/1/19. BUSINESS TAXED IN ANDERSON CO FOR 2020	0.00
<b><u>19705</u></b>	LABORATORY HOLDINGS, LLC. NO. 13425 BUSINESS IN ROANE CO 1/1/19 MOVED TO ANDERSON 4/1/19. BUSINESS TAXED IN ANDERSON CO FOR 2020	-12.00
<b><u>8771</u></b>	DAVIS AY AND WIFE FAYE G C/O MARY SEEGER NO. 13431 MH MOVED IN 2017 AND DECK IS GONE	0.00
<b><u>37722</u></b>	WHITE JEFFERY P AND PAULA C CARROLL NO. 13432 MH MOVED OUT IN 2018	0.00
<b><u>37722</u></b>	WHITE JEFFERY P AND PAULA C CARROLL NO. 13432 MH MOVED OUT IN 2018	-54.00
<b><u>8771</u></b>	DAVIS AY AND WIFE FAYE G C/O MARY SEEGER NO. 13431 MH MOVED IN 2017 AND DECK IS GONE	-23.00
<b><u>29305</u></b>	ROBERTSON JOHN M AND WIFE AMBER M NO. 13433 BUILDING GOT LEFT OFF ON TRANSFER FROM COMM. TO RESIDENTIAL	1,759.00
<b><u>25161</u></b>	NEVIN ENTERPRISES, LLC NO. 13421 BUSINESS SOLD - HEARTLAND DENTAL	-13.00
<b><u>25161</u></b>	NEVIN ENTERPRISES, LLC NO. 13421 BUSINESS SOLD - HEARTLAND DENTAL	0.00
<b><u>6488</u></b>	CHINN HEATHER ADD ROLLBACK TAXES TO BE PAID	512.00
<b><u>11203</u></b>	FIREHOUSE SUBS CERTIFICATION FOR BACK/RE ASSESSMENT - AUDIT RESULTS	113.00
<b><u>26794</u></b>	PENNINGTON PEGGY B NO. 13437 KEYED AFTER CHANCE TO APPEAL. WILL BE KEYED IN 2020	-2,241.00
<b><u>36843</u></b>	WARD WILLIAM DASSIE NO. 13436 ACRES CHANGE .35	-6.00
<b><u>26794</u></b>	PENNINGTON PEGGY B NO. 13437 KEYED AFTER CHANCE TO APPEAL. WILL BE KEYED IN 2020	0.00
<b><u>14418</u></b>	HAMMOND DAVEY EUGENE AND WIFE CHERYL P HAMMOND NO. 13439 GREENBELT WAS KEYED TO FUTURE (2020) SHOULD HAVE BEEN 2019	-390.00
<b><u>30255</u></b>	SCHAEFER BETTY L NO. 13438 CHANGE OF ASSESSMENT ONLY. COMMERCIAL TO RESIDENTIAL. OWNER LIVES IN DUPLEX.	-223.00

<b><u>31069</u></b>	SHAW MATTHEW C AND WIFE LESLEY SHAREE SHAW NO. 13442 HOUSE FIRE MAY 25, 2019	-591.00
<b><u>9827</u></b>	DUNCAN JUDY CROSBY ADD ROLLBACK TAXES TO BE PAID	1,103.22
<b><u>24923</u></b>	NAVISTAR INC BACK ASSESSMENT/REASSESSMENT - AUDIT RESULTS	-1,214.00
<b><u>691</u></b>	AN ANGELS TOUCH LLC NO. 13447 BUSINESS CLOSED 12/2018	0.00
<b><u>28048</u></b>	PYRAMID NETWORK SERVICES LLC. NO. 13448 BUSINESS CLOSED	-12.00
<b><u>35125</u></b>	TN BANK BACK ASSESSMENT/REASSESSMENT - AUDIT RESULTS	636.00
<b><u>28048</u></b>	PYRAMID NETWORK SERVICES LLC. NO. 13448 BUSINESS CLOSED	0.00
<b><u>691</u></b>	AN ANGELS TOUCH LLC NO. 13447 BUSINESS CLOSED 12/2018	-17.00
<b><u>22448</u></b>	MAURICES #2257 CERT. FOR BACK ASSESSMENT/REASSESSMENT AUDIT RESULTS	149.00
<b><u>33397</u></b>	SUNTRUST BANK C/O GRANT THORNTON LLP. CERT FOR BACK ASSESSMENT/REASSESSMENT AUDIT RESULTS	68.00
<b><u>24926</u></b>	NCI GROUP INC. CERT. FOR BACK ASSESSMENT/REASSESSMENT AUDIT RESULTS	235.00
<b><u>26223</u></b>	PARAGON ENERGY SOLUTIONS CERT. FOR BACK ASSESSMENT/REASSESSMENT AUDIT RESULTS	450.00
<b><u>37927</u></b>	WHITT HEATHER NATASHA MARIE AND OTHERS NO. 13451 SHOULD HAVE BEEN ON GREENBELT. BOOK 1674 2048 GREENBELT 14,100	-504.00
<b><u>10304</u></b>	ELITE LANDSCAPE BACK ASSESSMENT/RE ASSESSMENT AUDIT RESULTS	-47.00
<b><u>27927</u></b>	PROTECTION STRATEGIES INCORPORATED BACK ASSESSMENT/REASSESSMENT AUDIT RESULTS	143.00
<b><u>10097</u></b>	EAST TENNESSEE ORTHODONTICS, PLLC. BACK ASSESSMENT/RE ASSESSMENT AUDIT RESULTS	232.00
<b><u>6480</u></b>	CHILDS SHIRLEY DAVIS AND VIRDA MAYA DAVIS NO. 13452 REMOVED MH FOR 2019 & 2018	-19.00
<b><u>28829</u></b>	RIDENOUR CHARLES K AND WIFE SHARON ADD ROLLBACK TAXES TO BE PAID	392.00



<b><u>4592</u></b>	BUFFALO CREEK TAXIDERMY AND TANNERY NO. 13453 BUSINESS CLOSED 12/31/17	-13.00
<b><u>4592</u></b>	BUFFALO CREEK TAXIDERMY AND TANNERY NO. 13453 BUSINESS CLOSED 12/31/17	0.00
<b><u>9496</u></b>	DONLEN CORPORATION NO. 13454 AMENDED SCHEDULE - VEHICLE REMOVED IN 2018	0.00
<b><u>8025</u></b>	CRANE MOVERS INC NO. 13457 PUBLIC UTILITY ASSESSED	-28.00
<b><u>345</u></b>	AIR PRODUCTS & CHEMICALS CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS	247.00
<b><u>7615</u></b>	COPPER CELLAR CORPORATION CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS	335.00
<b><u>9497</u></b>	DONLEN CORPORATION NO. 13455 AMENDED SCHEDULE - VEHICLE REMOVED IN 2018. EQU. RATIO APPLIED 0.8829	-55.00
<b><u>9496</u></b>	DONLEN CORPORATION NO. 13454 AMENDED SCHEDULE - VEHICLE REMOVED IN 2018	-72.00
<b><u>8025</u></b>	CRANE MOVERS INC NO. 13457 PUBLIC UTILITY ASSESSED	0.00
<b><u>3670</u></b>	BRAND INDUSTRIAL SERVICES, INC. C/O DUCHARME, MCMILLEN & ASSOC. CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS - DELETE ACCOUNT	0.00
<b><u>3670</u></b>	BRAND INDUSTRIAL SERVICES, INC. C/O DUCHARME, MCMILLEN & ASSOC. CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS - DELETE ACCOUNT	-786.00
<b><u>7213</u></b>	COMMERCIAL & RESIDENTIAL LANDSCAPES NO. 13458 BUSINESS NOT LOCATED AT THIS ADDRESS, HOME OWNER CALLED	-12.00
<b><u>16227</u></b>	HOLIDAY INN EXPRESS CERTIFICATION FOR BACK/RE ASSESSMENT -- AUDIT RESULTS	617.00
<b><u>37354</u></b>	WEIGEL'S #79 CERTIFICATION FOR BACK/RE ASSESSMENT -- AUDIT RESULTS	20.00
<b><u>35299</u></b>	TOYOTA MOTOR MANUFACTURING INDIANA TN136 C/O USTCG CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS - DELETE ACCOUNT	-1,620.00
<b><u>37355</u></b>	WEIGEL'S 82 CERTIFICATION FOR BACK/RE ASSESSMENT -- AUDIT RESULTS	34.00
<b><u>8835</u></b>	DAVIS H ELLIOT CONSTRUCTION CO. INC CERTIFICATION FOR BACK/RE ASSESSMENT -- AUDIT RESULTS	12.00

<b><u>7213</u></b>	COMMERCIAL & RESIDENTIAL LANDSCAPES NO. 13458 BUSINESS NOT LOCATED AT THIS ADDRESS, HOME OWNER CALLED	0.00
<b><u>16226</u></b>	HOLIDAY INN EXPRESS C/O WALTER LEMASURIER CERTIFICATION FOR BACK/RE ASSESSMENT -- AUDIT RESULTS	744.00
<b><u>35299</u></b>	TOYOTA MOTOR MANUFACTURING INDIANA TN136 C/O USTCG CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS - DELETE ACCOUNT	0.00
<b><u>34655</u></b>	THE GREAT TENNESSEE PIZZA CO, INC. #8720 CERTIFICATION FOR BACK/RE ASSESSMENT -- AUDIT RESULTS	64.00
<b><u>33660</u></b>	TASTE OF TRAVEL NO. 13460 BUSINESS CLOSED SEPT 2018	-13.00
<b><u>33660</u></b>	TASTE OF TRAVEL NO. 13460 BUSINESS CLOSED SEPT 2018	0.00
<b><u>13304</u></b>	GPM SOUTHEAST, LLC. C/O ADVANTAX CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS	213.00
<b><u>32183</u></b>	SMV ANDERSONVILLE NORRIS LLC NO. 13386 KEYING ERROR - CITY DOWNLOAD	1,384.00
<b><u>32184</u></b>	SMV ANDERSONVILLE NORRIS LLC NO. 13385 KEYING ERROR - CITY DOWNLOAD	594.00
<b><u>25875</u></b>	ORNL FEDERAL CREDIT UNION ATTN ACCOUNTING DEPARTMENT CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS	97.00
<b><u>11528</u></b>	FOSTER HOMER J JR AND WIFE JUDY ADD ROLLBACK FOR CLIENT TO PAY	91.00
<b><u>11448</u></b>	FORD MOTOR COMPANY-TOOLING CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS	1,522.00
<b><u>1885</u></b>	BARNHART CRANE AND RIGGING CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS	3,374.00
<b><u>16068</u></b>	HIS HANDS REACHING MISSIONARY OUTREACH NO. 13461 PRORATE FOR TAX EXEMPT SEPT 30, 2019	-227.00
<b><u>9059</u></b>	DELHAIZE AMERICA TRANSPORTATION LLC DC06 C/O FOOD LION INC. CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS	4,148.00
<b><u>1236</u></b>	ATKINS NUCLEAR SECURED, LLC. STE 700 CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS	71.00
<b><u>35661</u></b>	ULTA BEAUTY TAX DEPT STE 120 CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS	41.00
<b><u>33988</u></b>	THE COAL CREEK CO. WINDROCK GENERAL STORE CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS	-767.00

<b><u>23291</u></b>	MEADOW VIEW SENIOR LIVING CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS	362.00
<b><u>11219</u></b>	FIRST PLACE FINISH INC CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS	373.00
<b><u>27951</u></b>	PRYSE JOHN C - DDS CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS	-894.00
<b><u>9467</u></b>	DOLLAR GENERAL STORE #4139 C/O CORPORATE TAX CONSULTING, INC. CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS	88.00
<b><u>12940</u></b>	GIT N GO MARKET #1 C/O JOE HOLLINGSWORTH CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS	887.00
<b><u>12943</u></b>	GIT N GO MARKET #4 CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS	1,405.00
<b><u>27653</u></b>	POWELL BROTHERS CONTRACTING, LLC. CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS	1,492.00
<b><u>25680</u></b>	OAK RIDGE VETERINARY LLC HOSPITAL CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS	333.00
<b><u>7305</u></b>	CONCRETE POLISHING SOLUTIONS CERTIFICATION FOR BACK/RE ASSESSMENT AUDIT RESULTS	4,148.00
<b><u>7305</u></b>	CONCRETE POLISHING SOLUTIONS BACK ASSESSMENT/RE ASSESSMENT AUDIT RESULTS	-54.00
<b><u>9947</u></b>	DURA-LINE CORP. BACK ASSESSMENT/ RE ASSESSMENT AUDIT RESULTS	5,280.00
<b><u>20370</u></b>	LEIDOS, INC. C/O DUCHARME, MCMILLEN & ASSOCIATES BACK ASSESSMENT/ RE ASSESSMENT AUDIT RESULTS	4,871.00
<b><u>23545</u></b>	MHF PACKAGING SOLUTIONS LLC BACK ASSESSMENT/ RE ASSESSMENT AUDIT RESULTS	1,835.00
<b><u>14040</u></b>	H & W CORPORATION C/O NORRIS SERVICE STATION NO. 13462 BUSINESS CLOSED IN 2018	0.00
<b><u>16341</u></b>	HOME SWEET HOME SENIOR CARE NO. 13464 BUSINESS CLOSED IN 2016	-16.00
<b><u>14040</u></b>	H & W CORPORATION C/O NORRIS SERVICE STATION NO. 13462 BUSINESS CLOSED IN 2018	-113.00
<b><u>8511</u></b>	DALCO ELECTRIC & SIGN, LLC. CHRISTI WHITED NO. 13465 BUSINESS LOCATED AT 805 S CHAS G SEIVERS	-17.00

<b><u>8511</u></b>	DALCO ELECTRIC & SIGN, LLC. CHRISTI WHITED NO. 13465 BUSINESS LOCATED AT 805 S CHAS G SEIVERS	0.00
<b><u>9396</u></b>	DIVERSIFIED PRODUCTS INSPECTIONS BACK ASSESSMENT/RE ASSESSMENT AUDIT RESULTS	384.00
<b><u>16341</u></b>	HOME SWEET HOME SENIOR CARE NO. 13464 BUSINESS CLOSED IN 2016	0.00
<b><u>32420</u></b>	SPIRIT & SOUL BOUTIQUE NO. 13463 BUSINESS CLOSED	-17.00
<b><u>32420</u></b>	SPIRIT & SOUL BOUTIQUE NO. 13463 BUSINESS CLOSED	0.00
<b><u>15516</u></b>	HENRY EUGENE S ADD ROLLBACK TAXES FOR OWNER TO PAY	1,448.00
<b><u>17317</u></b>	I-PAWN ATTYN; MARK KEITH NO. 13459 BUSINESS CLOSED 12/24/2018	-189.00
<b><u>17317</u></b>	I-PAWN ATTYN; MARK KEITH NO. 13459 BUSINESS CLOSED 12/24/2018	0.00
<b><u>14</u></b>	3M COMPANY BACK ASSESSMENT/RE ASSESSMENT AUDIT RESULTS	22,890.00
<b><u>39380</u></b>	WILLIAM T PATTERSON AND WIFE BRENDA	5,290.00
<b><u>39379</u></b>	WILLIAM T PATTERSON AND WIFE BRENDA	1,535.00
<b><u>9827</u></b>	DUNCAN JUDY CROSBY ADD ROLLBACK TAX TO BE PAID	756.00
<b><u>35663</u></b>	ULTIMATE TOOL AND DIE INC NO. 13469 BUILDING 2 ACCIDENTALLY TAXED TWICE	-1,334.00
<b><u>24282</u></b>	MOORE'S HOME IMPROVEMENT NO. 13472 BUSINESS CLOSED IN 2017	-13.00
<b><u>9015</u></b>	DEBI CAMBELL PHOTOGRAPHY NO. 13466 BUSINESS CLOSED IN 2018	-12.00
<b><u>9015</u></b>	DEBI CAMBELL PHOTOGRAPHY NO. 13466 BUSINESS CLOSED IN 2018	0.00
<b><u>24282</u></b>	MOORE'S HOME IMPROVEMENT NO. 13472 BUSINESS CLOSED IN 2017	0.00
<b><u>16736</u></b>	HOSKINS OIL LLC NO. 13467 BUSINESS CLOSED IN 2015	0.00

<b><u>16736</u></b>	HOSKINS OIL LLC NO. 13467 BUSINESS CLOSED IN 2015	-1,223.00
<b><u>17251</u></b>	HUTSON ABIGAIL LYNNE NO. 13475 LAND CODE WRONG - SINKHOLE ACCESS	-439.00
<b><u>39380</u></b>	WILLIAM T PATTERSON AND WIFE BRENDA NO. 13481	-1,783.00
<b><u>39379</u></b>	WILLIAM T PATTERSON AND WIFE BRENDA NO. 13480 USED OLD FRAME FOR NEW BUILDING	-331.00
<b><u>2074</u></b>	BEACH'S WASH AND REPAIR NO. 13477 BUSINESS CLOSED	0.00
<b><u>2074</u></b>	BEACH'S WASH AND REPAIR NO. 13477 BUSINESS CLOSED	-13.00
<b><u>22828</u></b>	MCDONALD'S #12277 KEVIN HAILEY NO. 13483 AMENDED SCHEDULE - EQUALIZATION FACTOR APPLIED - 0.8829	-2,575.00
<b><u>32956</u></b>	STOKES HELEN N AND JANET COLEMAN NO. 13479 45% TOPO AND 35% FLOOD	-384.00
<b><u>22833</u></b>	MCDONALDS #6939 KEVIN HAILEY NO. 13482 AMENDED SCHEDULE - EQUALIZATION FACTOR APPLIED 0.8829	-1,662.00
<b><u>30284</u></b>	SCHLANDT JERRY NO. 13484 GARAGE ON WRONG PARCEL	-65.00
<b><u>4648</u></b>	BULLOCK ROBBIE C ETUX HELEN T NO. 13485 CHANGING FROM COMMERCIAL TO RESIDENTIAL, DELTE WDK, VACANT LAND ONLY	-216.00
<b><u>4070</u></b>	BROOKS MARYETTA AND HUSBAND DAVID P ADD ROLLBACK TAXES SO THEY CAN BE PAID	5,969.00
<b><u>10618</u></b>	EPPERSON GAIL AND BRENDA BRUBAKER ADD ROLLBACK TAXES TO BE PAID	386.00
<b><u>86</u></b>	ABNER CHARLES H AND WIFE WANDA LOU ADD ROLLBACK TAXES TO BE PAID	231.00
<b><u>4662</u></b>	BULLOCK, ROBBIE C NO. 13487 CHG 40% DUPLEX/SINGLE 25% OWNER LIVES ON ONE SIDE	-794.00
<b><u>1253</u></b>	ATOMIC CITY TOOL CO NO. 13486 BUSINESS CLOSED IN 2017	0
<b><u>1253</u></b>	ATOMIC CITY TOOL CO NO. 13486 BUSINESS CLOSED IN 2017	-7,477.00

<b><u>17486</u></b>	IRWIN JOHN PAUL ADD ROLLBACK TAXES TO BE PAID.	2,906.00
<b><u>18875</u></b>	KEETON JAMES E ETUX C/O CARROLL WELCH NO. 13488 PROPERTY KEYED AS IF WERE REAPPRAISAL 2020 YR WAS KEYED TO FUTURE (KEYING ERROR)	-679.00

**\$40,385.22**

**Anderson County Board of Commissioners  
Purchasing Committee Meeting Minutes  
July 12, 2021  
4:30 p.m.  
Room 312 of the Courthouse**

**Members Present:** Tim Isbel (Committee Chair), Steve Mead, Phil Yager, Catherine Denenberg and Denver Waddell.

Commissioner Mead made a motion to add Contract #21-0158 between the Board of Education and S & ME to the agenda under New Business. Commissioner Yager seconded the motion. Motion passed unanimously.

**A. Contracts Approved by Law Director**

**B. Contracts Pending Law Director Approval**

1. **Canon, Veteran Services, Contract #21-0157** - Five (5) year lease of copier. Pricing from State Wide Contract at \$23.50 per month plus copy charges.

Commissioner Denenberg made a motion to approve and to forward to County Commission with a recommendation for approval. Commissioner Mead seconded the motion with the stipulation that the contract is contingent upon Law Director approval. Motion passed unanimously.

**C. Other Business**

1. **Request to Surplus the following on govdeals:**

DESCRIPTION	DEPARTMENT	Condition	Starting Bid
2009 Ford Crown Victoria	Sheriff	Starts with a boost, shakes when accelerating, body damage	\$500
2010 Ford Crown Victoria	Sheriff	Starts with a boost, shifting problems, body damage	\$500
2011 Ford Crown Victoria	Sheriff	Starts with a boost, undiagnosed engine message, body damage	\$500
2012 Dodge Charger	Sheriff	Starts with a boost, has electrical issues, no power steering.	\$500

Commissioner Denenberg made a motion to approve as a group and to forward to County Commission with a recommendation for approval. Commissioner Mead seconded the motion. Motion passed unanimously.

**D. New Business**

1. **S & ME Inc, Board of Education, Contract #21-0158** – Three-year contract for on-call industrial hygiene services.

Commissioner Mead made a motion to approve and to forward to County Commission with a recommendation for approval. Commissioner Yager seconded the motion. Motion passed unanimously.

**E. Old Business**



# ANDERSON COUNTY GOVERNMENT SUMMARY OF BUDGET AMENDMENTS

July 8, 2021

<u>PAGE NO.</u>	<u>ITEM NO.</u>	<u>FUND - DEPARTMENT</u>	<u>AMOUNT</u>
<b>Group 1 Consent Agenda - Transfers (No Commission Action Necessary)</b>			
<b>Group 2 - Appropriations - School (Commission Approval by Board Vote)</b>			
<b>Group 3 - Transfer - School (Commission Approval by Board Vote)</b>			
<b>Group 4 - Appropriations - NonSchool (Commission Approval by Board Vote)</b>			
1	1	General Fund 101 - Circuit Clerk	\$ 30,000.00
1	2	General Fund 101 - Finance	\$ 34,000.00
2	3	Fund 115 - Library	\$ 2,414.05
2	4	Fund 115 - Library	\$ 20,000.00
3	5	Fund 116 - Solid Waste	\$ 3,800.00
3	6	General Fund 101 - Finance/Grants	\$ 15,051.60
4	7	General Fund 101 - Law Director	\$ 30,533.00
4	8	General Fund 101 - Mayor	\$ 8,500.00
4	9	General Fund 101 - Mayor	\$ 18,800.00
5	10	General Fund 101 - Mayor	\$ 8,500.00
6	11	Fund 131 - Highway	\$ 500,000.00
6	12	General Fund 101 - Finance	\$ 144,500.00
<b>Group 5 - Transfers - NonSchool (Commission Approval by Board Vote)</b>			
<b>Group 6 - Appropriations - General Fund Unassigned Fund Balance (Commission Approval by Board Vote)</b>			
<b>Group 7 - Miscellaneous</b>			
6	A	Sports Gaming Privilage Tax	No Action
6	B	American Legion of Oliver Springs	Passed
7	C	New Business/Non-Profit	No Action
7	C	New Business/Tourism Enhancement Grant	Passed
<b>Group 8 - Addional Items not discussed during budget committee (requires 3/4 majority vote)</b>			

**ANDERSON COUNTY GOVERNMENT  
CASH AND FUND BALANCE REPORT  
June 30, 2021**

FUND	DESCRIPTION	NON-SPENDABLE	RESTRICTED FUNDS	COMMITTED FUNDS	ASSIGNED FUNDS	UNASSIGNED FUND BALANCE	TOTAL FUND BALANCE	CASH
101	General Fund	\$ -	\$ 776,441	\$ 2,053,830	\$ 2,029,147	\$ 5,851,182 *	\$ 10,710,600	\$ 16,988,964
115	Library Fund	\$ -	\$ 252,803		\$ -	\$ -	\$ 252,803	\$ 350,831
116	Solid Waste/Sanitation Fund	\$ -	\$ 197,113	\$ -	\$ -	\$ -	\$ 197,113	\$ 315,269
118	Ambulance Fund	\$ -	\$ 250	\$ -	\$ -	\$ 677,232	\$ 677,482	\$ 1,188,227
122	Drug Control Fund	\$ -	\$ 182,747	\$ 6,249	\$ -	\$ -	\$ 188,996	\$ 184,014
127	Channel 95 Fund	\$ -	\$ -	\$ -	\$ 6,974	\$ -	\$ 6,974	\$ 45,753
128	Tourism Fund	\$ -	\$ 251,400	\$ -	\$ 100,000	\$ -	\$ 351,400	\$ 489,643
131	Highway Fund	\$ 35,560	\$ 269,737	\$ 2,097,827	\$ -	\$ -	\$ 2,403,124	\$ 5,047,845
141	General Purpose School Fund	\$ -	\$ -	\$ 5,889,859	\$ -	\$ -	\$ 5,889,859	\$ 13,818,110
143	Central Cafeteria	\$ 130,733	\$ 1,088,938	\$ -	\$ -	\$ -	\$ 1,219,671	\$ 1,919,026
151	General Debt Service Fund	\$ -	\$ 1,532,368	\$ 306,894	\$ -	\$ -	\$ 1,839,262	\$ 1,854,335
152	Rural Debt Service Fund	\$ -	\$ 274,737	\$ -	\$ -	\$ -	\$ 274,737	\$ 961,112
156	Education Debt Service Fund	\$ -	\$ 5,951	\$ 117,195	\$ -	\$ -	\$ 123,146	\$ 450,091
171	Capital Projects Fund	\$ -	\$ 179,348	\$ -	\$ -	\$ -	\$ 179,348	\$ 444,085
177	Education Capital Projects Fund		\$ 31,258	\$ 5,996	\$ -	\$ -	\$ 37,254	\$ 592,564
263	Employee Benefit Fund	\$ 41,031	\$ -	\$ -	\$ 609,893	\$ -	\$ 650,924	\$ 1,147,125

\* General Unassigned Fund Balance limit of \$5.5MM requiring 2/3 (11) votes for budget amendments.

**Cash Trends**  
June

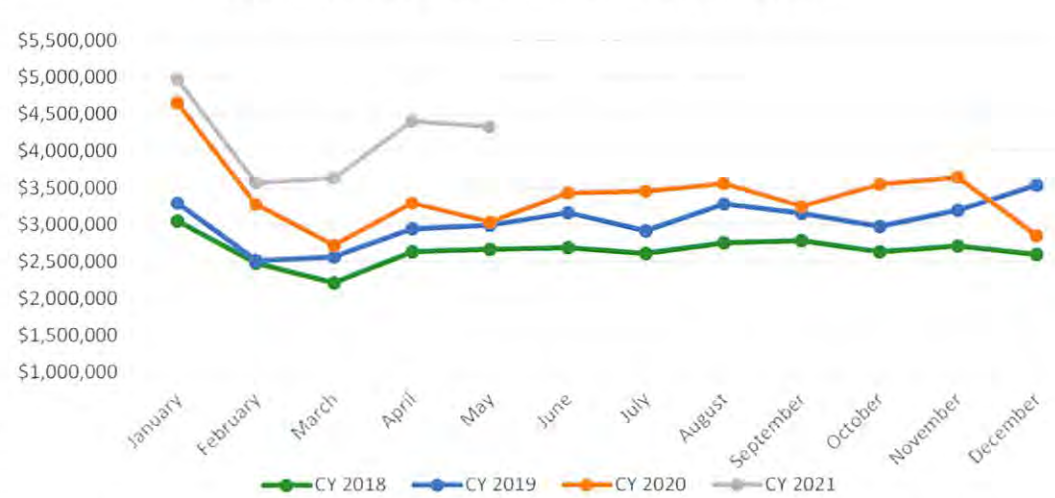
Cash 16/17	7,309,040
Cash 17/18	10,202,757
Cash 18/19	11,086,778
Cash 19/20	11,627,506
Cash 20/21	16,988,964

**General Fund Cash Trends**



	Anderson Co.	Clinton	Rocky Top	Norris	Oak Ridge	Oliver Springs	Total	+/-
<b>2020</b>								
January	\$1,025,233.42	\$741,449.75	\$80,091.55	\$37,186.31	\$2,649,211.65	\$124,906.57	\$4,658,079.25	41%
February	\$320,847.16	\$571,428.74	\$64,011.97	\$24,721.03	\$2,216,955.53	\$79,765.86	\$3,277,730.29	30%
March	\$323,620.51	\$567,300.13	\$65,721.42	\$22,322.77	\$1,660,162.09	\$83,113.87	\$2,722,240.79	6%
April	\$361,720.82	\$657,617.38	\$92,047.62	\$30,073.46	\$2,045,496.33	\$106,392.24	\$3,293,347.85	12%
May	\$348,469.84	\$625,189.25	\$65,584.81	\$26,437.47	\$1,866,460.89	\$98,923.46	\$3,031,065.72	1%
June	\$390,186.68	\$722,700.70	\$82,338.60	\$30,362.69	\$2,089,054.73	\$115,875.68	\$3,430,519.08	9%
July	\$408,899.21	\$680,962.02	\$85,090.00	\$33,363.50	\$2,137,018.26	\$106,832.15	\$3,452,165.14	19%
August	\$411,366.06	\$703,176.67	\$86,626.66	\$37,144.32	\$2,225,945.94	\$94,435.44	\$3,558,695.09	9%
September	\$334,489.56	\$649,943.04	\$81,649.11	\$35,224.76	\$2,048,244.37	\$94,645.35	\$3,244,196.19	3%
October	\$538,286.44	\$689,377.48	\$78,537.83	\$33,852.18	\$2,116,032.28	\$90,242.52	\$3,546,328.73	19%
November	\$484,289.65	\$714,308.95	\$84,810.47	\$36,070.72	\$2,224,699.75	\$95,400.15	\$3,639,579.69	14%
December	\$443,904.59	\$689,081.64	\$80,308.27	\$32,853.87	\$1,499,868.63	\$102,459.19	\$2,848,476.19	-19%
Totals:	\$5,391,313.94	\$8,012,535.75	\$946,818.31	\$379,613.08	\$24,779,150.45	\$1,192,992.48	\$40,702,424.01	12%
<b>2021</b>								
January	\$691,871.40	\$854,569.43	\$85,449.26	\$50,747.19	\$3,189,118.59	\$109,064.61	\$4,980,820.48	7%
February	\$413,424.62	\$676,048.10	\$92,017.51	\$35,736.38	\$2,257,224.79	\$98,481.85	\$3,572,933.25	9%
March	\$488,539.04	\$647,647.04	\$71,405.00	\$30,856.85	\$2,310,754.03	\$85,812.20	\$3,635,014.16	34%
April	\$624,772.56	\$812,005.66	\$97,027.21	\$40,761.43	\$2,716,162.53	\$112,327.65	\$4,403,057.04	34%
May	\$673,349.68	\$807,388.91	\$95,601.75	\$38,539.38	\$2,616,176.72	\$98,852.41	\$4,329,908.85	43%
June								-100%
July								-100%
August								-100%
September								-100%
October								-100%
November								-100%
December								-100%

Local Option Sales Tax - Total Net Collections





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## BUDGET COMMITTEE MINUTES

### JULY 8, 2021

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#### Members Present:

Shain Vowell, Commissioner – Chairman  
Denver Waddell, Commissioner  
Catherine Denenberg, Commissioner  
Chuck Fritts, Commissioner  
Jerry Creasey, Commissioner  
Bob Smallridge, Commissioner  
Jerry White, Commissioner  
Robert Jameson, Commissioner

Meeting Facilitator: Robby Holbrook, Interim Finance Director

#### Members Absent:

## APPROPRIATIONS REQUIRING FULL COMMISSION APPROVAL

**THE 1<sup>st</sup> ITEM**, to be presented to the Anderson County Budget Committee, was a written request from Rex Lynch, Circuit Court, that the following **APPROPRIATION** in General Fund 101 be approved.

#### Increase Expenditure Code:

101-53100-709	Data Processing Equipment	\$30,000.00
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#### Decrease Reserve Code:

101-39000	Unassigned Fund Balance	\$30,000.00
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**(Amendment will be from 101-34520-6000 Data Processing Reserve and a JE will replenish the reserve for 39000)**

Justification: To replace outdated servers, scanners, and monitors in Oak Ridge sessions and Juvenile courts.

Motion by Commissioner Jerry White, seconded by Commissioner Denver Waddell, and passed to refer to the Anderson County Board of County Commissioners with a recommendation for approval.

**THE 2<sup>nd</sup> ITEM**, to be presented to the Anderson County Budget Committee, was a written request from Robby Holbrook, Finance Director, that the following **APPROPRIATION** in General Fund 101 be approved.

#### Increase Expenditure Codes:

101-52100-334	Maintenance Agreements	\$26,000.00
101-52100-709	Data Processing Equipment	<u>8,000.00</u>
	Total Increased Expenditures	\$34,000.00

Decrease Reserve Code:

101-39000	Unassigned Fund Balance	\$34,000.00
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(Amendment will be from 101-34615 Committed for Gov Deals and a JE will replenish the reserve for 39000)

Justification: \$26,000 is to complete purchase of new payroll software thru Local Gov. \$8,000 is needed to update the LG server in Finance Department. IT Director Brian Young has recommended we update servers every 5 years.

Motion by Commissioner Catherine Denenberg, seconded by Commissioner Robert Jameson, and passed to refer to the Anderson County Board of County Commissioners with a recommendation for approval.

**THE 3<sup>rd</sup> ITEM**, to be presented to the Anderson County Budget Committee, was a written request from Susan Miceli, Clinton Public Library, that the following **APPROPRIATION** in Library Fund 115 be approved.

Decrease Reserve Code:

115-34535-2000	Dedicated Reserve	\$2,414.05
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Increase Expenditure Code:

115-56500-335-2000	Building Maintenance	\$2,414.05
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Justification: The HVAC units went out in the library meeting room at the very end of the fiscal year. The city paid for the units and labor and are billing us our share in the new fiscal year.

Motion by Commissioner Bob Smallridge, seconded by Commissioner Catherine Denenberg, and passed to refer to the Anderson County Board of County Commissioners with a recommendation for approval.

**THE 4<sup>th</sup> ITEM**, to be presented to the Anderson County Budget Committee, was a written request from Susan Miceli, Rocky Top Public Library, that the following **APPROPRIATION** in Library Fund 115 be approved.

Decrease Reserve Code:

115-34535-3001	Local Committed Funds	\$20,000.00
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Increase Expenditure Code:

115-56500-711-3001	Furniture Fixtures	\$20,000.00
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Justification: Funds to be used for new circulation desk and other furnishings.

Motion by Commissioner Jerry White, seconded by Commissioner Jerry Creasey, and passed to refer to the Anderson County Board of County Commissioners with a recommendation for approval.

**THE 5<sup>th</sup> ITEM**, to be presented to the Anderson County Budget Committee, was a written request from Geoff Trabalka, Solid Waste, that the following **APPROPRIATION** in Solid Waste Fund 116 be approved.

Increase Expenditure Code:

116-55732-321	Engineering Services	\$3,800.00
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Decrease Reserve Code:

116-34530	Restricted for Public Health & Welfare	\$3,800.00
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Justification: 116-55732-321- Appropriation is to transfer funds to pay for remaining engineering services to Robert Campbell & Assoc. for the site plans and permitting for the new Wolf Valley Convenience Center.

Motion by Commissioner Jerry White, seconded by Commissioner Robert Jameson, and passed to refer to the Anderson County Board of County Commissioners with a recommendation for approval.

**THE 6<sup>th</sup> ITEM**, to be presented to the Anderson County Budget Committee, was a written request from Randy Walters, Finance, that the following **APPROPRIATION** in General Fund 101 be approved.

Increase Expenditure Codes:

101-53600-399-FJCAS	Other Contracted Services-	\$3,000.00
	FJC Access to Services	
101-53600-499-FJCAS	Other Supplies & Materials-	<u>12,051.60</u>
	FJC Access to Services	
	Total Increased Expenditures	\$15,051.60

Increase Revenue Code:

101-47590-FJCAS	Other Federal Thru State-	\$12,041.28
	FJC Access to Services	

Decrease Reserve Code:

101-39000	Unassigned Fund Balance	\$3,010.32
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Justification: This moves balance of unspent funds from FY20-21 in to FY21-22 for the 5/18/21-9/30/21 OCJP/VOCA Family Justice Center Access to Services Grant.

Motion by Commissioner Catherine Denenberg, seconded by Commissioner Denver Waddell, and passed to refer to the Anderson County Board of County Commissioners with a recommendation for approval.

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**THE 7<sup>th</sup> ITEM**, to be presented to the Anderson County Budget Committee, was a written request from Jay Yeager, Law Director, that the following **APPROPRIATION** in General Fund 101 be approved.

**Increase Expenditure Code:**

101-51400-133	Paraprofessionals	\$2,960.00
101-51400-161	Secretary	5,055.00
101-51400-201	Social Security	495.00
101-51400-204	Retirement	753.00
101-51400-207	Medical Insurance	20,904.00
101-51400-208	Dental Insurance	250.00
101-51400-212	Employer Medicare	116.00
	Total Increased Expenditures	\$30,533.00

**Decrease Reserve Code:**

101-39000	Unassigned Fund Balance	\$30,533.00
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**Justification:** Corrections and additions to the Law Director budget. Addition of benefits coverage with the new hires. Corrections on salaries.

Motion by Commissioner Shain Vowell, seconded by Commissioner Catherine Denenberg, and passed to refer to the Anderson County Board of County Commissioners with a recommendation for approval.

**THE 8<sup>th</sup> ITEM**, to be presented to the Anderson County Budget Committee, was a written request from Mayor Terry Frank, Planning & Development, that the following **APPROPRIATION** in General Fund 101 be approved.

**Increase Expenditure Code:**

101-51720-399	Other Contracted Services	\$8,500.00
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**Decrease Reserve Code:**

101-39000	Unassigned Fund Balance	\$8,500.00
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**Justification:** Funds to allow for Preliminary Assessment for Pine Meadows subdivision, approved by county commission on June 21, 2021.

Motion by Commissioner Catherine Denenberg, seconded by Commissioner Bob Smallridge, and passed to refer to the Anderson County Board of County Commissioners with a recommendation for approval.

**THE 9<sup>th</sup> ITEM**, to be presented to the Anderson County Budget Committee, was a written request from Mayor Terry Frank, Planning & Development, that the following **APPROPRIATION** in General Fund 101 be approved.

Increase Expenditure Code:

101-58120-316-2000 Industrial Development Contribution \$18,800.00

Decrease Reserve Code:

101-39000 Unassigned Fund Balance \$18,800.00

**(Amendment will be from 101-34690-1000 Committed for Industrial Land and a JE will replenish the reserve for 39000)**

*Justification:* Anderson County has set aside funds for a matching grant with the State of TN and TVA for property in David Jones Industrial Park via ACEDA. We have learned we are eligible for a larger grant that would also allow for the development of the site to a “pad ready” state. Before applying for the larger grant to ensure the site does not have issues (e.g. sinkhole, rock), we would like to conduct an ERT-Resistivity Tomography survey (\$15k) and FDMM (Frequency Domain Electromagnetic Study (\$3,800). Both would be eligible for partial reimbursement from the State.

Motion by Commissioner Jerry White, seconded by Commissioner Robert Jameson, and passed to refer to the Anderson County Board of County Commissioners with a recommendation for approval.

**THE 10<sup>th</sup> ITEM**, to be presented to the Anderson County Budget Committee, was a written request from Mayor Terry Frank, General Administration, that the following **APPROPRIATION** in General Fund 101 be approved.

Increase Expenditure Code:

101-51900-399-WTNR Other Contracted Services- Witness Rooms \$8,500.00

Decrease Reserve Code:

101-39000 Unassigned Fund Balance \$8,500.00

**(Amendment will be from 101-34690-SDAG State Direct Allocation Grant and a JE will replenish the reserve for 39000)**

*Justification:* Witness & Attorney/Client Rooms for courts. This request is for production of complete construction for witness waiting rooms and attorney/ client rooms for the courts. Construction documents will include all required plans including reflected ceiling plans, construction details, schedules, and specs for permitting, bidding, and construction purposes. Cost also includes assistance with bid review/ pricing phase, Construction Administration Services, and Closeout services. Services are billed hourly for a not-to-exceed maximum of \$8,500. Contingent upon Operations Committee and full Commission approval of design documents and witness room space designation.

Motion by Commissioner Robert Jameson, seconded by Commissioner Catherine Denenberg, and passed to refer to the Anderson County Board of County Commissioners with a recommendation for approval.



**THE 11<sup>th</sup> ITEM**, to be presented to the Anderson County Budget Committee, was a written request from Gary Long, Highway Superintendent, that the following **APPROPRIATION** in Highway Fund 131 be approved.

**Increase Expenditure Code:**

131-62000-402	Asphalt	\$500,000.00
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**Decrease Reserve Code:**

131-34550	Restricted for Highway	\$500,000.00
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**Justification:** Asphalt for Anderson County Roads.

Motion by Commissioner Denver Waddell, seconded by Commissioner Catherine Denenberg, and passed to refer to the Anderson County Board of County Commissioners with a recommendation for approval.

**THE 12<sup>th</sup> ITEM**, to be presented to the Anderson County Budget Committee, was a written request from Robby Holbrook, Finance, that the following **APPROPRIATION** in General Fund 101 be approved.

**Increase Expenditure Code:**

101-51240-791-TRGR	TnECD- Tourism Enhancement Grant	\$144,500.00
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**Increase Revenue Code:**

101-49980-TRGR	TnECD- Tourism Enhancement Grant	\$72,250.00
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**Decrease Reserve Code:**

101-39000	Unassigned Fund Balance	\$72,250.00
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**Justification:** Tourism Enhancement Grant for Anderson County Park. Started last fiscal year, but only \$5,500 was spent. This will allocate the remaining funds.

Motion by Commissioner Catherine Denenberg, seconded by Commissioner Jerry Creasey, and passed to refer to the Anderson County Board of County Commissioners with a recommendation for approval.

**SECTION A, Sports Gaming Privilege Tax**

Interim Finance Director Robby Holbrook presented, for information purposes, an update on the County's new revenue stream coming from the State Sports Gaming Privilege Tax.  
No action taken.

**SECTION B, American Legion of Oliver Springs**

Interim Finance Director Robby Holbrook opened the discussion of this item, which was referred to the Budget Committee from County Commission for consideration: "to put up \$7,500.00 for the American Legion of Oliver Springs to get a new roof subject to Oliver Springs, Roane County and Morgan County assisting."

After discussion, the condition of assistance from Oliver Springs, Roane County and Morgan County was removed, leaving "to put up \$7,500.00 for the American Legion of Oliver Springs to get a new roof".

Motion by Commissioner Jerry Creasey, seconded by Commissioner Catherine Denenberg, and passed by voice vote to refer the request to the County Commission with a recommendation for approval.

Voting Yes: Commissioners Jerry Creasey, Catherine Denenberg, Bob Smallridge, Shain Vowell, Robert Jameson, and Jerry White. Voting No: Commissioner Denver Waddell.

### **SECTION C, New Business**

Commissioner Shain Vowell introduced a motion, for recommendation to County Commission, to re-form the Non-Profit Committee.

Motion by Commissioner Shain Vowell, seconded by Commissioner Catherine Denenberg.

Motion withdrawn pending research on the issue.

Interim Finance Director Robby Holbrook presented, for approval, a budget amendment reflecting putting \$144,500 in unspent FY20-21 funds from the Tourism Enhancement Grant into the FY21-22 budget.

This is reflected as "THE 12th ITEM" above.

Motion by Commissioner Catherine Denenberg, seconded by Commissioner Jerry Creasey.

Meeting Adjourned.



Robby Holbrook, Interim Finance Director



## ANDERSON COUNTY GOVERNMENT

TERRY FRANK  
COUNTY MAYOR

July 14, 2021

Commissioner Josh Anderson  
Chairman, Anderson County Commission

RE: Mayor's Report

Dear Chairman Anderson and Honorable Members of Commission,

I wish to add the following items to the Agenda:

1. **Presentation of Certificate to Commissioner Theresa Scott.**
2. **Approval of motion** acknowledging that the county mayor has reviewed with the county commission the county's debt management policy that is currently on file with the Comptroller of the Treasury Office. The purpose of this requirement is to ensure that local elected officials are aware and knowledgeable of the county's debt management policy.
3. **Approval of motion** that the county mayor and county commission acknowledge that an annual cash flow forecast must be prepared and submitted to the Comptroller prior to issuance of debt. The purpose of this requirement is to ensure elected officials are aware that prior to the issuance of debt the county must go through the process of assessing the county's cash flow. This is done to evaluate the county's finances and confirm that sufficient revenues are available to cover additional debt service associated with the proposed issuance of debt.
4. **Approval of motion** that county mayor and county commission acknowledge that all county offices are required to have documented system of internal controls.
5. **Request for Legal Opinion for Short-Term Rentals.**

There is an active complaint against a Short-Term Rental location in Henderson Bend Subdivision. While State Law is clear that Homeowners Associations (HOA) have the ability to enforce a prohibition or limit on Short Term Rentals, the Henderson Bend HOA has reportedly voted not to pursue enforcement of their HOA covenants and restrictions, and instead Codes Enforcement is being asked to issue Notice of Violation

to the owner. In addition, we have been asked to begin issuing Notice of Violations to owners county-wide for similar operations.

Anderson County's Zoning Resolution seems to indicate operation of Short Term Rentals in an R-1 zone is a violation if viewed a business enterprise in a residential area; however, changes to State Law in 2018 define Short -Term Rentals as a distinct residential use. I am no attorney, so the Anderson County Planning & Development Department needs to know the following:

- a. Do changes in the state law from 2018 pre-empt our ability to issue a notice of violation under our existing zoning resolution in its current state?
- b. If we issue a notice of violation to homeowner operating a Short Term Rental in a R-1 as a business use, is this legally defensible under current state law?
- c. Should we immediately begin issuing notice of violations to operators of Short Term Rentals in Residential areas?

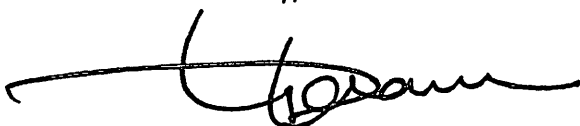
I have included email exchanges on the matter, including a Memorandum on Public Chapter 972 from our Planner.

I do understand that the State of Tennessee did NOT entirely pre-empt local authorities and that going forward, if the Anderson County Board of Commissioners vote to enact limitations, we may do so. My request for a legal opinion is specific to existing law and our existing zoning resolution.

I also understand that we have a lot of work to do regarding the growing future use of Short Term Rentals that balances many factors for public welfare. Anderson County's Staff Planner has made some recommendations for Anderson County's Planning Commission that they will begin to work on, and these proposed changes will be forwarded as amendments or modifications to our zoning resolution.

I met with Mr. Yeager on June 30<sup>th</sup>, and have had many exchanges and he has indicated he is working on a memorandum and letter; however, as there is much public attention to the matter, I wanted to officially notice the need for a legal opinion so that citizens have full, public transparency to which they are entitled. Our Anderson County Planning and Development Office desires to be responsive to citizens of Henderson Bend Subdivision, but we do need clarity and legal guidance with regard to changes that occurred to state law, namely, the passage of the "Short-Term Rental Unit Act."

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Frank", with a long horizontal line extending to the left.

Terry Frank



Annette Prewitt <aprewitt@acs.ac>

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## Add to agenda

1 message

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**Leean Tupper** <ltupper@andersoncountyttn.gov>  
To: Annette Prewitt <aprewitt@acs.ac>  
Cc: Terry Frank <tfrank@andersoncountyttn.gov>

Wed, Jul 14, 2021 at 12:24 PM

Please add the following item to the County Commission agenda under the Mayor's Report – film recruitment.

Thank you,

**Leean R. Tupper**

Assistant to the County Mayor

Certified Public Administrator

Anderson County Litter Grant Program & Adopt-A-Road Coordinator

Anderson County Government

100 N. Main Street, Suite 208

Clinton, TN 37716-3617

Tele: (865) 457-6200

Fax: (865) 264-6270

Please note my e-mail address has changed – ltupper@andersoncountyttn.gov

# **ANDERSON COUNTY TENNESSEE**

## **Debt Management Policy**

Originally Adopted: August 15, 2011  
Amended and Formally Adopted: November 21, 2016

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## **INTRODUCTION**

This Debt Management Policy (the “Debt Policy”) is a written guideline with parameters that affect the amount and type of debt that can be issued by Anderson County, Tennessee (the “County”), the issuance process and the management of the County’s debt. The purpose of this Debt Policy is to improve the quality of management and legislative decisions and to provide justification for the structure of debt issuances consistent with the Debt Policy’s goals while demonstrating a commitment to long-term capital planning. It is also the intent of the County that this Debt Policy will signal to credit rating agencies, investors and the capital markets that the County is well managed and will always be prepared to meet its obligations in a timely manner. This Debt Policy fulfills the requirements of the State of Tennessee regarding the adoption of a formal debt management policy on or before January 1, 2012. This updated policy amends the previously adopted Debt Policy on August 15, 2011.

This Debt Policy provides guidelines for the County to manage its debt and related annual costs within both current and projected available resources while promoting understanding and transparency for our citizens, taxpayers, rate payers, businesses, investors and other interested parties.

The County may, from time to time, review this Debt Policy and make revisions and updates, if warranted.



# **ANDERSON COUNTY, TENNESSEE**

## **DEBT MANAGEMENT POLICY**

### **I. INTRODUCTORY STATEMENT**

In managing its Debt (defined herein as tax-exempt or taxable bonds, capital outlay notes, other notes, capital leases, interfund loans or notes and loan agreements); it is the County's policy to:

- Achieve the lowest cost of capital within acceptable risk parameters
- Maintain or improve credit ratings
- Assure reasonable cost access to the capital markets
- Preserve financial and management flexibility
- Manage interest rate risk exposure within acceptable risk parameters
- Regularly review this Debt Policy and perform a risk assessment on debt management process and related internal controls

### **II. GOALS AND OBJECTIVES**

Debt policies and procedures are tools that ensure that financial resources are adequate to meet the County's long-term capital planning objectives. In addition, the Debt management policy (the "Debt Policy") helps to ensure that financings undertaken by the County have certain clear, objective standards which allow the County to protect its financial resources in order to meet its long-term capital needs.

The Debt Policy formally establishes parameters for issuing debt and managing a debt portfolio which considers the County's specific capital improvement needs; ability to repay financial obligations; and, existing legal, economic, and financial market conditions. Specifically, the policies outlined in this document are intended to assist in the following:

- To guide the County in policy and debt issuance decisions
- To maintain appropriate capital assets for present and future needs
- To promote sound financial management
- To protect the County's credit rating

- To ensure the County's debt is issued legally under applicable state and federal laws
- To promote cooperation and coordination with other parties in the financing
- To evaluate debt issuance options
- To issue debt with a level or declining payment structure to create future debt capacity and financial flexibility
- To manage and mitigate the impact of past balloon indebtedness on the County's revenues

### **III. PROCEDURES FOR ISSUANCE OF DEBT**

#### **1) Authority**

- a. The County will only issue Debt by utilizing the statutory authorities provided by *Tennessee Code Annotated* as supplemented and revised ("TCA") and the Internal Revenue Code (the "Code").
- b. The County will adhere to any lawfully promulgated rules and regulations of the State and those promulgated under the Code.
- c. All Debt must be formally authorized by resolution of the County's Legislative Body.

#### **2) Transparency**

- a. It is recognized that the issuance of Debt must have various approvals and on occasion, written reports provided by the State of Tennessee Comptroller's office either prior to adoption of resolutions authorizing such Debt, prior to issuance and/or following issuance. The County, in conjunction with any professionals (including, but not limited to, financial advisors, underwriters, bond counsel, etc. which may individually or collectively be referred to herein as "Financial Professionals") will ensure compliance with TCA, the Code and all federal and State rules and regulations. Such State compliance will include, but not be limited to, compliance with all legal requirements regarding adequate public notice of all meetings of the County related to consideration and approval of Debt. Additionally, the County shall provide the Tennessee Comptroller's office sufficient information on the Debt to not only allow for transparency regarding the issuance, but also assuring that the Comptroller's office has sufficient information to adequately report or approve any formal action related to the sale and issuance of Debt. The

County will also make this information available to its legislative body, citizens and other interested parties.

- b. The County will file its Audited Financial Statements and any Continuing Disclosure document prepared by the County or its Dissemination Agent. To promote transparency and understanding, these documents should be furnished to members of the Legislative Body and made available electronically or by other usual and customary means to its citizens, taxpayers, rate payers, businesses, investors and other interested parties by posting such information on-line or in other prominent places.

#### **IV. CREDIT QUALITY AND CREDIT ENHANCEMENT**

The County's Debt management activities will be conducted in order to maintain or receive the highest possible credit ratings. The Mayor and Finance Director in conjunction with any Financial Professionals that the County may choose to engage will be responsible for maintaining relationships and communicating with one or more rating agencies.

The County will consider the use of credit enhancements on a case-by-case basis, evaluating the economic benefit versus cost for each case. Only when clearly demonstrable savings can be shown shall an enhancement be considered. The County will consider each of the following enhancements as alternatives by evaluating the cost and benefit of such enhancements:

##### **1) Insurance**

The County may purchase bond insurance when such purchase is deemed prudent and advantageous. The predominant determination shall be based on such insurance being less costly than the present value of the difference in the interest on insured bonds versus uninsured bonds.

##### **2) Letters of Credit**

The County may enter into a letter-of-credit ("LOC") agreement when such an agreement is deemed prudent and advantageous. The County or its Financial Professionals, if any, may seek proposals from qualified banks or other qualified financial institutions pursuant to terms and conditions that are acceptable to the County.

#### **V. AFFORDABILITY**

The County shall consider the ability to repay Debt as it relates to the total budget resources, the wealth and income of the community and its property tax base and other revenues available to service the Debt. The County may consider debt ratios and other benchmarks

compared to its peers when analyzing its Debt including materials published by the nationally recognized credit rating agencies.

## **VI. DEBT STRUCTURE**

The County shall establish all terms and conditions relating to the issuance of Debt and will invest all bond proceeds pursuant to the terms of its investment policy, if any. Unless otherwise authorized by the County, the following shall serve as the Debt Policy for determining structure:

### **1) Term**

All capital improvements financed through the issuance of Debt will be financed for a period not to exceed the useful economic life of the improvements and in consideration of the ability of the County to absorb such additional debt service expense. The term of Debt shall be determined by, but not limited to, the economic life of the assets financed, conditions in the capital markets, the availability of adequate revenue streams to service the Debt and the existing pattern of Debt payable from such identifiable fund or enterprise activity, but in no event will the term of such Debt exceed forty (40) years, as outlined in TCA.

### **2) Capitalized Interest**

From time to time, certain financings may require the use of capitalized interest from the date of issuance until the County is able to realize beneficial use and/or occupancy of the financed project. Interest may be capitalized through a period permitted by federal law and TCA if it is determined that doing so is beneficial to the financing by the Legislative Body and is appropriately memorialized in the legislative action authorizing the sale and issuance of the Debt.

### **3) Debt Service Structure**

General Obligation debt issuance shall be planned to achieve relatively net level debt service or level principal amortization considering the County's outstanding debt obligations, while matching debt service to the useful economic life of facilities. Absent events or circumstances determined by its Legislative Body, the County shall avoid the use of bullet or balloon maturities (with the exception of sinking fund requirements required by term bonds). Debt which is supported by project revenues and is intended to be self-supporting should be structured to achieve level proportional coverage to expected available revenues.

#### **4) Balloon Debt**

It is in the best interest of the citizens to maintain a debt portfolio utilizing individual debt issues in a manner that minimizes interest paid and other related costs as well as repaying principal as rapidly as possible to create financial flexibility and future debt capacity. Balloon indebtedness does not generally meet these objectives. The County Commission will make sure to additionally comply with T.C.A. § 9-21-134 and its Balloon Debt Management Plan, as attached as Exhibit A. This will include the requirements for balloon indebtedness found in the Tennessee State Funding Board's guidance on debt management policies and balloon indebtedness.

#### **5) Call Provisions**

In general, the County's Debt should include a call feature no later than ten (10) years from the date of delivery of the bonds. The County will avoid the sale of long-term debt which carries longer redemption features unless a careful evaluation has been conducted by the Mayor and Finance Director and/or Financial Professionals, if any, with respect to the value of the call option.

#### **6) Original Issuance Discount/Premium**

Debt with original issuance discount/premium will be permitted.

#### **7) Deep Discount Bonds**

Deep discount debt may provide a lower cost of borrowing in certain capital markets. The Mayor and Finance Director and/or Financial Professionals, if any, should carefully consider their value and effect on any future refinancing as a result of the lower-than-market coupon.

### **VII. DEBT TYPES**

When the County determines that Debt is appropriate, the following criteria will be utilized to evaluate the type of debt to be issued.

#### **1) Security Structure**

##### **a. General Obligation Bonds**

The County may issue Debt supported by its full faith, credit and unlimited ad valorem taxing power ("General Obligation Debt"). General Obligation Debt shall be used to finance capital projects that do not have significant independent creditworthiness or significant on-going revenue streams or as additional credit

support for revenue-supported Debt, if such support improves the economics of the Debt and is used in accordance with these guidelines.

**b. Revenue Debt**

The County may issue Debt supported exclusively with revenues generated by a project or enterprise fund ("Revenue Debt"), where repayment of the debt service obligations on such Revenue Debt will be made through revenues generated from specifically designated sources. Typically, Revenue Debt will be issued for capital projects which can be supported from project or enterprise-related revenues.

**c. Capital Leases**

The County may use capital leases to finance projects assuming the Mayor and Finance Director and/or Financial Professionals, if any, determine that such an instrument is economically feasible.

**2) Duration**

**a. Long-Term Debt**

The County may issue long-term debt when it is deemed that capital improvements should not be financed from current revenues or short-term borrowings. Long-term debt will not be used to finance current operations or normal maintenance. Long-term debt will be structured such that financial obligations do not exceed the expected useful economic life of the project(s) financed. Long-term debt will be structured with a level or declining payment structure, unless the County determines that a Balloon Debt structure is in the best interest of its citizens and additionally complies with T.C.A. § 9-21-134 and its Balloon Debt Management Plan, as attached as Exhibit A.

- i. *Serial and Term Debt.* Serial and Term Debt may be issued in either fixed or variable rate modes to finance capital infrastructure projects;
- ii. *Capital Outlay Notes ("CONs").* CONs may be issued to finance capital infrastructure projects with an expected life up to twelve years; or
- iii. *Capitalized Leases.* Capitalized Leases may be issued to finance infrastructure projects or equipment with an expected life not greater than its expected useful life.

**b. Short-Term Debt**

Short-term borrowing may be utilized for:

- i. Financing short economic life assets;
- ii. The construction period of -long-term projects;
- iii. For interim financing; or
- iv. For the temporary funding of operational cash flow deficits or anticipated revenues subject to the following policies:
  - a. *Bond Anticipation Notes ("BANs")*. BANs, including commercial paper notes issued as BANs, may be issued instead of capitalizing interest to reduce the debt service during the construction period of a project or facility. The BANs shall not mature more than 2 years from the date of issuance. BANs can be rolled in accordance with federal and state law. BANs shall mature within 6 months after substantial completion of the financed facility.
  - b. *Revenue Anticipation Notes ("RANs") and Tax Anticipation Notes ("TANs")*. RANs and TANS shall be issued only to meet cash flow needs consistent with a finding by bond counsel that the sizing of the issue fully conforms to federal IRS and state requirements and limitations.
  - c. *Lines of Credit*. Lines of Credit shall be considered as an alternative to other short-term borrowing options. A line of credit shall only be structured to federal and state requirements.
  - d. *Interfund Loans*. Interfund Loans shall only be used to fund operational deficiencies among accounts or for capital projects to be paid from current fiscal year revenues. Such interfund loans shall be— approved by the State Comptroller's office and shall only be issued in compliance with state regulations and limitations.
  - e. *Other Short-Term Debt*. Other Short-Term Debt including commercial paper notes, BANs, Capitalized Leases and CONs may be used when it provides an interest rate advantage or as interim financing until market conditions are more favorable to issue debt in a fixed or variable rate mode. The County will determine and utilize the most advantageous method for short-term borrowing. The County may issue short-term Debt when there is a defined repayment source or amortization of principal.

### 3) Interest Rate Modes

**a. Fixed Rate Debt**

To maintain a predictable debt service schedule, the County may give preference to debt that carries a fixed interest rate.

**b. Variable Rate Debt**

The targeted percentage of net variable rate debt outstanding (excluding an amount of debt considered to be naturally hedged to short-term assets in the Unreserved General and/or Debt Service Fund Balance) shall not exceed 35% of the County's total outstanding debt and will take into consideration the amount and investment strategy of the County's operating cash.

The following circumstances may result in the consideration of issuing variable rate debt:

- i. *Asset-Liability Matching;*
- ii. *Construction Period Funding;*
- iii. *High Fixed Interest Rates.* Interest rates are above historic averages;
- iv. *Diversification of Debt Portfolio;*
- v. *Variable Revenue Stream.* The revenue stream for repayment is variable and is anticipated to move in the same direction as market-generated variable interest rates or the dedication of revenues allows capacity for variability; and
- vi. *Adequate Safeguard against Risk.* Financing structure and budgetary safeguards are in place to prevent adverse impacts from interest rate shifts such structures could include, but are not limited to, interest rate caps and short-term cash investments in the County's General Fund.

An analysis by the Mayor and Finance Director and/or Financial Professionals, if any, shall be conducted to evaluate and quantify the risks and returns associated with the variable rate Debt including, but not limited to, a recommendation regarding the use of variable rate debt.

**4) Zero Coupon Debt**

Zero Coupon Debt may be used if an analysis has been conducted by the Mayor and Finance Director and/or Financial Professionals, if any, and the risks and returns associated with the Zero Coupon Debt have been made. The analysis shall include, but not be limited to a recommendation regarding the use of Zero Coupon Debt as the most



feasible instrument considering available revenues streams, the need for the project and other factors determined by the Legislative Body.

#### **5) Synthetic Debt**

The County will not enter into any new interest rate swaps or other derivative instruments unless it adopts a Debt Derivative Policy consistent with the requirements of TCA and only after approval of the State Comptroller's office and affirmative action of the Legislative Body.

### **VIII. REFINANCING OUTSTANDING DEBT**

The Mayor and Finance Director, in conjunction with Financial Professionals, if any, shall have the responsibility to analyze outstanding Debt for refunding opportunities. The Mayor and Finance Director will consider the following issues when analyzing possible refunding opportunities:

#### **1) Debt Service Savings**

Absent other compelling considerations such as the opportunity to eliminate onerous or restrictive covenants contained in existing Debt documents, the County has established a minimum net present value savings threshold of at least 3.0 percent of the advance refunded Debt principal amount. Current refunding opportunities may be considered by the County using any savings threshold if the refunding generates positive net present value savings. The decision to take less than 3.0 percent net present value savings for an advance refunding or to take the savings in any manner other than a traditional year-to-year level savings pattern must be approved by the Legislative Body or delegated to the County's Chief Executive.

#### **2) Balloon Debt**

It is in the best interest of the citizens to maintain a debt portfolio utilizing individual debt issues in a manner that minimizes interest paid and other related costs as well as repaying principal as rapidly as possible to create financial flexibility and future debt capacity. Balloon indebtedness does not generally meet these objectives. The County Commission will make sure to additionally comply with T.C.A. § 9-21-134 and its Balloon Debt Management Plan, as attached as Exhibit A. This will include the requirements for balloon indebtedness found in the Tennessee State Funding Board's guidance on debt management policies and balloon indebtedness.

#### **3) Restructuring for economic purposes**

The County may also refund Debt when it is in its best financial interest to do so. Such a refunding will be limited to restructuring to meet unanticipated revenue expectations,

achieve cost savings, mitigate irregular debt service payments, release reserve funds or remove unduly restrictive bond covenants or any other reason approved by the Legislative Body in its discretion. The County aspires to issue refunding debt with a level or declining debt payment structure and whenever possible mitigate previously issued balloon indebtedness structures.

#### **4) Term of Refunding Issues**

Normally, the County will refund Debt equal to or within its existing term. However, the Mayor and Finance Director may consider maturity extension, when necessary to achieve desired outcomes, provided that such extension is legally permissible and it is approved by the Legislative Body. The Mayor and Finance Director may also consider shortening the term of the originally issued debt to realize greater savings. The remaining useful economic life of the financed facility and the concept of intergenerational equity should guide these decisions.

#### **5) Escrow Structuring**

The County shall utilize the least costly securities available in structuring refunding escrows. In the case of open market securities, a certificate will be provided by a third party agent, who is not a broker-dealer stating that the securities were procured through an arms-length, competitive bid process, that such securities were more cost effective than State and Local Government Obligations (SLGS), and that the price paid for the securities was reasonable within Federal guidelines. In cases where taxable Debt is involved, the Mayor and Finance Director, with the approval of bond counsel, may make a direct purchase as long as such purchase is the most efficient and least costly. Under no circumstances shall an underwriter, agent or any Financial Professionals sell escrow securities involving tax-exempt Debt to the County from its own account.

#### **6) Arbitrage**

The County shall take all necessary steps to optimize escrows and to avoid negative arbitrage in its refunding. Any positive arbitrage will be rebated as necessary according to Federal guidelines.

### **IX. METHODS OF ISSUANCE**

The Mayor and Finance Director may consult with a Financial Professional regarding the method of sale of Debt. Subject to approval by the Legislative Body, the Mayor and Finance Director will determine the method of issuance of Debt on a case-by-case basis consistent with the options provided by prevailing State law.

#### **1) Competitive Sale**

In a competitive sale, the County's Debt will be offered in a public sale to any and all eligible bidders. Unless bids are rejected, the Debt shall be awarded to the bidder providing the lowest true interest cost as long as the bid adheres to the requirements set forth in the official notice of sale.

In a competitive sale, a financial advisor may bid on an issue for which they are providing advisory services

## **2) Negotiated Sale**

The County recognizes that some securities are best sold through a negotiated sale with an underwriter or group of underwriters. The County shall assess the following circumstances in determining whether a negotiated sale is the best method of sale:

- a. State requirements on negotiated sales;
- b. Debt structure which may require a strong pre-marketing effort such as those associated with a complex transaction generally referred to as a "story" bond;
- c. Size or structure of the issue which may limit the number of potential bidders;
- d. Market conditions including volatility wherein the County would be better served by the flexibility afforded by careful timing and marketing such as is the case for Debt issued to refinance or refund existing Debt;
- e. Whether the Debt is to be issued as variable rate obligations or perhaps as Zero Coupon Debt;
- f. Whether an idea or financing structure is a proprietary product of a single firm;
- g. In a publicly offered or privately placed, negotiated sale, a financial advisor, if any, shall not be permitted to resign as the financial advisor in order to underwrite or privately place an issue for which they are or have been providing advisory services;
- h. The underwriter shall clearly identify itself in writing as an underwriter and not as a financial advisor from the earliest stages of its relationship with the County with respect to the negotiated issue. The underwriter must clarify its primary role as a purchaser of securities in an arm's length commercial transaction and that it has financial and other interests that differ from those of the County. The underwriter in a publicly offered, negotiated sale shall be required to provide pricing information both as to interest rates and to takedown per maturity to the Legislative Body (or its designated official) in advance of the pricing of the debt.

### **3) Private Placement**

From time to time, the County may elect to privately place its Debt. Such placement shall only be considered if this method is demonstrated to be advantageous to the County.

## **X. PROFESSIONALS**

### **1) Financial Professionals**

As needed, the County may select Financial Professionals to assist in its Debt issuance and administration processes. In selecting Financial Professionals, consideration should be given with respect to:

- a. relevant experience with municipal government issuers and the public sector;
- b. indication that the firm has a broadly based background and is therefore capable of balancing the County's overall needs for continuity and innovation in capital planning and Debt financing;
- c. experience and demonstrated success as indicated by its experience;
- d. the firm's professional reputation;
- e. professional qualifications and experience of principal employees; and
- f. the estimated costs, but price should not be the sole determining factor.

### **2) Miscellaneous**

#### **a. Written Agreements**

- i. Any Financial Professionals engaged by the County shall enter into written agreements including, but not limited to, a description of services provided and fees and expenses to be charged for the engagement.
- ii. The County shall enter into an engagement letter agreement with each lawyer or law firm representing the County in a debt transaction. No engagement letter is required for any lawyer who is an employee of the County or lawyer or law firm which is under a general appointment or contract to serve as counsel to the County. The County does not need an engagement letter with counsel not representing the County, such as underwriters' counsel.

- iii. The County shall require all Financial Professionals engaged in the process of issuing debt to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by both the County and the lender or conduit issuer, if any. This includes “soft” costs or compensations in lieu of direct payments.

**b. Conflict of Interest**

- i. Financial Professionals involved in a debt transaction hired or compensated by the County shall be required to disclose to the County existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisors, swap advisors, bond counsel, swap counsel, trustee, paying agent, underwriter, counterparty, and remarketing agent), as well as conduit issuers, sponsoring organizations and program administrators. This disclosure shall include that information reasonably sufficient to allow the County to appreciate the significance of the relationships.
- ii. Financial Professionals who become involved in the debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard, electronic bidding platform are not subject to this disclosure. No disclosure is required that would violate any rule or regulation of professional conduct.

**XI. COMPLIANCE**

**1) Continuing Annual Disclosure**

Normally at the time Debt is delivered, the County will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of holders and beneficial owners of the publicly traded Debt to provide certain financial information relating to the County by not later than twelve months after each of the County's fiscal years, (the “Annual Report and provide notice of the occurrence of certain enumerated events. The Annual Report (and audited financial statements, if filed separately) will be filed with the MSRB through the operation of the Electronic Municipal Market Access system (“EMMA”) and any State Information Depository established in the State of Tennessee (the “SID”). If the County is unable to provide the Annual Report to the MSRB and any SID by the date required, notice of each failure will be sent to the MSRB and any SID on or before such date. The notices of certain enumerated events will be filed by the County with the MSRB through EMMA and any SID. The specific nature of the information to be contained in the Annual Report or the notices of significant events is provided in each Continuing Disclosure Certificate. These covenants are made in order to assist underwriters in complying with SEC Rule 15c2-12(b) (the “Rule”).

## **2) Arbitrage Rebate**

The County will also maintain a system of record keeping and reporting which complies with the arbitrage rebate compliance requirements of the Internal Revenue Code (the "Code").

## **3) Records**

The County will also maintain records required by the Code including, but not limited to, all records related to the issuance of the debt including detailed receipts and expenditures for a period up to 6 years following the final maturity date of the Debt or as required by the Code.

## **4) Internal Controls**

In accordance with the requirements of T.C.A. § 9-18-102, the County Commission using its audit committee and appropriate County personnel shall perform a risk assessment of any funds associated with the payment of debt.

# **XII. DEBT POLICY REVIEW**

## **1) General Guidance**

The guidelines outlined herein are only intended to provide general direction regarding the future issuance of Debt. The County Commission maintains the right to modify this Debt Policy and may make exceptions to any of its guidelines at any time to the extent that the execution of such Debt achieves the goals of the County as long as such exceptions or changes are consistent with TCA and any rules and regulations promulgated by the State.

The County Commission shall regularly review this Debt Policy and perform a risk assessment on the related internal control procedures. Further the Debt Policy will be reviewed from time to time as circumstances, such as during the planning of new debt issuances, rules and regulations warrant. Any amended Debt Policy will be filed with the Office of State and Local Finance in accordance with State Funding Board requirements.

## **2) Designated Official**

The County Mayor and Finance Director are responsible for ensuring substantial compliance with this Debt Policy.

**EXHIBIT A**

**ANDERSON COUNTY  
TENNESSEE**

**Balloon Debt Management Plan**

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# **Anderson County, Tennessee Balloon Debt Management Plan**

## **I. INTRODUCTION**

This Balloon Debt Management Plan (the “Debt Plan”) is a written guideline to manage, reduce, and mitigate the effect of existing balloon indebtedness on the County’s financial condition and to issue future debt structured with level principal payments or a level debt amortization. The County has previously issued balloon indebtedness as defined by Public Chapter 766, Acts of 2014 (“Balloon Debt”). This outstanding balloon indebtedness has reduced the County’s future capacity to issue debt and its financial flexibility to meet future needs. The purpose of this Debt Plan is to improve the quality of management and legislative decisions for the County regarding the structure of its current and future debt issuances consistent with the County’s Debt Management Policy’s (“DMP”) goals and to do what is in the best interest of the County and its taxpayers.

***Policy Statement:*** It is in the best interest of the County’s citizens to maintain a debt portfolio utilizing individual debt issues in a manner that minimizes interest paid, the real cost of debt, and other related costs as well as repaying principal as rapidly as possible to create financial flexibility and future debt capacity. Balloon indebtedness does not generally meet these objectives.

This Debt Plan formally establishes parameters for structuring debt and managing a debt portfolio that considers:

- specific current capital improvement needs,
- future capital improvement needs,
- ability to repay financial obligations,
- impact on future debt capacity and revenues available for operations, and
- existing legal, economic, and financial market conditions.

Specifically, the intent of the plan outlined in this document is to assist in the following:

- To guide the County Commission in debt issuance decisions
- To establish a County Commission policy to issue new money debt that is not balloon indebtedness as defined by T.C.A. § 9-21-134
- To manage and mitigate the County’s currently outstanding balloon indebtedness
- To promote sound financial management
- To protect the County’s credit rating

The Debt Plan will be divided into four (4) sections for each of the major funds that have debt: County’s General Debt Service Fund, Rural School Debt Service Fund (Rural

Elementary School Fund), Education Debt Service Fund (Rural High School Fund) and General Purpose School Fund.

The County Commission will regularly review this Debt Plan and its DMP and make revisions and updates, if warranted. The County Commission will utilize this Debt Plan with its DMP when planning future debt issues. If the County Commission plans to issue Balloon Debt in the future, it will review this Debt Plan and ensure it follows the Debt Plan guidance.

## **II. GOALS AND OBJECTIVES**

The County's goal is to issue debt structured in a manner that:

- minimizes the real cost of debt: interest payments;
- creates future debt capacity within its projected future revenue stream to meet the County's capital needs; and
- provides financial flexibility by reducing future calls on the County's revenues for annual debt service.

**Objective 1:** Create future debt capacity within the projected debt service revenue stream with an overall declining structure for the County's debt portfolio and the flexibility to use that debt service revenue stream for future operations or other needs of the County.

**Objective 2:** Issue new debt with a level or declining debt payment structure.

**Objective 3:** Manage the County's currently outstanding balloon indebtedness in a manner that mitigates its effects on the County's future revenues, if possible, by:

- restructuring;
- early repayment;
- delaying of capital projects until capacity is available to issue debt structured with level or declining payment;
- or such action available within its financial capacity to manage debt.

**Objective 4:** Understand any proposed transaction and requested alternatives before taking action

**Objective 5:** Explain to the County's citizens any proposed transaction including the cost and risks.

**Objective 6:** Protect and improve the County's credit rating by managing the County's current balloon indebtedness and by issuing future debt with a level or declining payment structure.

**Objective 7:** Use the Debt Plan as a guide to determine when it is in the citizens' best interest to incur additional interest and other costs and risks incurred with the issuance of debt with a balloon structure.

### **III. HISTORY**

In 2011, the County's cash position was dangerously low and the County was unwilling to raise revenues to fund additional debt issues while still struggling from the significant economic downturn that started during the Great Recession of 2008.

#### **COUNTY'S GENERAL FUND DEBT**

In the past, the County issued Balloon Debt as described by T.C.A. § 9-21-134.

- a. In 2011, the County refunded then existing fixed rate debt and delay principal payments to bring general debt service expenses in line with the estimated revenues.
- b. The County also issued new debt to fund a jail expansion in 2011. That debt was structured as Balloon Indebtedness. The County structured the repayment schedule to create an overall level amortization of the County's portfolio of debt. This required that the debt for the jail expansion be delayed until the County's other debt was retired. The County did this with the understanding that any major future borrowing would require new revenue sources to fund the new debt service.

#### ***Impact of Outstanding Balloon Indebtedness***

- Due to its low cash position experienced during the Great Recession, the County implemented its current General Fund - Fund Balance Policy. This policy has resulted in the County's General Fund balance to be over \$10,000,000 of restricted and unrestricted funds at year ended June 30, 2016.
- The County also placed a stronger emphasis on funding the Capital Project Fund to fund smaller projects and equipment purchase since nearly all of the revenues of the General Debt Service Fund are utilized until 2035.

At the time of the writing of this policy, total annual debt service payments are approximately level until 2028. Under the current revenue stream, the County does not have sufficient debt capacity to issue any new debt for substantial capital needs. As a result, the County will not be able to issue future debt for new projects as level debt utilizing the existing revenue stream, as described by T.C.A. § 9-21-134. See attached County GDSF Debt Chart.

## **RURAL SCHOOL DEBT SERVICE FUND (Rural Elementary School)**

In the past, the County issued Balloon Debt as described by T.C.A. § 9-21-134.

- a. In 2011, the County refunded existing variable rate debt paid from the Rural Debt Service Fund (RDSF) to delay principal payments to bring debt service expenses in line with the estimated revenues for the RDSF and to lower interest rate risk by issuing the refunding debt as fixed interest rate.
- b. The County also issued new debt in 2011 to fund renovations and expansions and new construction with the County's school system. That debt was structured as Balloon Indebtedness to delay the repayment of a majority of the principal.
- c. In 2014, the County issued more debt to finance energy conservation projects and additional renovations at its schools. The County selected a repayment structure to match the projected savings from the energy conservation improvements and as a result a portion of the principal was delayed resulting in Balloon Debt.

### ***Impact of Outstanding Balloon Indebtedness***

The County structured the 2011 RDSF debt issues with the understanding that any major future borrowing would require either a new revenue source or an increase in the current source to fund new debt service or that it would issue future debt with a balloon indebtedness structure to delay principal payments, potentially increasing the total cost of debt for the original project(s). This balloon indebtedness structure reduced future debt capacity within the revenue stream for the RDSF. Subsequently, the County issued additional debt with a balloon indebtedness structure in fiscal year 2014.

The total annual payments are approximately level until 2026, then the payments decrease by approximately \$540,000 per year. Due to the annual debt payments being approximately level, the County will need to find new revenue sources for any substantial new debt in the future. As a result, the County will not be able to issue future debt for new projects as level debt, as described by T.C.A. § 9-21-134, until 2027 and annual debt service cannot exceed \$540,000 during the period 2027 to 2031. See attached County RDSF (Rural Elementary School) Debt Chart.

## **EDUCATION DEBT SERVICE FUND (Rural High School)**

In the past, the County issued Balloon Debt as described by T.C.A. § 9-21-134.

- a. In 2011, the County refunded existing variable rate debt paid from the Education Debt Service Fund (EDSF) to delay principal payments to bring debt service expenses in line with the estimated revenues for the EDSF and to lower interest rate risk by issuing the refunding debt as fixed interest rate.

- b. The County also issued new debt in 2011 to finance renovations and expansions and new construction within the County's school system. That debt was structured as Balloon Indebtedness to delay the repayment of a majority of the principal.
- c. In 2014, the County issued more debt to finance energy conservation projects and additional renovations at its schools. The County selected a repayment structure to match the projected savings from the energy conservation improvements and as a result a portion of the principal was delayed resulting in Balloon Debt.

### ***Impact of Outstanding Balloon Indebtedness***

The County structured these EDSF debt issues with the understanding that any major future borrowing would require either a new revenue source or an increase in the current source to fund new debt service or that it would issue future debt with a balloon indebtedness structure delaying principal payments, potentially increasing the total cost of debt for the original project(s). This balloon indebtedness structure reduced future debt capacity within the revenue stream for the RDSF. Subsequently, the County issued additional debt with a balloon indebtedness structure in fiscal year 2014.

The total annual payments are approximately level until 2031 when the payments on the outstanding debt are complete. Due to the annual debt payments being approximately level, the County will need to find new revenue sources for any substantial new debt in the future. As a result, the County will not be able to issue future debt for new projects as level debt, as described by T.C.A. § 9-21-134, until 2031. See attached County EDSF (Rural High School) Debt Chart.

### **GENERAL PURPOSE SCHOOL FUND DEBT**

The General Purpose School Fund aspires to issue future debt as level debt.

The small amount of General Purpose School Fund debt will be retired in in 2022. See attached General Purpose School Fund Debt Chart.

## **IV. POLICY**

The County Commission aspires to issue future debt for new large capital projects as level debt. The County Commission aspires to fund certain smaller capital projects using the monies appropriated and accumulated in the Capital Project Fund. The County Commission, within its available financial resources, aspires to take action to mitigate the effects of its currently outstanding balloon indebtedness on the County's future revenues. The intent is to create sufficient future debt capacity to issue debt for capital projects without restructuring outstanding debt into balloon indebtedness or issuing new money debt as balloon indebtedness.

If it is determined that is in the public interest to issue balloon indebtedness, the County Mayor will present a Plan of Balloon Indebtedness, as prepared by the County's staff and/or its supporting financial professionals, that details the transaction and will include the requisite information as outlined in the sections below entitled New Debt and Outstanding Balloon Indebtedness, as applicable, and why it is in the public's interest to the Office of State and Local Finance for approval in accordance with T.C.A. § 9-21-134.

A debt authorization resolution that structures the debt as balloon indebtedness will not be adopted until approval of the Plan of Balloon Indebtedness is received from the Office of State and Local Finance. If the County Commission determines it will issue debt structured as balloon indebtedness, it will provide the Plan of Balloon Indebtedness and the approval from the Office of State and Local Finance to the public.

### **New Debt**

It is the aspiration of the County Commission to issue all new debt with a level debt structure. Balloon indebtedness structures can oftentimes increase the interest cost for a capital project, reduce future available debt capacity, and decrease the financial flexibility of the County Commission to use its revenue streams for other purposes. Such payment structures can sometimes be an indicator of financial stress.

If the County Commission considers issuance of debt structured as Balloon Indebtedness (as described by T.C.A. § 9-21-134) for future new projects, it will determine if it is in the public's best interest to utilize Balloon Indebtedness. The County will ensure that any projected revenues used to secure debt will:

- be sufficient to pay for the debt being considered,
- be sufficient to pay all of its other existing outstanding debt service secured by the same projected revenues, and
- not hinder the County's ability to fund future capital needs or to fund future debt service in a level payment structure.

The County Commission will evaluate the specific justification for issuing debt structured as balloon indebtedness. At the time the County Commission considers whether a proposed debt issue with a balloon indebtedness structure is in the public's best interest, it will disclose to the public an analysis which will include the following:

- the proposed debt structure, including the principal and interest payments, and terms and life of the debt issue;
- a schedule or graph showing the County's total debt service for the fund in which the proposed debt is being issued, both pre and post issuance, showing the revenue required to service the debt for each fiscal year debt remains outstanding.
- a schedule or graph showing the percentage of debt retired every five years on both the proposed debt and overall debt;

- a schedule(s) or graph(s) showing whether the proposed structure, when compared to a level debt structure:
  - increases the interest cost for a capital project,
  - reduces future available debt capacity, or
  - decreases the financial flexibility of the County Commission to use its revenue streams for other purposes compared to a level debt structure

### **Outstanding Balloon Indebtedness**

The County Commission will manage currently outstanding balloon indebtedness in a manner that mitigates its effects on the County's future revenues, if possible, by:

- restructuring;
- early repayment;
- delaying of capital projects until capacity is available to issue debt structured with level or declining payment; or
- such action available within its financial capacity to manage debt.

Whenever possible, the County Commission aspires either to restructure such balloon indebtedness into a more level debt payment structure or to repay at a faster rate than the original structure.

If the County Commission considers issuing refunding debt structured as Balloon Indebtedness (as described by T.C.A. § 9-21-134) to refund outstanding debt with a balloon indebtedness structure, it will determine if it is in the public's best interest. In making its determination, the County Commission will consider whether the benefits of a balloon indebtedness structure outweigh:

- the possible reduction of the County's future debt capacity within the current projected revenue stream; and
- the flexibility to use future revenues for other purposes.

The County Commission will be provided with an analysis that will allow it to determine that any projected revenues used to secure debt will:

- be sufficient to pay for the debt being considered,
- be sufficient to pay all of its other existing outstanding debt service secured by the same projected revenues, and
- not hinder the County's ability to fund future capital needs or to fund future debt service in a level payment structure.

The County Commission will evaluate the specific justification for issuing debt structured as balloon indebtedness. At the time the County Commission considers whether a proposed

debt issue with a balloon indebtedness structure is in the public's best interest, it will disclose to the public an analysis which will include the following:

- the proposed debt structure, including the principal and interest payments, and terms and life of the debt issue, exhibiting that the proposed refunding debt's structure is more level or declining than the refunded debt's structure;
- a schedule or graph showing the County's total debt service for the fund in which the proposed debt is being issued, both pre and post issuance, showing the revenue required to service the debt for each fiscal year debt remains outstanding.
- a schedule or graph showing the percentage of debt retired every five years on both the proposed debt and overall debt;
- a schedule(s) or graph(s) showing whether the proposed structure, when compared to a level debt structure:
  - increases the interest cost for a capital project,
  - reduces future available debt capacity, or
  - decreases the financial flexibility of the County Commission to use its revenue streams for other purposes compared to a level debt structure

## **V. DEBT PLAN REVIEW**

### **1) General Guidance**

The guidelines outlined herein are only intended to provide general direction regarding the future issuance of Debt. The County Commission maintains the right to modify this Debt Plan and may make exceptions to any of its guidelines at any time to the extent that the execution of such Debt achieves the goals of the County as long as such exceptions or changes are consistent with TCA and any rules and regulations promulgated by the State.

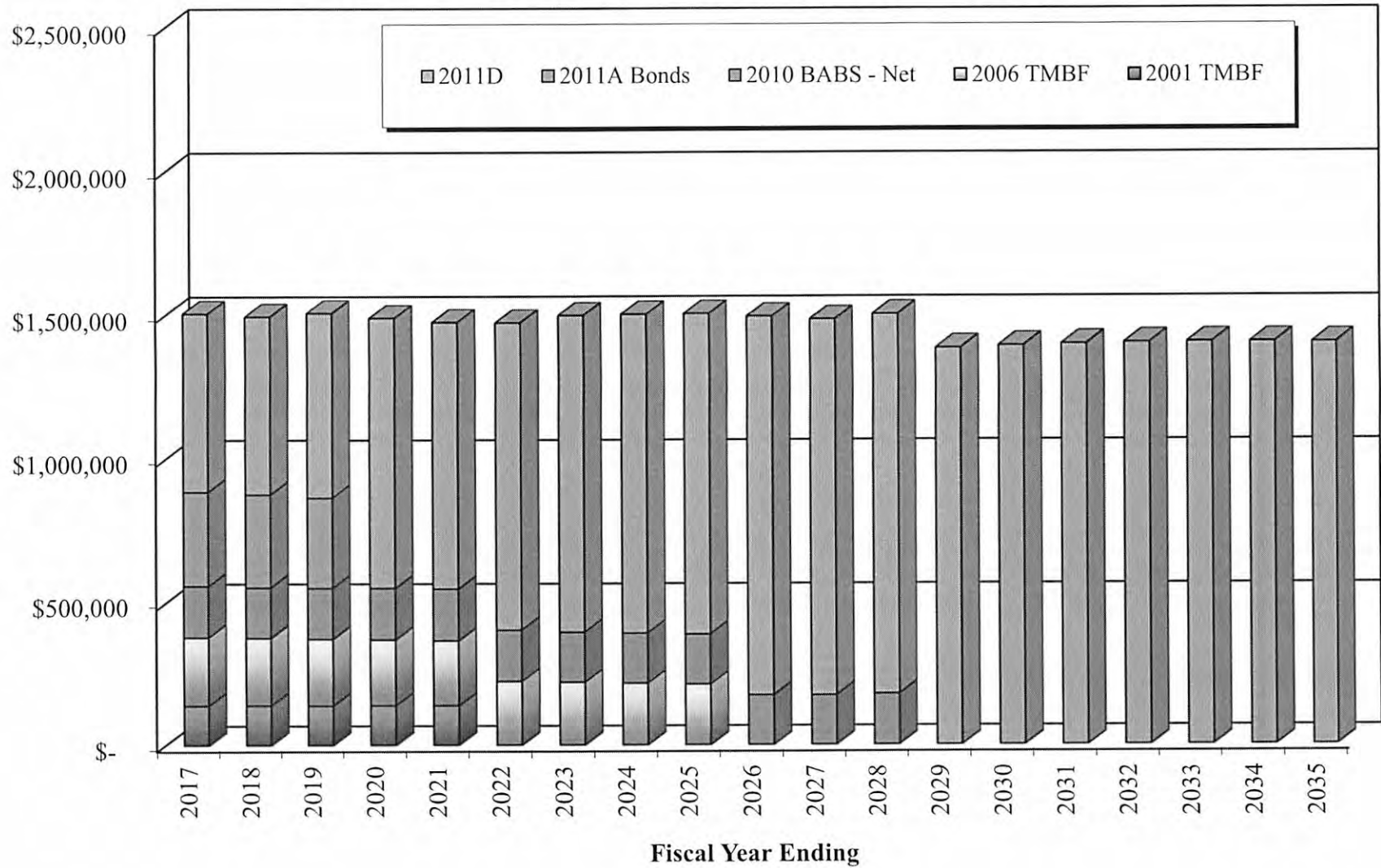
This Debt Plan should be reviewed regularly with the DMP by the County Commission and from time to time as circumstances, such as during the planning of new debt issuances, rules and regulations warrant.

### **2) Designated Official**

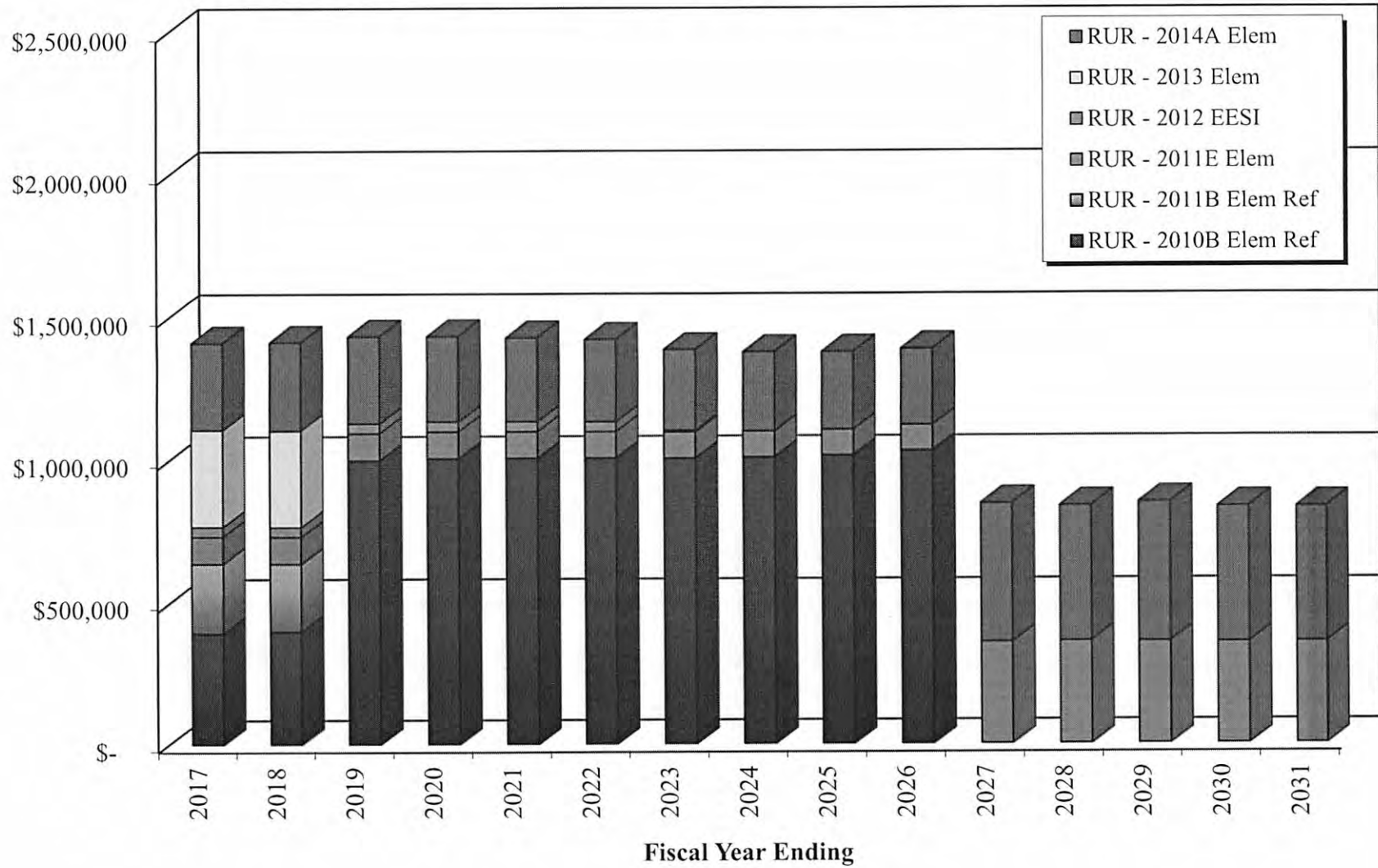
The County Mayor and Finance Director are responsible for ensuring substantial compliance with this Debt Plan.



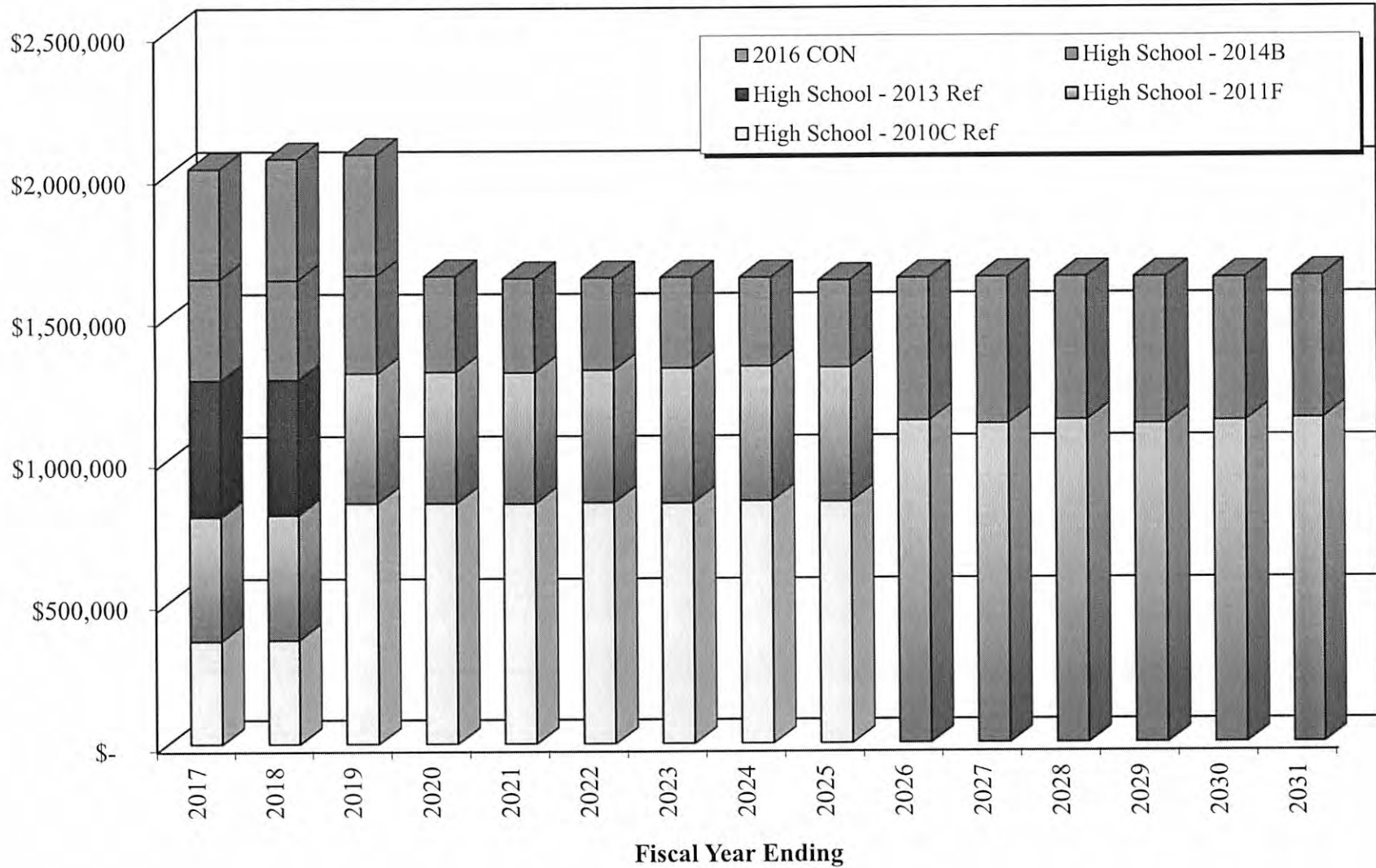
# **Anderson County, Tennessee** **Total Combined Outstanding Debt Service - General Fund**



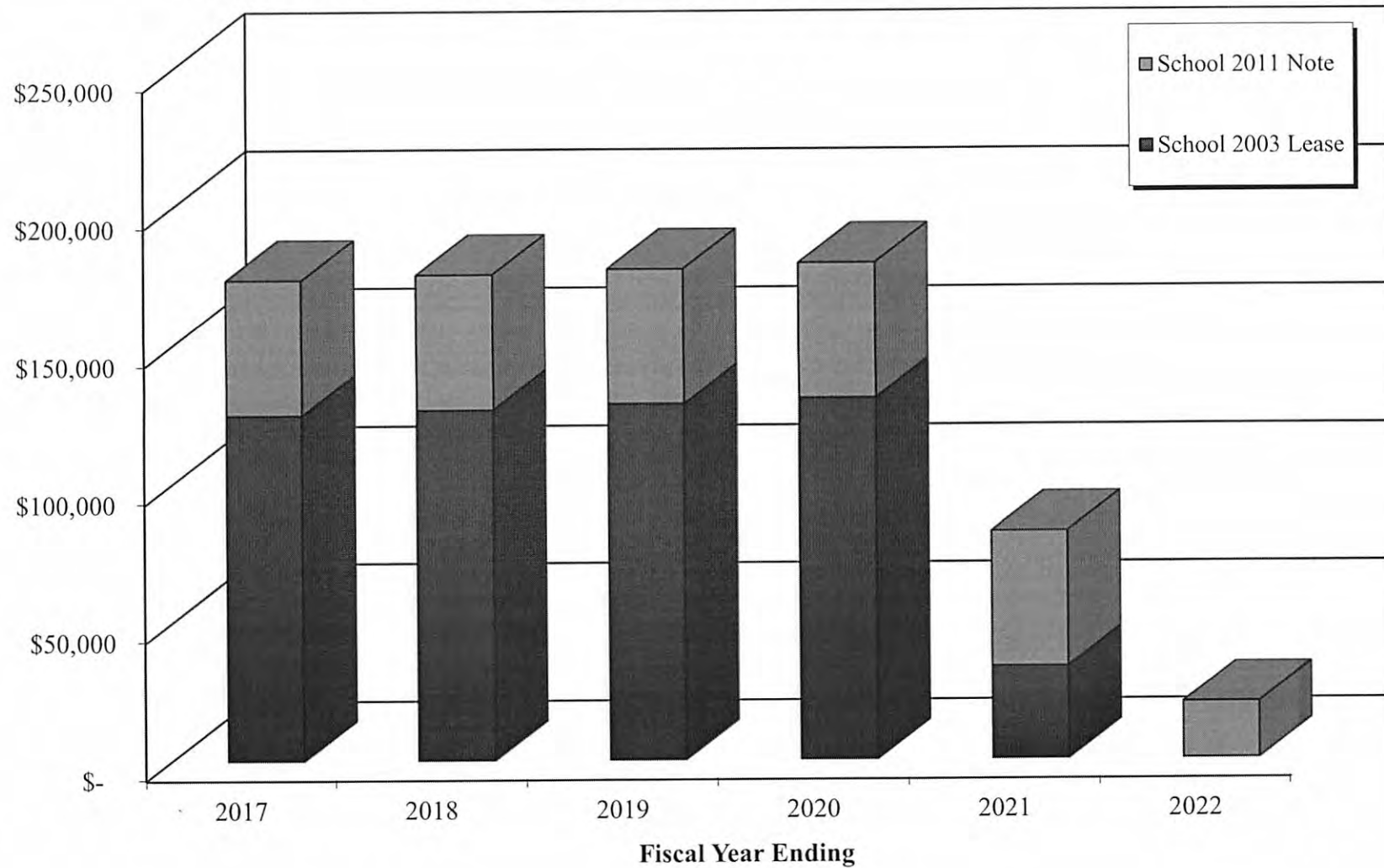
# **Anderson County, Tennessee** **Total Combined Outstanding Debt Service - Rural School Debt Service Fund**



# **Anderson County, Tennessee** **Total Combined Outstanding Debt Service - Education Debt Service Fund**



**Anderson County, Tennessee**  
**Total Combined Outstanding Debt Service - General Purpose School Fund**



## MEMORANDUM

To: Terry Frank, Anderson County Mayor, Jay Yeager, Anderson County Law Director, Anderson County Regional Planning Commission members, and Planning and Zoning Staff

From: Joe Barrett, Staff Planner

Date: May 27, 2021

Re: PUBLIC CHAPTER 972

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This memorandum is to assist in clarifying the state legislation that was passed in May of 2018, deemed the “Short-Term Rental Unit Act” and how this relates to local regulatory authority. The law was codified in Sections 13-7-601 through 13-7-606, Tennessee Code Annotated. Traditionally, there are some specific activities that are pre-empted by federal or state law that place limits on local authority entirely or to some degree for specific activities. However, in this particular case, the General Assembly made a conscious decision not to pre-empt local authority entirely. Therefore, there are local controls that can be applied to short-term rentals on a limited basis. The state law is codified within Section 7 of Title 13, which is the zoning section of the enabling legislation.

The first substantive part of the law includes a definition section, which defines short-term rentals in a way that clearly renders this a distinct use, set apart from any other use that local authorities may be tempted to lump short-term rentals into in order to regulate them. The definition is as follows:

8) “Short-term rental unit” or “unit” means a residential dwelling that is rented wholly or partially for a fee for a period of less than thirty (30) continuous days and does not include a hotel as defined in § 68-14-302 or a bed and breakfast establishment or a bed and breakfast homestay as those terms are defined in § 68-14-502.” (TCA 13-7-602)

For regulatory purposes, the definition establishes that (1) STR’s are considered “residential uses”, (2) the time period for short-term rentals is less than 30 days, and (3) STR’s are not hotels or bed & breakfast establishments. Included within this definitions section in TCA 13-7-602.10, there are two different scenarios local governments can apply local controls to STR’s. These two scenarios include an existing STR requiring a permit/application or not requiring a permit/application. In other words, the county had established a permit/application process specifically for a STR or there was not a process in place when the STR operation began. For Anderson County, there is not a process already in place to specifically regulate these uses and therefore an STR would be “grandfathered in” as a non-conforming use<sup>1</sup>. This is further reiterated in the next section in TCA 13-7-603(a), which provides that any regulation that prohibits, or effectively prohibits an STR, does not apply to property already being used as a short-term rental property.

A later section also affords certain entities the ability to restrict or prohibit an STR by private restrictions in TCA 13-7-605. This implies that although local governing authorities are limited to what degree STR’s can be regulated, condo owners, co-ops, homeowner associations, and other similar entities are not limited in outright prohibiting an STR from operating within a development.

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<sup>1</sup> Provider must remit taxes for last 6-12 months prior to an adopted regulation to confirm STR was operational.

In conclusion, there are some points of emphasis that should be noted:

- 1). Short-term rentals are a distinct residential use.
- 2). The short-term is distinguished from long-term rentals by the 30-day time period.
- 3). Existing short-term rentals would be “grandfathered” if there were not regulations established that specifically regulated short-term rentals.
- 4). Wide latitude is afforded to local home entities to not only restrict short-term rentals, but to outright prohibit them from a development.

There also are some points and suggestions that are worth mentioning relevant to Anderson County in particular. First, the current zoning regulations do not account for short-term rentals and by virtue of this absence does not necessarily translate into a prohibition. Moreover, due to the lack of regulations/application/permit system specifically for STR’s, any existing operation would be protected under the non-conforming clause at the state (PC 972) and local (Section 05-120) levels.

For future STR’s, staff would recommend amending the current zoning resolution to account for short-term rentals. Some key points would include:

- Any specific regulations should have a reasonable relationship to the public welfare.
- Establish a clear definition of a short-term rental.
- Establish in desirable districts as a permitted use-by-right or conditional use (special exception).
- For land use purposes, STR’s are defined as a residential use and should be treated as such.
- Establish application and permitting system separate from the zoning resolution.

These suggestions are not entirely inclusive and are my initial suggestions on the matter. The planning commission can begin to consider zoning amendments for these uses. In considering these amendments, there would be more specific performance standards than key points noted above.

Joe Barrett, Staff Planner



**State of Tennessee**  
**PUBLIC CHAPTER NO. 972**

**HOUSE BILL NO. 1020**

**By Representative Cameron Sexton**

**Substituted for: Senate Bill No. 1086**

**By Senator Stevens**

**AN ACT to amend Tennessee Code Annotated, Title 5; Title 6; Title 7; Title 13; Title 56; Title 62; Title 66; Title 67 and Title 68, relative to short-term rental units.**

**BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:**

**SECTION 1.** Tennessee Code Annotated, Title 13, Chapter 7, is amended by adding the following new part:

**13-7-601.**

This part shall be known and may be cited as the "Short-Term Rental Unit Act."

**13-7-602.**

As used in this part:

(1) "Effectively prohibit" means a local governing body acts or fails to act in a manner that prevents a property owner from using the owner's property as a short-term rental unit after reasonable compliance with generally applicable local laws;

(2) "Generally applicable local law" means an ordinance, resolution, regulation, rule, or other requirement of any type other than zoning enacted, maintained, or enforced by a local governing body that applies to all property or use of all property and does not apply only to property used as a short-term rental unit;

(3) "Used as a short-term rental unit" means the property was held out to the public for use as a short-term rental unit, and:

(A) For property that began being held out to the public for use as a short-term rental unit within the jurisdiction of a local governing body that required a permit to be issued or an application to be approved pursuant to an ordinance specifically governing short-term rental units prior to using the property as a short-term rental unit, a permit was issued or an application was approved by the local governing body for the property; or

(B) For property that began being held out to the public for use as a short-term rental unit within the jurisdiction of a local governing body that did not require a permit to be issued or an application to be approved pursuant to an ordinance specifically governing short-term rental units, the provider remitted taxes due on renting the unit pursuant to title 67, chapter 6, part 5 for filing periods that cover at least six (6) months within the twelve-month period immediately preceding the later of:

(i) The effective date of this act; or

(ii) The effective date of an ordinance, resolution, regulation, rule, or other requirement by a local governing body having jurisdiction over the property requiring a permit or an

application to be approved pursuant to an ordinance specifically governing short-term rental units;

(4) "Local governing body" means the legislative body of a city, municipality, county, or other political subdivision of this state that has authority to enact a zoning ordinance, resolution, regulation, rule, or other requirement of any type regarding land use in its jurisdiction;

(5) "Prohibit" means to forbid or ban the operation of short-term rental units, either permanently or temporarily, within a local governing body's jurisdiction, portion of the local governing body's jurisdiction, or a portion of an owner's property;

(6) "Property" means a tract of land as recorded with the register of deeds office of the county where the property is located;

(7) "Provider" means any person engaged in renting a short-term rental unit and includes an owner of a residential unit that is made available through a vacation lodging service as that term is defined in § 62-13-104;

(8) "Residential dwelling" means a cabin, house, or structure used or designed to be used as an abode or home of a person, family, or household, and includes a single-family dwelling, a portion of a single-family dwelling, or an individual residential dwelling in a multi-dwelling building, such as an apartment building, condominium, cooperative, or timeshare; and

(9) "Short-term rental unit" or "unit" means a residential dwelling that is rented wholly or partially for a fee for a period of less than thirty (30) continuous days and does not include a hotel as defined in § 68-14-302 or a bed and breakfast establishment or a bed and breakfast homestay as those terms are defined in § 68-14-502.

**13-7-603.**

(a) Except as otherwise provided in subsection (b), an ordinance, resolution, regulation, rule, or other requirement of any type that prohibits, effectively prohibits, or otherwise regulates the use of property as a short-term rental unit shall not apply to property if the property was being used as a short-term rental unit by the owner of the property prior to the enactment of the ordinance, resolution, regulation, rule, or other requirement by the local governing body. The ordinance, resolution, regulation, rule, or other requirement in effect at the time the property began being used as a short-term rental unit is the law that governs the use of the property as a short-term rental unit until the property is sold, transferred, ceases being used as a short-term rental unit for a period of thirty (30) continuous months, or has been in violation of a generally applicable local law three (3) or more separate times as provided by § 13-7-604. For purposes of this subsection (a), an ordinance, resolution, regulation, rule, or other requirement is in effect at the time it is lawfully enacted by the local governing body and not the time in which it is introduced for consideration by the local governing body.

(b) Notwithstanding subsection (a), an ordinance, resolution, regulation, rule, or other requirement of any type enacted prior to January 1, 2014, that prohibits or effectively prohibits the use of property as a short-term rental unit may apply to any property within a local governing body's jurisdiction, regardless of the property's existing use. However, this subsection (b) applies only to ordinances, resolutions, regulations, rules, or other requirements that expressly limit the period of time a residential dwelling may be rented, and does not apply to ordinances, resolutions, regulations, rules, or other requirements that generally prohibit commercial activity or the renting of residential dwellings to transients.

**13-7-604.**

(a) Section 13-7-603 does not prevent a local governing body from prohibiting the continued use of property as a short-term rental unit if, as a direct result of the operation of the short-term rental unit, the unit has been in violation of a generally applicable local



law three (3) or more separate times, and the provider has no appeal rights remaining for any of the three (3) violations. The burden of proof that a violation of a generally applicable local law was a direct result of the operation of the short-term rental unit is on the local governing body.

(b)

(1) The local governing body may authorize short-term rental units through a permitting or application process.

(2) Notwithstanding this part to the contrary, a local governing body that authorizes short-term rental units through a permitting or application process pursuant to subdivision (b)(1) may suspend the continued use of property as provided in § 13-7-603(a) during the time that the unit does not maintain a permit or approved application if the permitting or application requirements are reasonable.

(3) Nothing in this subsection (b) extinguishes a provider's right to continued use of property as a short-term rental unit set out in § 13-7-603(a) unless the property is sold, transferred, ceases being used as a short-term rental unit for a period of thirty (30) continuous months, or has been in violation of a generally applicable local law three (3) or more separate times as provided by subsection (a).

(c) A local governing body that accepts public complaints regarding the operation of short-term rental units in its jurisdiction pursuant to a permitting or application process shall assure that all complainants are notified that any false complaint made against a short-term rental unit provider are punishable as perjury under § 39-16-702.

(d) If a local governing body prohibits, effectively prohibits, suspends, or otherwise regulates property used as a short-term rental unit that is also subject to § 13-7-603(a), the provider may challenge the prohibition, regulation, suspension, or regulation as in conflict with this part through a civil action or appeal. The circuit or chancery court has jurisdiction of any appeal instituted by a provider pursuant to this subsection (d) and review is de novo.

**13-7-605.**

Nothing in this part prohibits:

(1) A condominium, co-op, homeowners association, or other similar entity from prohibiting or otherwise restricting an owner of property within the jurisdiction of the condominium, co-op, association, or other similar entity from using the owner's property as a short-term rental unit as provided for in the entity's governing documents;

(2) A lessor, through the terms of a lease agreement, from restricting the use of the leased property as a short-term rental unit; or

(3) A property owner from placing a restrictive covenant or easement on the property that restricts the future use of the property as a short-term rental unit as authorized under existing law.

**13-7-606.**

This part supersedes any ordinance, resolution, regulation, rule, or other requirement of any type enacted, maintained, or enforced by a local governing body that is in conflict with this part.

SECTION 2. Tennessee Code Annotated, Section 68-14-302(6), is amended by adding the following language to the end of the subdivision:

"hotel" does not include a short-term rental unit, as defined in § 13-7-602;

**HB 1020**

**SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring**  
**it.**

HOUSE BILL NO. 1020

PASSED: April 24, 2018

  
BETH HARWELL, SPEAKER  
HOUSE OF REPRESENTATIVES

  
RANDY MCNALLY  
SPEAKER OF THE SENATE

APPROVED this 17<sup>th</sup> day of May 2018

  
BILL HASLAM, GOVERNOR

186 Henderson Bend RD.

Danny Phillips <dphillips@andersoncountyttn.gov>

Tue 5/18/2021 11:01 AM

To: 'Jay Yeager (jyeager@aclawdirector.com)' <jyeager@aclawdirector.com>

Cc: Marjorie Pressley <mpressley@andersoncountyttn.gov>; Terry Frank <tfrank@andersoncountyttn.gov>; Lisa Crowley <lcrowley@andersoncountyttn.gov>

 1 attachments (326 KB)

20210518110214006.pdf;

Mr. Yeager, I'm reaching out in regards to the situation on Henderson Bend that Harold Edwards and other neighbors are concerned about. As you are aware it appears the owner of 186 Henderson Bend is renting out his house as a vacation house.

I want to say first of all I apologize for the delayed response. Things have been very hectic. Also, this is a new situation for us. The crew we currently have in the office hasn't deal with anything of this nature so we wanted to make sure we have all of our ducks in a row and respond accordingly. After a thorough review of the Zoning Resolution these are the thoughts we have and wanted to confer with you to see if we were looking at things from the right perspective.

First of all this residence is in an R-1 zone. For this residence to qualify as a Bed and Breakfast (Sec. 045-070) in this zone there would have to be approval given by the BZA for a "Special Exception". A site plan would have to be submitted to the Planning Commission and a business license would have to be obtained within 90 days of the approved site plan. Also, the owner/operator must reside on the premises or on an immediate adjacent property. To our knowledge none of these things have been done and the owner does not live on the premises.

Secondly, this cannot be looked at as a Customary Home Occupation (Sec.045-040) due to the fact "tourist homes" are prohibited as a Customary Home Occupation.

Please let us know what you think concerning these thoughts. Also, can you send the owner a letter or is this something you feel we need to do? I'm aware that typically if there is a zoning violation which there appears to be we would issue the NOV. However, considering Mr. Edwards position with the Planning Commission and their relationship to our office we didn't know if it would be better if a letter came from you? Also, Mr. Edwards says renting this house out as a vacation house is in violation of their HOA. This suggest there is the potential for lawyers to be involved somewhere down the road.

Please see attachment.

Thanks for your help with this.

Danny

ANDERSON COUNTY ZONING RESOLUTION (amended 12/17/2015)

5. Maximum Lot Coverage: Main farm and agricultural accessory buildings: maximum 5% of the total land area. Permitted non-agricultural or non-forestry uses, both principal and accessory buildings: maximum 30% of the total land area.
6. Lot Width: As regulated by the Anderson County Subdivision Regulations.
7. Height Requirements: No building shall exceed 50 feet in height, except as provided in Article 3, Division 50, Section 050-010
8. Parking Space Requirements: As regulated in Article 3, Division 60.

**Sec. 025-020. Suburban-Residential (R-1) District.**

A. District Description: The R-1 Suburban-Residential District is intended to provide areas suitable for low-density, single and multiple-family residential development. This district is particularly suitable for areas adjacent to or near urban areas, where an adequate public water supply or public sewage service is available. The principal uses of land range from single-family to low-density, multiple-family apartment uses. The following regulations shall apply in the R-1 Suburban-Residential District as defined on the Zoning Map.

B. Uses Permitted:

1. Detached, single-family dwellings
2. <sup>27</sup>Day Care Homes

C. Special Exceptions: In the R-1 Suburban-Residential District, the following uses and their accessory uses may be permitted subject to review and approval by the approval by the Board of Zoning Appeals in accordance with the provisions of Article 4, Division 75.

1. Multiple-family dwellings where the sewage disposal system is approved by the department of the State of Tennessee having jurisdiction<sup>28</sup> and the Board of Zoning Appeals
2. Mobile home parks where the sewage disposal system is approved by the department of the State of Tennessee having jurisdiction<sup>29</sup> and the Board of Zoning Appeals pursuant to the provisions of this code
3. Churches, airports, medical facilities
4. Public schools, colleges, and other public educational institutions
5. Public golf courses, parks, country clubs, and swimming pools
6. Utility facilities necessary for the provisions of public service
7. Planned development, subject to the provisions of Article 3, Division 045-111
8. Cemeteries, subject to the provisions of Article 3, Division 45, Section 045-040
9. Customary Home Occupations as regulated in Article 3, Division 45, Section 045-050 of this code (*Tourist home prohibited*) (*Family members residing on the premises; no*
10. Bed and Breakfast Establishments as regulated by Article 3, Division 045, Section 045-070. (*Site plan approved by PC; no*) (*owner must reside on property or the property immediately adjacent to the premises; no*)

<sup>27</sup> 11/15/99

<sup>28</sup> 3/20/95

<sup>29</sup> 3/20/95

ANDERSON COUNTY ZONING RESOLUTION (amended 12/17/2015)

- B. In addition to the site plan, the applicant must provide written statements from the adjacent property owners that they are aware of the intended use and have no objections to said use. Should the Planning Commission decide the applicant meets all requirements, they will recommend approval of the site plan pending proof of licensure from the State of Tennessee. Once licensure is received, a copy of the license shall be provided to the Building Commissioner to complete the file. Operation of the facility prior to providing a copy of the license to the Building Commissioner is prohibited. The Planning Commission may deny approval based on adverse site conditions, proximity to hazardous or industrial areas, hazardous road conditions, or other conditions that would compromise the safety of students, staff, or property.

**Sec. 045-070. Bed and Breakfast Establishments, Standard for.**

- A. A bed and breakfast establishment is allowed as a permitted use in an A-1 and A-2 zone and as a special exception in an R-1 zone. Any bed and breakfast establishment in Anderson County must have a site plan approved by the Planning Commission.
1. Approved bed and breakfast establishments must apply for and be approved for a business license within ninety (90) days of site plan approval. If a bed and breakfast establishment ceases operation for more than nine (9) months, then a new site plan must be approved.
  2. Additions to a single family residence for the intent of establishing a bed and breakfast shall be allowed, provided that such additions follow the requirements set forth in the Anderson County Zoning Regulations and adopted building codes.
  3. There must be a minimum distance of 500 feet between bed and breakfast establishments operating within Anderson County.
- B. Length of stay for lodgers shall not exceed fourteen (14) consecutive days. A roster of all overnight lodging guests staying at the bed and breakfast establishment must be kept active and up-to-date.
- C. Number of guest rooms is limited to four (4) to six (6) bedrooms in the dwelling unit plus one (1) bedroom for occupancy by the owner/operator if the owner/operator is also residing at the bed and breakfast establishment. Maximum occupancy is limited to two (2) adults per guest room.
- D. A single identification sign not to exceed four (4) square feet may be erected. Such sign shall be non-illuminated and shall be attached to the building structure.
- E. There shall be one (1) parking space for each guest bedroom plus two (2) parking spaces for the owner/operator, if the owner/operator is also residing at the bed and breakfast establishment. A minimum of two (2) additional parking spaces or an equivalent area shall be provided for the parking of overnight lodging guest's trailers and/or recreational vehicles (ATVs, boats, motorcycles, etc.). A minimum of one (1) parking space that complies with the size and space requirements of the American Disabilities Association must be provided.
1. Only off-street parking shall be allowed.
  2. There shall be opaque fencing and/or landscaping developed around the parking areas in a manner that preserves the residential character of the property.
- F. The owner/operator of the bed and breakfast establishment must either reside on the premises or on the property immediately adjacent to the premises. Guest rooms shall be established and maintained distinct and separate from the owner/operator's quarters.
- G. Bed and breakfast establishments shall be restricted to serving one meal to paying overnight guests only and there shall be no cooking facilities in the guest rooms. No receptions, private parties, or other group

**ANDERSON COUNTY ZONING RESOLUTION (amended 12/17/2015)**

H. Application for Automobile Wrecking, Junk or Salvage Yard Permit: No person shall own or maintain an automobile wrecking, junk or salvage yard within Anderson County until he has secured a permit from the Board of Zoning Appeals. A permit application shall be filed in accordance with Exceptions and Modifications and be accompanied by a detailed site plan, a schedule for construction, and any other information herein required.

I. <sup>47</sup>Dumps: No person shall own or maintain a dump within Anderson County until a site plan has been submitted and approved by the Planning Commission and the Board of Zoning Appeals, and a permit issued by the department of the State of Tennessee having jurisdiction. No dump shall be permitted within 500 feet of residence, school, church, park or other public gathering place. All debris must be covered daily from public view. The dumping of chemicals or toxins is not prohibited.

J. <sup>48</sup>Junked Yards/Lots/Tracts: Junked yards must be cleaned or a permit granted as a dump or junk, salvage yard. Requirements for junk, salvage yards are noted in Article 3, Division 45, Sect. 045-030 A through I. A site plan review and Board of Zoning Appeals approval as a special exception is required. No junked yard will be permitted within 500 feet of a residence, school, church, park or public gathering place.

**Sec. 045-040. Cemeteries, Development Standards for.**

A. The following standards shall be imposed upon the development and construction of cemeteries in Anderson County.

1. The site shall not interfere with the development of a system of collector and larger streets in the vicinity of such sites. Such site shall have direct access to a thoroughfare.
2. Site shall be a minimum of 20 acres.
3. All structures shall be set back not less than 25 feet.
4. All graves or burial lots shall be set back not less than 25 feet.
5. All yards shall be landscaped and maintained.

B. Application for Cemetery Permit: No person shall develop, construct, or maintain a cemetery in Anderson County until he has secured a permit from the Board of Zoning Appeals. A permit application shall be filed in accordance with Exceptions and Modifications and shall be accompanied by a detailed site plan, a schedule for construction, and other information therein required.

**Sec. 045-050. Customary Home Occupations.**

A customary home occupation is a gainful occupation or profession conducted entirely within the dwelling by members of a family residing on the premises.<sup>49</sup> No stock in trade shall be displayed outside the dwelling and no exterior building alteration shall indicate the building is being utilized for any purpose other than a residential unit.

A. <sup>50</sup>Uses Permitted:

1. Antique sales, artist, sculptor, author
2. Barber and beauty shop operated by only 2 members of the family

<sup>47</sup> 4/18/88

<sup>48</sup> 4/18/88

<sup>49</sup> 5/17/82

<sup>50</sup> 5/17/82

ANDERSON COUNTY ZONING RESOLUTION (amended 12/17/2015)

3. Dressmaker, milliner, seamstress, tailor, and interior decorator
4. Professional office of an architect, realtor, draftsman, accountant or any other similar use
5. Teaching, tutoring, musical lessons or dancing limited to one teacher and one pupil at a time

**B. Uses Prohibited:**

1. Dancing instruction and band instruction in groups.
2. Tourist homes, convalescent homes, mortuary establishments, animal hospitals, offices of a physician, dentist, psychiatrist or other medical specialty.
3. <sup>51</sup>Automobile, machine, or engine repair; repair, construction, or assembly of mechanical works, devices, fabrication of materials or appliance repairs.
4. <sup>52</sup>The Board of Zoning Appeals may approve an application if all employees are residents of the home. No more than one consumer may be present at a time. No detached garage, storage building, or other accessory building may be used for the customary home occupation, or to stock items for commercial use. No more than 25% of the home may be utilized for the customary home occupation. No flammable fluids may be permitted and no home occupation may be authorized which uses these materials. No home occupation may be granted if no off-street parking facilities are available. Any request for home occupation may be denied if delivery trucks or equipment operation is required. In general, no sales will be permitted unless such sales are mail order, antiques, or other small items easily stocked within the home.

**Sec. 045-060. Day Care Homes, Standards for.**

**A. The following development standards shall apply to all day care homes:**

1. All regulations of the State of Tennessee regarding day care homes shall be met.
2. The minimum lot size for a day care home is 22,500 square feet (0.51 acres). An outdoor play area shall be available having at least 50 square feet per student and enclosed by a fence no less than 4 feet high.
3. A day care home shall not be allowed within 1,000 feet of another day care home or day center.
4. Lots proposed must front a collector road or road of higher classification, as defined by the Anderson County Subdivision Regulations, Article III.B.
5. At least 0.5 spaces per 3 students and 1 space per staff member must be provided for loading/unloading. On-street parking or loading/unloading is prohibited.
6. A site plan must be submitted to the Planning Commission for review. The site plan shall include the following: all property boundaries with dimensions and the total age, all existing and proposed structures, areas designated for parking, loading/unloading, and outdoor play, all major roads, railways, aboveground utilities, drainage structures, and other public facilities on or adjacent to the property, the name and address of the owner/operator of the facility, the number of students to be cared for in the facility, the name and address of all adjacent property owners, and certification by a land surveyor licensed in the State of Tennessee.

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<sup>51</sup>1/22/91

<sup>52</sup>1/22/91



**Re: 186 Henderson Bend RD.**

Jay Yeager <jyeager@aclawdirector.com>

Tue 5/18/2021 11:08 AM

To: Danny Phillips <dphillips@andersoncountyttn.gov>

Cc: Marjorie Pressley <mpressley@andersoncountyttn.gov>; Terry Frank <tfrank@andersoncountyttn.gov>; Lisa Crowley <lcrowley@andersoncountyttn.gov>

Thank you!

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**From:** Danny Phillips <dphillips@andersoncountyttn.gov>

**Sent:** Tuesday, May 18, 2021 11:01:09 AM

**To:** Jay Yeager <jyeager@aclawdirector.com>

**Cc:** Marjorie Pressley <mpressley@andersoncountyttn.gov>; Terry Frank <tfrank@andersoncountyttn.gov>; Lisa Crowley <lcrowley@andersoncountyttn.gov>

**Subject:** 186 Henderson Bend RD.

Mr. Yeager, I'm reaching out in regards to the situation on Henderson Bend that Harold Edwards and other neighbors are concerned about. As you are aware it appears the owner of 186 Henderson Bend is renting out his house as a vacation house.

I want to say first of all I apologize for the delayed response. Things have been very hectic. Also, this is a new situation for us. The crew we currently have in the office hasn't deal with anything of this nature so we wanted to make sure we have all of our ducks in a row and respond accordingly. After a thorough review of the Zoning Resolution these are the thoughts we have and wanted to confer with you to see if we were looking at things from the right perspective.

First of all this residence is in an R-1 zone. For this residence to qualify as a Bed and Breakfast (Sec. 045-070) in this zone there would have to be approval given by the BZA for a "Special Exception". A site plan would have to be submitted to the Planning Commission and a business license would have to be obtained within 90 days of the approved site plan. Also, the owner/operator must reside on the premises or on an immediate adjacent property. To our knowledge none of these things have been done and the owner does not live on the premises.

Secondly, this cannot be looked at as a Customary Home Occupation (Sec.045-040) due to the fact "tourist homes" are prohibited as a Customary Home Occupation.

Please let us know what you think concerning these thoughts. Also, can you send the owner a letter or is this something you feel we need to do? I'm aware that typically if there is a zoning violation which there appears to be we would issue the NOV. However, considering Mr. Edwards position with the Planning Commission and their relationship to our office we didn't know if it would be better if a letter came from you? Also, Mr. Edwards says renting this house out as a vacation house is in violation of their HOA. This suggest there is the potential for lawyers to be involved somewhere down the road.

Please see attachment.

Thanks for your help with this.

Danny

## Re: 186 Henderson Bend Road

Terry Frank <tfrank@andersoncountyttn.gov>

Fri 6/4/2021 9:24 AM

To: "Harold Edwards" <h\_redwards@frontiernet.net>; Danny Phillips <dphillips@andersoncountyttn.gov>

Cc: Jay Yeager <jyeager@aclawdirector.com>

📎 1 attachments (246 KB)

Screen Shot 2021-06-04 at 9.18.04 AM.png;

Good Morning, Harold-

Thank you for briefing us on the background. This is extremely helpful.

I understand HOA's have their own authority to restrict short term rentals under state law, however, that is separate from our zoning resolution where we do need legal clarification.

A violation under HOA restrictions has its own judicial course of action and the HOA has recourse of its own, according to my own understanding, that does not necessarily require a citation from the Planning Office. For instance, if an HOA prohibits political campaign signs during election season as many of the larger developments do in Loudon County, it is not on the zoning office to issue a citation for a violation and pursue legal remedy, but rather the HOA.

It is my understanding that state law has made unequivocally clear that HOA's do maintain that right to enforce in the case of limiting or barring short term rentals. (I'll attach a screenshot of that section of law)

As I am familiar with lawsuits against governmental jurisdictions in the area of short-term rentals, the Zoning Office and I want to make sure from a legal standpoint that our zoning resolution is in compliance with existing state law and that we are not walking county government into a new area of liability that would end up costing taxpayers. As you note in your email regarding Mr. Armstrong's legal opinion, his opinion notes that short term use "*implies*" a business enterprise. This goes more to the heart of my own concern for making sure we get this correct. It is my understanding under law that short-term rentals are considered and defined as residential use, but that is where we want to consult with our Law Director.

The Planning Office nor I were privy to your discussion with Mr. Yeager, which is why we are meeting with him to make sure we get it right. I do apologize for a protracted delay, Harold, but our schedules have been misaligned for various commitments and responsibilities and we are meeting soon.

To give you a little more insight to where we are coming from, Harold, if Anderson County begins enforcing such restrictions, do we need to put policies in place for what is defined as a short-term rental? Is it more than twice a year? Do we need a permit process? How do we make the determination? What are unforeseen consequences of the determination of business enterprise in other areas? By law, can we make our own local call that short-term rentals are not residential use?

I fear, Harold, that this is going to be a bit more complicated for us in order to make sure we have our policies and procedures in order before we step in front of a judge. Perhaps we are overthinking it, but as this is the first time we've been approached on this issue, we want to make sure we get it right.

I do personally feel strongly that your HOA currently possesses the authority to curtail the rentals and in fact, outright prohibit them and that right is buttressed by law clarified in 2018.

We will be back in touch soon and I truly appreciate all you do for our county. You are an asset to our community and especially, our Planning Commission!

My best,

Terry

**Terry Frank**

Anderson County Mayor  
100 North Main Street, Suite 208  
Clinton, TN 37716  
865.457.6200

Note: My email has changed to [tfrank@andersoncountyttn.gov](mailto:tfrank@andersoncountyttn.gov)

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**From:** Harold Edwards <[h\\_redwards@frontiernet.net](mailto:h_redwards@frontiernet.net)>  
**Sent:** Thursday, June 3, 2021 5:07 PM  
**To:** Danny Phillips <[dphillips@andersoncountyttn.gov](mailto:dphillips@andersoncountyttn.gov)>  
**Cc:** Terry Frank <[tfrank@andersoncountyttn.gov](mailto:tfrank@andersoncountyttn.gov)>; Jay Yeager <[jyeager@aclawdirector.com](mailto:jyeager@aclawdirector.com)>  
**Subject:** Re: 186 Henderson Bend Road

Danny,

Thank you for the update. I understand the importance of making sure that the county pursues this issue in a diligent manner and in accordance with state and local legislation.

As I have previously mentioned, I am of the opinion that a violation of the Anderson County Zoning Resolution exists with regard to the use of the property located at 186 Henderson Bend Road. The property is currently being used as a non owner occupied short term rental, which constitutes a business activity and thus is not permitted in the R-1 Residential Zone.

Please understand that the Henderson Bend HOA done their due diligence regarding this issue since the problem arose this past February. We have obtained a legal opinion from Bud Armstrong (former Knox County Law Director) which implies that the use of the property as a short term rental is a business enterprise in accordance with state law. We have met with the owner and shared the legal opinion with him, however, it is his interpretation

that the use of the subject property is residential. The owner was notified by certified letter in March that he was in violation of the HOA's covenants and restrictions and directed to cease operation of his property as an overnight rental.

In April, I notified the planning and zoning office of the perceived zoning violation of the subject property and I was referred to the law director. I subsequently met with Mr. Yeager and shared my thoughts and relative documents. I left the meeting with Mr. Yeager feeling confident that there was in fact a zoning violation and that the owner would be cited.

It is my understanding that once the zoning office has determined that a zoning violation has occurred, the alleged violator is cited and notified of his right to appeal the decision to the Board of Zoning Appeals. It was my hope that Mr. Moon would have been cited by now.

Danny, I certainly want you to know that I am not being critical of the planning and zoning office, but, rather to initiate the judicial process. As the HOA president, I am constantly ask about where we are in the process by my neighbors and I fully understand their frustrations. We have had to deal with issues at 186 such as loud outdoor partying until 2:30 a.m.; parking on the street with boats and vehicles; and aggressive dogs owned by guests.

I appreciate your concern and the efforts of the planning and zoning office; Mayor Terry Frank; and Law Director Jay Yeager in restoring Henderson Bend to a peaceful neighborhood and an enjoyable place to live. Hopefully the process will begin soon.

Sincerely,

Harold Edwards  
156 Henderson Bend Road  
Knoxville, TN 37931  
865-556-7927

On Thursday, June 3, 2021, 12:46:50 PM EDT, Danny Phillips <dphillips@andersoncountyttn.gov> wrote:

Hey Harold, Mayor Frank and I are in the process of setting up a meeting with Mr. Yeager to go over some documents Joe Barrett sent over containing some state law. We want to make sure we have a legal path forward in anything we do. Once we confer with Mr. Yeager we will let you know how we can proceed.

Sorry for the delay and thanks for your patience.

Danny

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**From:** "Harold Edwards <h\_redwards@frontiernet.net>  
**Sent:** Wednesday, June 2, 2021 12:11 PM  
**To:** Danny Phillips <dphillips@andersoncountyttn.gov>; David Crowley <dcrowley@andersoncountyttn.gov>  
**Cc:** Jay Yeager <jyeager@aclawdirector.com>; Terry Frank <tfrank@andersoncountyttn.gov>  
**Subject:** 186 Henderson Bend Road

Has the owner of 186 Henderson Bend Road been cited for a violation of the R-1 Residential section of the Anderson County Zoning Resolution?

Kind regards.

Harold Edwards  
156 Henderson Bend Road  
Knoxville, TN 37931  
865-556-7927

**Section 13-7-605 - Effect of part on condominiums, co-ops, homeowners associations, or other similar entities, lessors, and property owners**

**Nothing in this part prohibits:**

- (1) A condominium, co-op, homeowners association, or other similar entity from prohibiting or otherwise restricting an owner of property within the jurisdiction of the condominium, co-op, association, or other similar entity from using the owner's property as a short-term rental unit as provided for in the entity's governing documents;**
- (2) A lessor, through the terms of a lease agreement, from restricting the use of the leased property as a short-term rental unit; or**
- (3) A property owner from placing a restrictive covenant or easement on the property that restricts the future use of the property as a short-term rental unit as authorized under existing law.**

***T.C.A. § 13-7-605***

**Added by 2018 Tenn. Acts, ch. 972,s 1, eff. 5/17/2018.**

## Re: Harold Edwards Complaint

Terry Frank <tfrank@andersoncountyttn.gov>

Wed 6/16/2021 8:18 AM

To: Jay Yeager <jyeager@aclawdirector.com>

Hi Jay,

I'm sorry I'm late in getting back to you. Yesterday was a full day and I'm still behind.

I would still like to meet, but how about this: we start with me briefing commission that we've been asked to issue N.O.V.'s under our zoning resolution and that we (you, I, planning) are working to review our resolution for compliance with changes to state law.

Would you be willing to write up a memo for Operations Committee for the issues at hand that point out law, what we might need to do, and then get feedback from the commissioners before we actually take next step of modifications, public comments on proposed changes, etc.?

On Harold, yes, I know he wants us to do that and he said in his email for economic reasons. But to your point in your email, we need to proceed with an "eye towards the future." We don't need to unload all this to the BZA, and I'm no attorney, but it seems like the law is saying they aren't business if they are short term rental. I know he's frustrated, but I worry about the mess we might be stepping into.

Let me know if that's ok, Jay--

Terry

**Terry Frank**

Anderson County Mayor  
100 North Main Street, Suite 208  
Clinton, TN 37716  
865.457.6200

Note: My email has changed to [tfrank@andersoncountyttn.gov](mailto:tfrank@andersoncountyttn.gov)

---

**From:** Jay Yeager <jyeager@aclawdirector.com>  
**Sent:** Tuesday, June 15, 2021 7:25 AM  
**To:** Terry Frank <tfrank@andersoncountyttn.gov>  
**Subject:** Harold Edwards Complaint

Terry:

Do you still want to meet on this issue? I honestly think we need to approach this issue with an eye towards the future. These type business are here to stay and apparently very popular. With your approval, I would like to draft a few modifications to our zoning resolution to address the short term

## Re: Meeting Agenda

Jay Yeager <jyeager@aclawdirector.com>

Sun 6/20/2021 1:39 PM

To: Terry Frank <tfrank@andersoncountyttn.gov>

No problem! I will be glad to do that. Thanks

---

**From:** Terry Frank <tfrank@andersoncountyttn.gov>

**Sent:** Sunday, June 20, 2021 1:37:41 PM

**To:** Jay Yeager <jyeager@aclawdirector.com>

**Subject:** Meeting Agenda

Jay,

Once last thing in case you are asked questions since I won't be at the meeting tomorrow night: on my report, I placed the topic of Short Term Rentals and that we are reviewing our zoning resolution for compliance with changes in state law and that we would be reporting back. You can look at my agenda report, I just want to be transparent and let them know that we've been asked to enforce prohibitions as business enterprises but we've got some work to do on.

Stephanie Wells saw that on the agenda and gave me a call. As part of our review process, she suggested that we also have a call with me, you, Planning, her and the folks who actually wrote the law on STR. She knows them. She felt like it would be good to talk with those folks as well as part of our review process. Just FYI.

I told her I was out this week and that the following week was going to be pretty slammed. When I get back, if you're ok with it, we'll work on a conference call. Maybe right after the 4th of July if it works with everyone's schedules.

Thanks, Jay.

Terry

**Terry Frank**

Anderson County Mayor

100 North Main Street, Suite 208

Clinton, TN 37716

865.457.6200

Note: My email has changed to **tfrank@andersoncountyttn.gov**

**OFFICE OF THE COUNTY LAW DIRECTOR  
ANDERSON COUNTY, TENNESSEE**

101 South Main Street, Suite 310  
CLINTON, TENNESSEE 37716

N. JAY YEAGER  
Law Director

TELEPHONE: (865) 457-6290  
FACSIMILE: (865) 457-3775  
Email: [jyeager@aclawdirector.com](mailto:jyeager@aclawdirector.com)

**MEMORANDUM**

**TO:** Ms. Annette Prewitt, Chief Deputy to the County Commission

**CC:** County Commission

**FROM:** N. Jay Yeager

**DATE:** July 14, 2021

**RE:** Law Director's Report – July 19, 2021 – County Commission Meeting

---

**Please add the following to the County Commission Agenda under the Law Director's Report.**

**A. Contract Approvals:**

1. Civil and Engineering Consultants (Pine Meadows) – Mayor's Office
2. CareHere (Second Amendment)- Mayor's Office
3. RxBenefits (Addendum) – Human Resources
4. State of TN Mental Health Transports- Mayor's Office
5. Wakefield & Associates- EMS
6. Covenant Health- EMS
7. Security Equipment Company (Hanger) - EMS
8. Security Equipment Company (Office) – EMS
9. State of TN- Solid Waste
10. State of TN Safe Baby- Juvenile Court
11. Grace Rehabilitation- Schools
12. Johnson Controls- Buildings and Grounds
13. WM Ware- IT Department
14. Knox Co. Regional Forensic Center- Medical Examiner Services
15. Aegis Sciences Corp. (Covid Testing)- Schools
16. BMC (4 Machines)- County Clerk
17. American Fidelity- Schools
18. Central Technologies- Schools



- 19. Canon Solutions- Veterans Services
- 20. S & Me- Schools

B. Lawsuit Update:

- 1) Smith, Carl Clifford, Jr. v. AC – Motions filed to Remand to Chancery Court, and Rule 60.02 (Mistake, Inadvertence, Excusable Neglect and Fraud.
- 2) Purdue Bankruptcy Settlement – Needs approval by Commission

C. Resolution and Contract Vetoed

- 1) American Nuclear – modified Resolution Attached
- 2) ASAP Lease – modified lease attached.

D. Henderson Bend Subdivision - Complaints

E. Request to Hire Outside Counsel – Ethics Complaint

F. Request to Approve TDEC letter regarding Bull Run Remediation – Requested by Commissioner Denenberg

G. Honorary Resolutions – Jim Irons – Requested by Commissioner Wandell

## **LEASE AGREEMENT** **ASAP OF ANDERSON**

This Lease Agreement is made by and between the parties of **ANDERSON COUNTY GOVERNMENT**, by and through its **HEALTH DEPARTMENT** and the **ANDERSON COUNTY BOARD OF EDUCATION** (Lessor), and **ASAP OF ANDERSON**, (Lessee).

**WHEREAS**, the subject real estate is owned by Anderson County and the former county-owned Health Department; and the modular office building to be utilized by Lessee is owned by the Anderson County Board of Education.

### **WITNESSETH:**

#### **Section 1. LEASE AGREEMENT:**

Lessor hereby leases to Lessee and Lessee accepts lease to the following described premises:

SITUATED within the 11<sup>th</sup> Civil District of Anderson County, Tennessee, inside the City of Clinton and located on the former site of the Anderson County Schools Adult Education Building, and more particularly described as follows:

BEING identified as a .21 acre +/- track contained within a larger 2.5 acre parcel identified as Map: 074J; Group: E; Control Map: 074J; Parcel 002.00, being specifically identified as Building No. 4, formerly known as the former Anderson County Adult Education Building and more particularly described as an office building containing 1,728 square feet, in Area 30 and constructed in 1975, located on Broad Street (See, Exhibit 1 and 2) and contained within a deed to the Anderson County Health Department.

#### **Section 2. CONDITIONS AND CONTINGENCIES:**

Furthermore, the following conditions and contingencies shall apply to this Lease Agreement: Lessor requires and Lessee accepts that Lessee operate and abide by all conditions set forth by the Anderson County Government and the Anderson County Board of Education for operation and maintenance of the demised premises.

#### **Section 3. CONSIDERATION:**

This agreement is made upon consideration of a yearly lease payment in the amount of One dollars (\$1.00) per year for Ten years, for a total consideration of Ten dollars (\$10.00) and other benefits and mutual covenants herein set out, the sufficiency and adequacy are hereby agreed to and accepted as recited.

#### **Section 4. TERM OF LEASE:**

This lease shall be effective from the 1<sup>st</sup> day of July, 2021, through and including the 30<sup>th</sup> day of June, 2031. Upon consent of both parties, this lease may be renewed for an additional Ten (10) year term.

**Section 5. INDEMNITY:**

The Lessee agrees to defend and hold harmless the Lessor from and against any and all claims of, or damage to property, or injury to, or death of person or persons resulting from or arising out of use of the leased property by the Lessee or the public being served by the Lessee, where such injury, damage, or death occurs as a proximate cause of the negligence of either Lessee or Lessor. Lessee agrees to provide adequate insurance coverage and list Lessor as an additional covered party sufficient to cover all claims per aggregate, or other required and additional sums sufficient to cover any and all claims arising from property damages, injuries, illness or death on premise. Insurance certifications shall be provided to Lessor annually by Lessee.

**Section 6. DEFAULT:**

In the event of default of any party hereto, any non-defaulting party may bring suit against the other to enforce the terms of this Agreement. In such event, the prevailing party shall be entitled to any remedies available at law and/or equity, including reasonable attorney's fees and the costs associated with the default. If Lessee fails to comply with any provision embodied herein, or additional rules for operation and maintenance established by Lessor, this lease shall be cancelled, declared null and void, and premises automatically restored to the ownership of Lessor without demand for re-entry by Lessor.

**Section 7. NO ORAL MODIFICATION:**

No modification, amendment, supplement to or waiver of this Agreement or any of its provisions shall be binding upon the parties hereto unless made in writing and duly signed by all parties.

**Section 8. CANCELLATION:**

In the event any party materially breaches, defaults or fails to perform hereunder, this Agreement may be canceled by the other party with cause on thirty (30) days written notice to the other in the event the breach, default or failure is not cured during that time. County may cancel Agreement if unforeseen circumstances occur with thirty (30) days written notice to Lessor and all premises, structures and fixtures shall revert to County.

**Section 9. WAIVER:**

A failure of any party to exercise any right provided for herein, shall not be deemed to be a waiver of any and all rights hereunder.

**Section 10. ENTIRE AGREEMENT:**

This Agreement sets forth the entire understanding of the parties as to the subject matter and may not be modified except in a writing executed by all parties.

**Section 11. SEVERABILITY:**

In the event any one or more of the provisions of this Agreement is invalid or otherwise unenforceable, the enforceability of remaining provisions shall be unimpaired.

**Section 12. EXHIBITS:**

Any Exhibits attached hereto or incorporated herein are made a part of this Agreement for all purposes. The expression "this Agreement" means the body of this Agreement and the Exhibits.

**Section 13. MULTIPLE COUNTERPARTS; EFFECTIVENESS:**

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original for all purposes and all of which shall be deemed, collectively, one Agreement. This Agreement shall become effective when executed and delivered by all the parties.

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**Section 15. BINDING EFFECT:**

This Agreement shall be binding upon and inure to the benefit of the parties and upon their respective successors, heirs or assigns.

**Section 16. CHOICE OF LAW:**

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**Section 21. RELEASE AND HOLD HARMLESS:**

The parties mutually agree that they shall and do hereby release, forever discharge and hold harmless one another as well as the employees, agents and counsel for one another from any and all claims whatsoever, both known and unknown that may have existed prior to the execution of this Agreement or that may arise in the future or from valid lawsuits or circumstances referenced herein. (Subject to Section 5 of this Agreement) The only claim that shall survive this Agreement is compliance with this Agreement.

**IN WITNESS WHEREOF**, the parties hereto, each acting under due and proper authority and counsel have accepted the terms and executed this Agreement.

This \_\_\_\_\_ day of \_\_\_\_\_, 2021.

**ACCEPTANCE BY ANDERSON COUNTY (Lessor):**

\_\_\_\_\_  
Terry Frank, County Mayor

\_\_\_\_\_  
Joshua N. Anderson, Chair, AC Bd. of Commissioners

**ATTEST:**

\_\_\_\_\_  
Robby Holbrook, Finance Director

\_\_\_\_\_  
Jeff Cole, Anderson County Clerk

Approval as to Legal Form:

\_\_\_\_\_  
N. Jay Yeager  
Anderson Co. Law Director

**Approved by the Anderson County Board of Commissioner on July 19, 2021.**

**ACCEPTANCE BY THE ANDERSON COUNTY BOARD OF EDUCATION:**

\_\_\_\_\_  
Dr. John Burrell, Chair, Bd. of Educ.

\_\_\_\_\_  
Dr. Tim Parrott, Dir. Of Schools

**ACCEPTANCE BY ASAP OF ANDERSON (LESSEE):**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Print Name**

\_\_\_\_\_  
**Position**

\_\_\_\_\_  
**Address**

\_\_\_\_\_  
**Phone**

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Terry Frank, County Mayor

\_\_\_\_\_  
Joshua N. Anderson, Chair, AC Bd. of Commissioners

ATTEST:

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Robby Holbrook, Interim Finance Director

\_\_\_\_\_  
Jeff Cole, Anderson County Clerk

Approval as to Legal Form:

\_\_\_\_\_  
N. Jay Yeager  
Anderson Co. Law Director

Approved by the Anderson County Board of Commissioner on July 19~~June 24~~, 2021.

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Dr. John Burrell, Chair, Bd. of Educ.

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Dr. Tim Parrott, Dir. Of Schools

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**ACCEPTANCE BY ASAP OF ANDERSON (LESSEE):**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Print Name**

\_\_\_\_\_  
**Position**

\_\_\_\_\_  
**Address**

\_\_\_\_\_  
**Phone**

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This \_\_\_\_\_ day of \_\_\_\_\_, 2021.

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\_\_\_\_\_  
Terry Frank, County Mayor

\_\_\_\_\_  
Joshua N. Anderson, Chair, AC Bd. of Commissioners

ATTEST:

\_\_\_\_\_  
Robby Holbrook, Interim Finance Director

\_\_\_\_\_  
Jeff Cole, Anderson County Clerk

Approval as to Legal Form:

\_\_\_\_\_  
N. Jay Yeager  
Anderson Co. Law Director

Approved by the Anderson County Board of Commissioner on July 19~~June 21~~, 2021.

**ACCEPTANCE BY THE ANDERSON COUNTY BOARD OF EDUCATION:**

Dr. John Burrell, Chair, Bd. of Educ.

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Dr. Tim Parrott, Dir. Of Schools

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**ACCEPTANCE BY ASAP OF ANDERSON (LESSEE):**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Print Name**

\_\_\_\_\_  
**Position**

\_\_\_\_\_  
**Address**

\_\_\_\_\_  
**Phone**



**Anderson County, Tennessee**  
**Board of Commissioners**  
RESOLUTION NO: 21-076-876

**RESOLUTION REQUESTING FEDERAL AND STATE ASSISTANCE FOR THE  
REMEDATION AND CLEAN-UP OF THE FORMER AMERICAN NUCLEAR SITE.**

WHEREAS, the former American Nuclear site is located in the Claxton community of Anderson County, Tennessee and is currently under the control and ownership of the Tennessee Department of Environment and Conservation (TDEC), and

WHEREAS, prior to the abandonment and insolvency of the business in the early 1970's, the company processed cobalt and cesium for medical treatment facilities and received the majority of these highly enriched materials from the Oak Ridge National Laboratories and various subcontractors servicing Department of Energy facilities, and

WHEREAS, to date the site contains significant measurable amounts of toxic nuclear waste, ~~thus and the long-term dangers to the surrounding community are unknown, is an immediate danger to health, safety and welfare of the surrounding residents.~~

NOW THEREFORE BE IT RESOLVED by the Anderson County Board of Commissioners meeting in regular session this ~~19<sup>th</sup>~~ 21<sup>st</sup> day of July 2021 that we pledge our support and cooperation in the remediation of the American Nuclear site and we are ready and willing to accept ownership and control of the land, once completely safe and acceptable for public use ~~as determined by TDEC~~, with the intended stated public use as parking facility for the future Blockhouse Valley public recreational complex, nature preserve and outdoor research center.

BE IT FURTHER RESOLVED that we respectfully request:

- 1) Our Congressional delegation to the United States Congress request and appropriate federal stimulus or infrastructure money to diagnosis the extend of clean-up, remediate and support Anderson County efforts dedicated to the American Nuclear site, and
- 2) Our state representatives to the Tennessee General Assembly assist with this endeavor by requesting state stimulus monies be appropriated to the project initially for scoping and characterization studies and urge TDEC to remediate the site for the public safety of surrounding residents, and
- 3) The Department of Energy (DOE) to partner with Anderson County and TDEC to facilitate the successful clean-up and remediation of the former American Nuclear site, and
- 4) Authorize the Anderson County Environmental Coordinator to immediately apply for federal Environmental Protection Agency - Brownfields Environmental Assessment and Remediation Grants, and
- 5) That TDEC authorize Anderson County to commence with the Scoping and Characterization Study and financially contribute money necessary to cover the costs associated with said Study, and
- 6) That the Anderson County Clerk be directed to send a copy of this approved resolution to our federal delegation to the United States Congress, representatives to the Tennessee General Assembly, Secretary to the Department of Energy, Environmental Protection Agency and Commissioner for the Tennessee Department of Environment and Conservation.

RESOLVED DULY PASSED AND APPROVED this ~~19<sup>th</sup>~~ 21<sup>st</sup> day of July 2021.

Joshua N. Anderson, Chair, AC Commission

Terry Frank, Anderson County Mayor

ATTEST:

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Jeff Cole, Anderson County Clerk

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# DRAFT

## ANDERSON COUNTY GOVERNMENT

Intergovernmental Affairs Committee  
ANDERSON COUNTY COURTHOUSE  
100 NORTH MAIN STREET, ROOM 118  
CLINTON, TENNESSEE 37716

July 12, 2021

VIA U.S. MAIL

Mr. David Salyers, P.E.  
TDEC Commissioner  
312 Rosa Parks Avenue  
Nashville, TN 37243

*RE: TVA Bull Run Fossil Fuel Plant – Decommission and Remediation*

Dear Commissioner Salyers:

The Anderson County Government – Intergovernmental Affairs Committee has received numerous questions and concerns related to the pending decommissioning and future remediation of the Bull Run Fossil Fuel Plant. We have been unsuccessful in receiving answers from TVA and we are hoping that you and your staff may be able to provide input on these issues. Many members of the community are growing frustrated with the lack of communication from TVA and we are hoping your guidance may reduce community tensions.

Some of the community issues and questions that have been raised are as follows:

- 1) What is the status of the stability investigations of the various impoundments on the Bull Run site?
- 2) What types of environmental testing is being done by TDEC at the Bull Run site?
- 3) How does TDEC test for toxic dust?
- 4) What kind of air monitoring is being conducted by TDEC at the Bull Run site?
- 5) Does TDEC possess air quality analysis from the Bull Run site and what are the results?
- 6) What specifically is TDEC doing to ensure TVA's coal ash does not pose an environmental and radiological threat to humans and animals?
- 7) Will TDEC require specific monitoring for radium in air and water?
- 8) What specific toxins and harmful substances are being tested for?
- 9) Why does testing take so long?
- 10) What will be done with the towers and the structure of the plant itself during the closing of Bull Run?
- 11) Is it possible to test the holding ponds separately and then in comparison to the surrounding Melton Hill Lake?

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Page 2 of 2  
Commissioner Salyers  
July 12, 2021

- 12) Are testing results from the holding ponds, ash piles, testing wells and Melton Hill Lake available to the public?
- 13) Has TDEC validated the models TVA uses for their groundwater flow?
- 14) Is removal of the fly ash required by the remediation plan, or is capping in place the approved method?
- 15) Will TDEC advocate capping in place or removal?
- 16) Has testing been done to determine how far the airborne fly ash has traveled from the Bull Run Plant?
- 17) Is research available to accurately determine the distance airborne fly ash can travel?
- 18) Is TDEC still using RJ Lee Group as its "independent" lab?
- 19) Is TDEC aware that the lab is a TVA contractor for testing?
- 20) What are the possibilities for TVA funding for shoreline restoration along the Clinch River?
- 21) Is TVA moving coal ash from the facility currently?
- 22) Are groundwater wells placed properly on the Bull Run site so that sampling results are valid?
- 23) Are groundwater testing results available to the public?
- 24) Are any testing results from the Bull Run site available to the public?
- 25) If Anderson County Government agrees to cover the costs of validation testing, would it be permissible to allow county contractors on the Bull Run site to obtain samples for laboratory testing?
- 26) Is there any concern to the health, safety and welfare of area residents that need to be communicated?

We deeply appreciate your time and attention to these questions in advance, and we are hoping the answers we receive from TDEC will help relieve some of the community anxiety related to the closure of the Bull Run Fossil Fuel Plant. If you would like to contact me personally, please feel free to do so at: [cdenenberg@andersoncountyttn.gov](mailto:cdenenberg@andersoncountyttn.gov). Again, we appreciate the mutual cooperation and everything TDEC has done for our community.

With sincere respect,

Catherine Denenberg  
Chair, Intergovernmental Affairs Committee

cc: Greg Young, TDEC Deputy Commissioners – Bureau of Environment

# DRAFT

Anderson County Board of Commissioners  
**OPERATIONS COMMITTEE**  
**MINUTES**  
**July 12, 2021**  
**6:00 PM Room 312**

**Members Present:** Tim Isbel, Steve Mead, Phil Yager, Robert McKamey, Tracy Wandell, Theresa Scott and Josh Anderson

**Members Absent:** Rick Meredith

**Call to Order:** Chairman Isbel called the meeting to order.

Chairman Isbel said the prayer.

Commissioner Wandell led the Pledge of Allegiance.

Commissioner Wandell made a motion to approve the agenda. Commissioner Yager seconded the motion. Motion passed.

No citizens addressed the Committee.

Commissioner McKamey made a motion to have the Law Director go ahead and fill in the blanks on the documents for the Fireworks Regulations working with the Mayor, Sheriff and Planning & Zoning and come back next month. Commissioner Wandell seconded the Motion. Motion passed. Voting No: Commissioner's Scott and Yager.

Commissioner Wandell made a motion to accept the Purdue Pharma settlement on behalf of the County. Commissioner Scott seconded the motion. Motion passed unanimously to forward to full Commission for approval.

Commissioner Mead made a motion to authorize the Mayor to submit a letter of intent for Multi-Modal Grant. Commissioner Scott seconded the motion. Motion passed to forward to full Commission for approval.

Commissioner Wandell made a motion to accept the concept designs for the witness rooms and lobby space and to allow Mayor Frank to go ahead and get an RFP to start the process. Motion was amended to include reconfiguration of Archives and Records space. Commissioner Scott seconded the motion. Motion passed to forward to full commission for approval.

Commissioner Wandell made a motion in support of the new East Wolf Valley Convenience Center to move forward with rezoning to I-1 and for an RFP to go out as quickly as possible. Motion was seconded and passed to forward to full commission for approval.

Ben's Mobile Home Park – Discussion. No Action Taken.

ARP Funding – Discussion. No Action Taken.

Sinking Springs Road Closure – Discussion. No Action Taken.

Boys & Girls Club – Discussion. No Action Taken.

**New Business:**

New Federal Holiday, Juneteenth – Discussion. No Action Taken.

**Old Business:**

Fire Truck Resolution – Commissioner McKamey made a motion to forward to Finance and to Budget to look at funding one truck per year at 100%. Commissioner Anderson seconded the motion. Motion passed unanimously.

**Announcement:** The Judicial Selection Committee will be here on Friday, July 16<sup>th</sup> @ 9:00 a.m. in room 312 to interview the candidates for Judge Elledge's position. The meeting will be on Channel 95.

Meeting adjourned.

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:

PURDUE PHARMA L.P., *et al.*,<sup>1</sup>

Debtors.

)  
) Chapter 11  
)

) Case No. 19-23649 (RDD)  
)

) (Jointly Administered)  
)

**NOTICE OF HEARING TO CONSIDER  
CONFIRMATION OF THE FIFTH AMENDED CHAPTER 11 PLAN FILED BY THE  
DEBTORS AND RELATED VOTING AND OBJECTION DEADLINES**

**PLEASE TAKE NOTICE OF THE FOLLOWING:**

1. On June 3, 2021, the United States Bankruptcy Court for the Southern District of New York (the "Court") entered an order (the "Disclosure Statement Order"), (a) authorizing Purdue Pharma L.P. and its affiliated debtors and debtors in possession (collectively, the "Debtors"), to solicit acceptances for the *Fifth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and Its Affiliated Debtors* (as modified, amended or supplemented from time to time, the "Plan"); (b) approving the *Disclosure Statement for Fifth Amended Chapter 11 Plan for Purdue Pharma L.P. and Its Affiliated Debtors* (the "Disclosure Statement")<sup>2</sup> as containing "adequate information" pursuant to section 1125 of the Bankruptcy Code; (c) approving the solicitation materials and documents to be included in the solicitation packages; and

<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor's registration number in the applicable jurisdiction, are as follows: Purdue Pharma L.P. (7484), Purdue Pharma Inc. (7486), Purdue Transdermal Technologies L.P. (1868), Purdue Pharma Manufacturing L.P. (3821), Purdue Pharmaceuticals L.P. (0034), Imbrium Therapeutics L.P. (3810), Adlon Therapeutics L.P. (6745), Greenfield BioVentures L.P. (6150), Seven Seas Hill Corp. (4591), Ophir Green Corp. (4594), Purdue Pharma of Puerto Rico (3925), Avrio Health L.P. (4140), Purdue Pharmaceutical Products L.P. (3902), Purdue Neuroscience Company (4712), Nayatt Cove Lifescience Inc. (7805), Button Land L.P. (7502), Rhodes Associates L.P. (N/A), Paul Land Inc. (7425), Quidnick Land L.P. (7584), Rhodes Pharmaceuticals L.P. (6166), Rhodes Technologies (7143), UDF LP (0495), SVC Pharma LP (5717) and SVC Pharma Inc. (4014). The Debtors' corporate headquarters is located at One Stamford Forum, 201 Tresser Boulevard, Stamford, CT 06901.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan or Disclosure Statement, as applicable.

(d) approving procedures for soliciting, receiving and tabulating votes on the Plan and for filing objections to the Plan.

2. The hearing at which the Court will consider Confirmation of the Plan (the "Confirmation Hearing") will commence on August 9, 2021, at 10:00 a.m., prevailing Eastern Time, before the Honorable Robert D. Drain, in the United States Bankruptcy Court for the Southern District of New York, located at 300 Quarropas Street, White Plains, New York 10601-4140; *provided* that, pursuant to General Order M-543, dated March 20, 2021 (Morris, C.J.) ("General Order M-543"), such Confirmation Hearing shall be conducted via Zoom videoconference for those who will be participating in the Confirmation Hearing<sup>3</sup> so long as General Order M-543 is in effect or unless otherwise ordered by the Bankruptcy Court.<sup>4</sup> The Confirmation Hearing may be continued from time to time by the Court or the Debtors without further notice other than by such adjournment being announced in open court, by Agenda filed with the Court, and/or by a Notice of Adjournment filed with the Court and served on all parties entitled to notice.

3. The Plan contemplates a Shareholder Settlement by and among the Debtors, the Master Disbursement Trust, and certain of the Shareholder Released Parties (including members of the Sackler families and certain other individuals and related entities). The Plan provides for the release of any actual or potential claims or causes of action against the Shareholder Released Parties relating to the Debtors (including claims in connection with Opioid-Related Activities) and

<sup>3</sup> Parties or members of the public who wish to participate in the Confirmation Hearing should consult the Court's calendar with respect to the day of the Confirmation Hearing at <https://www.nysb.uscourts.gov/calendars/rdd.html> for information regarding how to be added as a participant. Members of the public who wish to listen to, but not participate in, the Hearing free of charge may do so telephonically at a number to be provided on the Debtors' case website at: <https://restructuring.primeclerk.com/purduepharma>.

<sup>4</sup> A copy of General Order M-543 can be obtained by visiting <http://www.nysb.uscourts.gov/news/court-operationsunder-exigent-circumstances-created-covid-19>.



the channeling injunction described below, in exchange for the payment by certain of the Shareholder Released Parties of \$4.275 billion and the relinquishment of their equity interests in the Debtors.

4. The deadline for filing objections to the Plan is **July 19, 2021, at 4:00 p.m., prevailing Eastern Time** (the “Plan Objection Deadline”). All objections to the relief sought at the Confirmation Hearing **must** (a) be in writing, (b) conform to the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules for the Southern District of New York, (c) be filed with the Court (i) by attorneys practicing in the Bankruptcy Court, including attorneys admitted pro hac vice, electronically in accordance with General Order M-399 (which can be found at <http://www.nysb.uscourts.gov>), and (ii) by all other parties in interest, on a CD-ROM, in text-searchable portable document format (PDF) (with a hard copy delivered directly to Chambers), in accordance with the customary practices of the Bankruptcy Court and General Order M-399, to the extent applicable, and (d) be served in accordance with the *Second Amended Order Establishing Certain Notice, Case Management, and Administrative Procedures* entered on November 18, 2019 [D.I. 498], on (i) counsel to the Debtors, Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017 (Attention: Marshall S. Huebner, Benjamin S. Kaminetzky, Eli J. Vonnegut and Christopher S. Robertson), (ii) counsel to the Creditors Committee, (A) Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036 (Attention: Arik Preis, Mitchell P. Hurley, Sara L. Brauner and Edan Lisovicz) and (B) Cole Schotz P.C., 500 Delaware Avenue, Suite 1410, Wilmington, Delaware 19801 (Attention: Justin R. Alberto), and (iii) the Office of the U.S. Trustee for the Southern District of New York, 201 Varick Street, Suite 1006, New York, New York 10014 (Attention: Paul K. Schwartzberg), so as to be actually received on or before the Plan Objection Deadline.

5. Pursuant to the Order, the Court approved the use of certain materials in the solicitation of votes to accept or reject the Plan and certain procedures for the tabulation of votes to accept or reject the Plan. Subject to the Master Ballot Solicitation Procedures (pursuant to which (among other things) your Law Firm may be casting a vote on your behalf), if you are a holder of a Claim against the Debtors as of **March 10, 2021**, and entitled to vote, you have received with this Notice, a ballot form (a "**Ballot**") and instructions for completing the Ballot.

6. The deadline for voting on the Plan is on **July 14, 2021, at 4:00 p.m., prevailing Eastern Time** (the "**Voting Deadline**"). If you received a Solicitation Package, including a Ballot and intend to vote on the Plan you **must** (a) follow the Ballot instructions carefully; (b) complete **all** of the required information on the Ballot; and (c) execute and return your completed Ballot according to and as set forth in detail in the voting instructions so that it (or the Master Ballot submitted on your behalf, as applicable) is **actually received** by the Debtors' Solicitation Agent, Prime Clerk LLC (the "**Solicitation Agent**") on or before the Voting Deadline. **A failure to follow such instructions may disqualify your vote.**

7. Please note that if you hold a Claim in Classes 4, 5, 6, 7, 8, 9, 10(a) and/or 10(b) as of the Voting Record Date that is otherwise allowed for voting purposes and you are represented by an attorney, it is possible that your attorney has elected, through exercising the option in the Solicitation Directive, to cast a vote on your behalf through a Master Ballot. If your attorney elects to vote your claim by Master Ballot, it is possible that you may not receive a copy of the Plan, Disclosure Statement, Disclosure Statement Order and/or a Ballot. Therefore, if you hold a Claim in Classes 4, 5, 6, 7, 8, 9, 10(a) and/or 10(b) as of the Voting Record Date that is otherwise allowed for voting purposes and you did not receive a Plan, Disclosure Statement, Disclosure Statement

Order and/or a Ballot and wish to receive any of the aforementioned materials, you are encouraged to contact your attorney.

8. If a controversy arises regarding whether any Claim is properly classified under the Plan, the Bankruptcy Court shall, upon proper motion and notice, determine such controversy at the Confirmation Hearing. If the Bankruptcy Court finds that the classification of any Claim is improper, then such Claim shall be reclassified and the Ballot previously cast by the holder of such Claim shall be counted in, and the Claim shall receive the treatment prescribed in, the Class in which the Bankruptcy Court determines such Claim should have been classified, without the necessity of resoliciting any votes on the Plan. Notwithstanding the fact that your Claim would otherwise satisfy the definition of another type of Claim, or your receipt of a ballot or notice, which identifies your Claim as belonging to a specific Class for voting and distribution purposes, any Claim that satisfies the definition of Co-Defendant Claim under Sections 1.1 and 4.16 of the Plan shall be a Co-Defendant Claim and any Claim that satisfies the definition of an Other Subordinated Claim under Sections 1.1 and 4.17 of the Plan shall be an Other Subordinated Claim.

9. If any claimant wishes to challenge the disallowance of its Claim for voting purposes, such claimant must file a motion with the Court for an order pursuant to Bankruptcy Rule 3018(a) temporarily allowing such claim for voting purposes (a "Rule 3018 Motion"). Any Rule 3018 Motion must be filed on or before 4:00 p.m. (prevailing Eastern Time) on July 19, 2021 (the "Rule 3018(a) Motion Filing Deadline") and served in accordance with the *Second Amended Order Establishing Certain Notice, Case Management, and Administrative Procedures* entered on November 18, 2019 [D.I. 498].

10. The Debtors will file the Plan Supplement (as defined in the Plan) on or before **July 7, 2021**, and will serve notice on all holders of Claims entitled to vote on the Plan and all known

holders of other Released Claims, Shareholder Released Claims, or Channeled Claims, which will (a) inform parties that the Debtors filed the Plan Supplement; (b) list the information contained in the Plan Supplement; and (c) explain how parties may obtain copies of the Plan Supplement.

11. If confirmed, the Plan shall bind all holders of Claims and Interests to the maximum extent permitted by applicable law, whether or not such holder will receive or retain any property or interest in property under the Plan, has filed a Proof of Claim in these Chapter 11 Cases, or failed to vote to accept or reject the Plan or voted to reject the Plan.

12. Sections 10.6, 10.7, 10.8, 10.9, 10.10, 10.11, 10.12, and 10.13 of the Plan contain release, shareholder release, exculpation, injunction, channeling injunction, MDT insurer injunction, Settling MDT insurer injunction and shareholder channeling injunction provisions. For your convenience, such provisions are set forth on Exhibit 1 hereto. Pursuant to the Plan, certain parties are releasing the Released Parties, which include certain third parties, and the Shareholder Released Parties (subject to and in accordance with the terms of the Shareholder Settlement) from certain Claims and Causes of Action. The Releasing Parties include all holders of Claims and Interest under the Plan. The Released Parties include, collectively, (i) the Debtors, (ii) each of the Debtors' Related Parties and (iii) solely for purposes of the Releases by the Debtors in Section 10.6(a) of the Plan, the Supporting Claimants, the Creditors' Committee and the Creditors' Committee's members and each of their respective professionals, in each case solely in their respective capacities as such; *provided, however, that, notwithstanding the foregoing or anything herein to the contrary, no Excluded Party or Shareholder Release Snapback Party shall be a Released Party in any capacity or respect. For the avoidance of doubt, the Released Parties referenced in clause (ii) of this definition of Released Parties include Persons referenced in clause (ii) of the definition*

of Related Parties only to the extent (x) a claim arises from actions taken by such Person in its capacity as a Related Party of a Person referenced in clause (i) of the definition of Related Parties and (y) the underlying claim against the Released Party is released against the Person to which the Related Party is related.

13. If confirmed, the Plan will conclusively, absolutely, unconditionally, irrevocably, and forever release the Shareholder Released Parties from actual or potential claims or causes of action relating to the Debtors (including Purdue prescription opioids, like OxyContin, or other prescription opioids manufactured, marketed or sold by Purdue, or any other claims in connection with Opioid-Related Activities) subject to the conditions set forth in the Plan, including Sections 10.7(a) and (b) thereof. Holders of such actual or potential claims or causes of action will be bound by the releases and Channeling Injunctions in the Plan, whether or not such holders will receive or retain any property or interest in property under the Plan, have filed a Proof of Claim in these Chapter 11 Cases or failed to vote to accept or reject the Plan or voted to reject the Plan.

14. If you should have any questions or if you would like to obtain additional solicitation materials at no charge, please contact the Debtors' Solicitation Agent, by (a) calling the Debtors' restructuring hotline at (844) 217-0912 (toll-free) or (347) 859-8093 (international); (b) visiting the Debtors' restructuring website at <https://restructuring.primeclerk.com/purduepharma>; (c) writing to Purdue Pharma Ballot Processing, c/o Prime Clerk LLC, One Grand Central Place, 60 East 42<sup>nd</sup> Street, Suite 1440, New York, New York 10165; and/or (d) emailing [purduepharmainfo@primeclerk.com](mailto:purduepharmainfo@primeclerk.com). You may also obtain copies of any pleadings filed in these Chapter 11 Cases for a fee via PACER at: <http://www.nysb.uscourts.gov>. Please be advised that the Solicitation Agent is authorized to

answer questions about, and provide additional copies of, solicitation materials, but may not advise you as to whether you should vote to accept or reject the Plan.

Dated: June 3, 2021  
New York, New York

DAVIS POLK & WARDWELL LLP

By: /s/ Eli J. Vonnegut

450 Lexington Avenue  
New York, New York 10017  
Marshall S. Huebner  
Benjamin S. Kaminetzky  
Eli J. Vonnegut  
James I. McClammy  
Christopher S. Robertson  
*Counsel to the Debtors and Debtors in Possession*

**If you have questions about this notice, please contact the Debtors' Claims and Noticing Agent, Prime Clerk LLC, at 844-217-0912 (toll-free), +1 347-859-8093 (international), or by email at [purduepharmainfo@primeclerk.com](mailto:purduepharmainfo@primeclerk.com). You may also find out more information at <https://restructuring.primeclerk.com/purduepharma>.**

**EXHIBIT 1****Section 10.6(a) Releases by Debtors**

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, including, without limitation, the service of the Released Parties before and during the Chapter 11 Cases to facilitate the reorganization of the Debtors and the implementation of the Restructuring Transactions, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Released Parties shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released by the Debtors and their Estates from any and all Claims, claims, counterclaims, disputes, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, Liens, remedies, losses, contributions, indemnities, rights of subrogation, costs, liabilities, attorneys' fees and expenses, in each case, of any kind, character or nature whatsoever, including any derivative claims asserted or assertible by or on behalf of any Debtor or any of their Estates (including any Causes of Action arising under chapter 5 of the Bankruptcy Code) and including any claims that any Debtor or any of their Estates, or that any other Person or party claiming under or through any Debtor or any of their Estates, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Debtor or any of their Estates or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or hereinafter arising, choate or inchoate, whether in law or equity, whether sounding in tort or contract or based on any other legal or equitable theory or principle (including fraud, negligence, gross negligence, recklessness, reckless disregard, deliberate ignorance, public or private nuisance, breach of fiduciary duty, avoidance, willful misconduct, veil piercing, alter-ego theories of liability, unjust enrichment, disgorgement, restitution, contribution, indemnification, right of subrogation and joint liability), whether in rem, quasi in rem, in personam or otherwise, or whether arising under federal or state statutory or common law, or any other applicable international, foreign or domestic law, rule, statute, regulation, treaty, right, duty, requirement or otherwise, regardless of where in the world accrued or arising, from the beginning of time, in each case, based on or relating to, or in any manner arising from, in whole or in part, the Debtors (as such Entities existed prior to or after the Petition Date), their Estates or the Chapter 11 Cases, including, without limitation, (i) the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, (ii) the business or contractual arrangements or interactions between any Debtor and any Released Party (including historical business or contractual arrangements or interactions, any direct or indirect distributions or transfers by any Debtor, and any exercise of any common law or contractual rights of setoff or recoupment by any Released Party at any time on or prior to the Effective Date), (iii) any employment or retention of any Released Party by the Debtors (including any service as a director, officer, executive, consultant or advisor to the Debtors or service in any similar capacity), (iv) any direct or indirect beneficial ownership of any equity interest in or debt obligation of the Debtors, (v) the Restructuring Transactions, (vi) the Pending Opioid Actions, (vii) Opioid-Related Activities or the Debtors' development, production, manufacture, licensing, labeling, marketing, advertising, promotion, distribution or sale of non-opioid products or the use or receipt of any proceeds therefrom, in each case, including the Debtors' interactions with regulators and regardless of where in the world any such activities or any result, loss, injury or damage resulting therefrom occurred, (viii) any past, present or future use or misuse of any opioid, whether sold by the Debtors or by NewCo or any of its Subsidiaries or otherwise, to the extent arising from an act, conduct, omission, event, transaction, occurrence or continuing condition in any way relating to any of the foregoing, (ix) the restructuring of any Claim or Interest before or during the Chapter 11 Cases, (x) the

Disclosure Statement and the Plan and related agreements, instruments and other documents (including the Plan Documents) and the negotiation, formulation, preparation or implementation thereof, (xi) the solicitation of votes with respect to the Plan, or (xii) any other act, conduct, omission, event, transaction, occurrence or continuing condition in any way relating to any of the foregoing. The Debtors, the Plan Administration Trust, the Master Disbursement Trust, the Creditor Trusts, NewCo, TopCo and any other newly-formed Persons that shall be continuing the Debtors' businesses after the Effective Date shall be bound, to the same extent the Debtors are bound, by the Releases set forth in this Section 10.6(a).

Notwithstanding anything herein to the contrary, (x) nothing in the Plan shall release any Excluded Claim and (y) nothing in this Section 10.6(a) shall (A) release any Cause of Action against any Shareholder Release Snapback Party, (B) release any Estate Cause of Action against a Holder of a Claim against a Debtor, to the extent such Estate Cause of Action is necessary for the administration and resolution of such Claim solely in accordance with the Plan or (C) be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreement.

#### Section 10.6(b) Releases by Releasing Parties

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, including, without limitation, the service of the Released Parties before and during the Chapter 11 Cases to facilitate the reorganization of the Debtors and the implementation of the Restructuring Transactions, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Released Parties shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released by the Releasing Parties from any and all Claims, claims, counterclaims, disputes, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, Liens, remedies, losses, contributions, indemnities, rights of subrogation, costs, liabilities, attorneys' fees and expenses, in each case, of any kind, character or nature whatsoever, including any derivative claims asserted or assertible by or on behalf of the Debtors or their Estates (including any Causes of Action arising under chapter 5 of the Bankruptcy Code) and including any claims that any Releasing Party, or that any other Person or party claiming under or through any Releasing Party, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Releasing Party or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or hereinafter arising, choate or inchoate, whether in law or equity, whether sounding in tort or contract or based on any other legal or equitable theory or principle (including fraud, negligence, gross negligence, recklessness, reckless disregard, deliberate ignorance, public or private nuisance, breach of fiduciary duty, avoidance, willful misconduct, veil piercing, alter-ego theories of liability, unjust enrichment, disgorgement, restitution, contribution, indemnification, right of subrogation and joint liability), whether *in rem*, *quasi in rem*, *in personam* or otherwise, or whether arising under federal or state statutory or common law, or any other applicable international, foreign or domestic law, rule, statute, regulation, treaty, right, duty, requirement or otherwise, regardless of where in the world accrued or arising, from the beginning of time, in each case, based on or relating to, or in any manner arising from, in whole or in part, the Debtors (as such Entities existed prior to or after the Petition Date), their Estates or the Chapter 11 Cases, including, without limitation, (i) the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, (ii) the business



or contractual arrangements or interactions between any Debtor and any Released Party (including historical business or contractual arrangements or interactions, any direct or indirect distributions or transfers by any Debtor, and any exercise of any common law or contractual rights of setoff or recoupment by any Released Party at any time on or prior to the Effective Date), (iii) any employment or retention of any Released Party by the Debtors (including any service as a director, officer, executive, consultant or advisor to the Debtors or service in any similar capacity), (iv) any direct or indirect beneficial ownership of any equity interest in or debt obligation of the Debtors, (v) the Restructuring Transactions, (vi) the Pending Opioid Actions, (vii) Opioid-Related Activities or the Debtors' development, production, manufacture, licensing, labeling, marketing, advertising, promotion, distribution or sale of non-opioid products or the use or receipt of any proceeds therefrom, in each case, including the Debtors' interactions with regulators and regardless of where in the world any such activities or any result, loss, injury or damage resulting therefrom occurred, (viii) any past, present or future use or misuse of any opioid, whether sold by the Debtors or by NewCo or any of its Subsidiaries or otherwise, to the extent arising from an act, conduct, omission, event, transaction, occurrence or continuing condition in any way relating to any of the foregoing, (ix) the restructuring of any Claim or Interest before or during the Chapter 11 Cases, (x) the Disclosure Statement and the Plan and related agreements, instruments and other documents (including the Plan Documents) and the negotiation, formulation, preparation or implementation thereof, (xi) the solicitation of votes with respect to the Plan, or (xii) any other act, conduct, omission, event, transaction, occurrence or continuing condition in any way relating to any of the foregoing.

For the avoidance of doubt and without limitation of the foregoing, each Person that is a Governmental Unit or a Tribe shall be deemed to have released all Released Claims that have been, are or could have been brought by (1) such Governmental Unit or Tribe in its own right, in its *parens patriae* or sovereign enforcement capacity, or on behalf of or in the name of another Person or (2) any other governmental official, employee, agent or representative acting or purporting to act in a *parens patriae*, sovereign enforcement or quasi-sovereign enforcement capacity, or any other capacity on behalf of such Governmental Unit or Tribe.

Notwithstanding anything herein to the contrary, (x) nothing in the Plan shall release any Excluded Claim and (y) nothing in this Section 10.6(b) shall (A) release any Cause of Action against (I) any Shareholder Release Snapback Party or (II) any Holder of Co-Defendant Claims, (B) release any Estate Cause of Action against a Holder of a Claim against a Debtor, to the extent such Estate Cause of Action is necessary for the administration and resolution of such Claim solely in accordance with the Plan or (C) be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreement.

Notwithstanding anything herein to the contrary, the Debtors shall not be released from liability for any Claim that is or may be covered by any Purdue Insurance Policy; *provided* that recovery for any such Claim, including by way of settlement or judgment, shall be limited to the available proceeds of such Purdue Insurance Policy (and any extra-contractual liability of the Insurance Companies with respect to the Purdue Insurance Policies), and no Person or party shall execute, garnish or otherwise attempt to collect any such recovery from any assets other than the available proceeds of the Purdue Insurance Policies. The Debtors shall be released automatically from a Claim described in this paragraph upon the earlier of (x) the abandonment of such Claim and (y) such a release being given as part of a settlement or resolution of such Claim, and shall be released automatically from all Claims described in this paragraph upon the exhaustion of the available proceeds of the Purdue Insurance Policies (notwithstanding the nonoccurrence of either event described in the foregoing clauses (x) and (y)).

**Section 10.6(c)****Releases by Debtors of Holders of Claims**

As of the Effective Date, all Holders of Channeled Claims (excluding, in all respects, any Excluded Party, Shareholder Release Snapback Party, Co-Defendant or MDT Insurer) are hereby released by the Debtors and their Estates from any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, remedies, losses and liabilities for any Claim in connection with, or arising out of, (i) the administration of the Chapter 11 Cases; the negotiation and pursuit of the Restructuring Transactions, the Plan, the Master Disbursement Trust, the Creditor Trusts (including the trust distribution procedures and the other Creditor Trust Documents) and the solicitation of votes with respect to, and confirmation of, the Plan; the funding of the Plan; the occurrence of the Effective Date; the administration of the Plan and the property to be distributed under the Plan; and the wind-up and dissolution of the Liquidating Debtors and transactions in furtherance of any of the foregoing or (ii) such Holder's participation in the Pending Opioid Actions. The Debtors, the Plan Administration Trust, the Master Disbursement Trust, the Creditor Trusts, NewCo, TopCo and any other newly-formed Persons that shall be continuing Debtors' businesses after the Effective Date shall be bound, to the same extent the Debtors are bound by the Releases set forth in this Section 10.6(c).

As of the Effective Date, all Holders of PI Channeled Claims and Holders of NAS Monitoring Channeled Claims (excluding, in all respects, any Excluded Party, Shareholder Release Snapback Party, Co-Defendant or MDT Insurer) are hereby released by the Debtors and their Estates from any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, remedies, losses and liabilities for any Claim in connection with, or arising out of, the Debtors (as such Entities existed prior to or after the Petition Date), their Estates or the Chapter 11 Cases, including, without limitation, (i) the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, (ii) the Restructuring Transactions, (iii) the Pending Opioid Actions, (iv) Opioid-Related Activities or the Debtors' development, production, manufacture, licensing, labeling, marketing, advertising, promotion, distribution or sale of non-opioid products or the use or receipt of any proceeds therefrom, in each case, including the Debtors' interactions with regulators and regardless of where in the world any such activities or result, loss, injury or damage resulting therefrom occurred, (v) any past use or misuse of any opioid whether sold by the Debtors or any of its Subsidiaries or otherwise, to the extent arising from any act, conduct, omission, event, transaction, occurrence or continuing condition in any way relating to any of the foregoing, (vi) the restructuring of any Claim or Interest before or during the Chapter 11 Cases, (vii) the Disclosure Statement and the Plan and related agreements, instruments and other documents (including the Plan Documents) and the negotiation, formulation, preparation, implementation thereof, or (viii) any other act, conduct, occurrence or continuing condition in any way relating to any of the foregoing.

Notwithstanding anything herein to the contrary, (x) nothing in the Plan shall release any Excluded Claim and (y) nothing in this Section 10.6(c) shall (A) release any contract or Estate Cause of Action or any Estate Cause of Action that is commercial in nature and unrelated to the subject matter of the Pending Opioid Actions, (B) release any Estate Cause of Action against a Holder of a Claim against a Debtor, to the extent such Estate Cause of Action is necessary for the administration and resolution of such Claim solely in accordance with the Plan, (C) release any claim or right arising in the ordinary course of the Debtors' or NewCo's business, including, without limitation, any such claim with respect to taxes or (D) be construed to impair in any way the Effect of the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreement.

## Section 10.7(a)

## Shareholder Releases - Releases by Debtors

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, and except as otherwise explicitly provided in the Plan or in Confirmation Order, the Shareholder Released Parties shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released, subject to clause (z) of the last paragraph of this Section 10.7(a), by the Debtors and their Estates from any and all Claims, counterclaims, disputes, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, Liens, remedies, losses, contributions, indemnities, rights of subrogation, co-liabilities, attorneys' fees and expenses, in each case, of any kind, character or nature whatsoever including any derivative claims asserted or assertible by or on behalf of any Debtor or any of their Estates (including any Causes of Action arising under chapter 5 of the Bankruptcy Code) including any claims that any Debtor or any of their Estates, or that any other Person or party claiming under or through any Debtor or any of their Estates, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Debtor or any of their Estates or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or hereinafter arising, choate or inchoate, whether in law or equity, whether sounding in tort or contract or based on any other legal or equitable theory or principle (including fraud, negligence, gross negligence, recklessness, reckless disregard, deliberate ignorance, public nuisance, private nuisance, breach of fiduciary duty, avoidance, willful misconduct, veil piercing, alter-ego theories of liability, unjust enrichment, disgorgement, restitution, contribution, indemnification, right of subrogation and joint liability), whether *in rem*, *quasi in rem*, *in personam* or otherwise, whether arising under federal or state statutory or common law, or any other applicable international, foreign or domestic law, rule, statute, regulation, treaty, right, duty, requirement or otherwise, regardless of where in the world accrued or arising, from the beginning of time, in each case, based on or relating to, or in any manner arising from, in whole or in part, the Debtors (as such Entities existed prior to or after the Petition Date), their Estates or the Chapter 11 Cases, including, without limitation, (i) the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan; (ii) the business or contractual arrangements or interactions between a Debtor and any Shareholder Released Party (including historical business or contractual arrangements or interactions, any direct or indirect distributions or transfers by any Debtor, or any exercise of any common law or contractual rights of setoff or recoupment by any Shareholder Released Party at any time on or prior to the Effective Date), (iii) any employment or retention of any Shareholder Released Party by the Debtors (including any service as a director, officer, executive, consultant or advisor to the Debtors or service in any similar capacity), (iv) any direct or indirect beneficial ownership of any equity interest in or debt obligation of the Debtors, (v) the Restructuring Transactions, (vi) the Pending Opioid Actions, (vii) Opioid-Related Activities or the Debtors' development, production, manufacture, licensing, labeling, marketing, advertising, promotional distribution or sale of non-opioid products or the use or receipt of any proceeds therefrom, in each case, including the Debtors' interactions with regulators and regardless of where in the world such activities or any result, loss, injury or damage resulting therefrom occurred, (viii) any present or future use or misuse of any opioid, whether sold by the Debtors or by NewCo or any of its Subsidiaries or otherwise, to the extent arising from an act, conduct, omission, event, transaction, occurrence or continuing condition in any way relating to any of the foregoing, (ix) the restructuring of any Claim or Interest before or during the Chapter 11 Cases, (x) the Disclosure Statement and the Plan and related agreements, instruments and other documents (including the Plan Documents) at the negotiation, formulation, preparation or implementation thereof, (xi) the solicitation of votes with

respect to the Plan, or (xii) any other act, conduct, omission, event, transaction, occurrence or continuing condition in any way relating to any of the foregoing. The Debtors, the Plan Administration Trust, the Master Disbursement Trust, the Creditor Trusts, NewCo, TopCo and any other newly-formed Persons that shall be continuing the Debtors' businesses after the Effective Date shall be bound, to the same extent the Debtors are bound, by the Shareholder Releases set forth in this Section 10.7(a).

Notwithstanding anything herein to the contrary, (x) nothing in the Plan shall release any Excluded Claim; (y) nothing in this Section 10.7(a) shall be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreement and the Separation Agreements; and (z) upon the filing of a Notice of Shareholder Release Snapback, (A) the Shareholder Releases set forth in this Section 10.7(a) shall be entirely null and void, revoked and invalidated, as of the Effective Date, with respect to all members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties, (B) the *status quo ante* shall be restored in all respects for the Debtors and the Master Disbursement Trust with respect to the members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties (C) the Master Disbursement Trust shall be deemed to have received and accepted all of the rights with respect to any member of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties, in each case, that the Debtors and their Estates had prior to the Effective Date and that the Master Disbursement Trust would have pursuant to the transfer of the MDT Shareholder Rights to the Master Disbursement Trust if the Shareholder Releases of this Section 10.7(a) had never been granted, which rights the Debtors and their Estates shall be deemed to have irrevocably transferred, granted and assigned to the Master Disbursement Trust; *provided that*, for the avoidance of doubt, notwithstanding the nullification, voiding, revocation and invalidation pursuant to the foregoing clause (A), the Shareholder Releases shall continue in effect for, and shall be fully enforceable by and for the benefit of, all other Shareholder Released Parties other than the Breaching Shareholder Family Group and the Designated Shareholder Released Parties.

#### Section 10.7(b)

#### Shareholder Releases - Releases by Non-Debtors

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Shareholder Released Parties shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released, subject to clause (z) of the last paragraph of this Section 10.7(b), by the Releasing Parties from any and all Claims, claims, counterclaims, disputes, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, Liens, remedies, losses, contributions, indemnities, rights of subrogation, costs, liabilities, attorneys' fees and expenses, in each case, of any kind, character or nature whatsoever, including any derivative claims asserted or assertible by or on behalf of the Debtors or their Estates (including any Causes of Action arising under chapter 5 of the Bankruptcy Code) and including any claims that any Releasing Party, or that any other Person or party claiming under or through any Releasing Party or any other Person, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Releasing Party or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or hereinafter arising, choate or inchoate, whether in law or equity, whether sounding in tort or contract or based on any other legal or equitable theory or principle (including fraud, negligence, gross negligence, recklessness,

reckless disregard, deliberate ignorance, public or private nuisance, breach of fiduciary duty, avoidance, willful misconduct, veil piercing, alter-ego theories of liability, unjust enrichment, disgorgement, restitution, contribution, indemnification, right of subrogation and joint liability), whether *in rem*, *quasi in rem*, *in personam* or otherwise, or whether arising under federal or state statutory or common law, or any other applicable international, foreign or domestic law, rule, statute, regulation, treaty, right, duty, requirement or otherwise, regardless of where in the world accrued or arising, from the beginning of time, in each case, based on or relating to, or in any manner arising from, in whole or in part, the Debtors (as such Entities existed prior to or after the Petition Date), their Estates or the Chapter 11 Cases, including, without limitation, (i) the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, (ii) the business or contractual arrangements or interactions between any Debtor and any Shareholder Released Party (including historical business or contractual arrangements or interactions, any direct or indirect distributions or transfers by any Debtor, and any exercise of any common law or contractual rights of setoff or recoupment by any Shareholder Released Party at any time on or prior to the Effective Date), (iii) any employment or retention of any Shareholder Released Party by the Debtors (including any service as a director, officer, executive, consultant or advisor to the Debtors or service in any similar capacity), (iv) any direct or indirect beneficial ownership of any equity interest in or debt obligation of the Debtors, (v) the Restructuring Transactions, (vi) the Pending Opioid Actions, (vii) Opioid-Related Activities or the Debtors' development, production, manufacture, licensing, labeling, marketing, advertising, promotion, distribution or sale of non-opioid products or the use or receipt of any proceeds therefrom, in each case, including the Debtors' interactions with regulators and regardless of where in the world any such activities or any result, loss, injury or damage resulting therefrom occurred, (viii) any past, present or future use or misuse of any opioid, whether sold by the Debtors or by NewCo or any of its Subsidiaries or otherwise, to the extent arising from an act, conduct, omission, event, transaction, occurrence or continuing condition in any way relating to any of the foregoing, (ix) the restructuring of any Claim or Interest before or during the Chapter 11 Cases, (x) the Disclosure Statement and the Plan and related agreements, instruments and other documents (including the Plan Documents) and the negotiation, formulation, preparation or implementation thereof, (xi) the solicitation of votes with respect to the Plan, or (xii) any other act, conduct, omission, event, transaction, occurrence or continuing condition in any way relating to any of the foregoing.

For the avoidance of doubt and without limitation of the foregoing, each Person that is a Governmental Unit or a Tribe shall be deemed to have released all Shareholder Released Claims that have been, are or could have been brought by (1) such Governmental Unit or Tribe in its own right, in its *parens patriae* or sovereign enforcement capacity, or on behalf of or in the name of another Person or (2) any other governmental official, employee, agent or representative acting or purporting to act in a *parens patriae*, sovereign enforcement or quasi-sovereign enforcement capacity, or any other capacity on behalf of such Governmental Unit or Tribe.

Notwithstanding anything herein to the contrary, (x) nothing in the Plan shall release any Excluded Claim; (y) nothing in this Section 10.7(b) shall be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreement and the Separation Agreements; and (z) upon the filing of a Notice of Shareholder Release Snapback, (A) the Shareholder Releases set forth in this Section 10.7(b) shall be entirely null and void, revoked and invalidated, as of the Effective Date, with respect to all members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties and (B) the *status quo ante* shall be restored in all respects for the Releasing Parties with respect to the members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties; *provided that*, for the avoidance of doubt, notwithstanding the nullification, voiding, revocation and invalidation pursuant to the foregoing clause (A), the Shareholder Releases shall

continue in effect for, and shall be fully enforceable by and for the benefit of, all other Shareholder Released Parties other than the Breaching Shareholder Family Group and the Designated Shareholder Released Parties.

#### Section 10.7(c) Shareholder Releases - Releases by Shareholder Released Parties

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, and except as otherwise explicitly provided in the Plan or in the Confirmation Order, the Reciprocal Releasees shall be conclusively, absolutely, unconditionally, irrevocably, fully, finally, forever and permanently released, subject to clause (z) of the last paragraph of this Section 10.7(c), by the Shareholder Released Parties from any and all Claims, claims, counterclaims, disputes, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, Liens, remedies, losses, contributions, indemnities, rights of subrogation, costs, liabilities, attorneys' fees and expenses, in each case, of any kind, character or nature whatsoever, including any derivative claims asserted or assertible by or on behalf of the Debtors or their Estates (including any Causes of Action arising under chapter 5 of the Bankruptcy Code) and including any claims that any Shareholder Released Party, or that any other Person or party claiming under or through any Shareholder Released Party or any other Person, would have presently or in the future been legally entitled to assert in its own right (whether individually or collectively) or on behalf of any Shareholder Released Party or any other Person, notwithstanding section 1542 of the California Civil Code or any law of any jurisdiction that is similar, comparable or equivalent thereto (which shall conclusively be deemed waived), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, asserted or unasserted, accrued or unaccrued, existing or hereinafter arising, choate or inchoate, whether in law or equity, whether sounding in tort or contract or based on any other legal or equitable theory or principle (including fraud, negligence, gross negligence, recklessness, reckless disregard, deliberate ignorance, public or private nuisance, breach of fiduciary duty, avoidance, willful misconduct, veil piercing, alter-ego theories of liability, unjust enrichment, disgorgement, restitution, contribution, indemnification, right of subrogation and joint liability), whether *in rem*, *quasi in rem*, *in personam* or otherwise, or whether arising under federal or state statutory or common law, or any other applicable international, foreign or domestic law, rule, statute, regulation, treaty, right, duty, requirement or otherwise, regardless of where in the world accrued or arising, from the beginning of time, in each case, based on or relating to, or in any manner arising from, in whole or in part, the Debtors (as such Entities existed prior to or after the Petition Date), their Estates or the Chapter 11 Cases, including, without limitation, (i) the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, (ii) the business or contractual arrangements or interactions between any Debtor and any Shareholder Released Party (including historical business or contractual arrangements or interactions, any direct or indirect distributions or transfers by any Debtor, and any exercise of any common law or contractual rights of setoff or recoupment by any Shareholder Released Party at any time on or prior to the Effective Date), (iii) any employment or retention of any Shareholder Released Party by the Debtors (including any service as a director, officer, executive, consultant or advisor to the Debtors or service in any similar capacity), (iv) any direct or indirect beneficial ownership of any equity interest in or debt obligation of the Debtors, (v) the Restructuring Transactions, (vi) the Pending Opioid Actions, (vii) Opioid-Related Activities or the Debtors' development, production, manufacture, licensing, labeling, marketing, advertising, promotion, distribution or sale of non-opioid products or the use or receipt of any proceeds therefrom, in each case, including the Debtors' interactions with regulators and regardless of where in the world any such activities or any result, loss, injury or damage resulting therefrom occurred, (viii) any past, present or future use or misuse of any opioid, whether sold by the Debtors or by NewCo or any of its Subsidiaries or otherwise, to the extent arising from an act, conduct, omission, event, transaction, occurrence or continuing condition in any way relating to any of the foregoing, (ix) the restructuring

of any Claim or Interest before or during the Chapter 11 Cases, (x) the Disclosure Statement and the Plan and related agreements, instruments and other documents (including the Plan Documents) and the negotiation, formulation, preparation or implementation thereof, (xi) the solicitation of votes with respect to the Plan; or (xii) any other act, conduct, omission, event, transaction, occurrence or continuing condition in any way relating to any of the foregoing.

Notwithstanding anything herein to the contrary, (x) nothing in the Plan shall release any Excluded Claim; (y) nothing in this Section 10.7(c) shall be construed to impair in any way the Effective Date or post-Effective Date rights and obligations of any Person under the Plan, the Plan Documents, the Confirmation Order or the Restructuring Transactions, including the Shareholder Settlement Agreement and the Separation Agreements, and including the rights of any Shareholder Released Party that is a current or former director, officer or employee of the Debtors but is not a Sackler Family Member relating to plan treatment of any Claims held by such party; and (z) upon the filing of a Notice of Shareholder Release Snapback and the commencement or continuation of any action or proceeding against a member of a Breaching Shareholder Family Group or a Designated Shareholder Released Party by any Reciprocal Releasee, (A) the releases set forth in this Section 10.7(c) of any Reciprocal Releasee that has commenced or continued any such action shall be entirely null and void, revoked and invalidated, as of the Effective Date, with respect to the members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties and (B) the *status quo ante* shall be restored in all respects for the members of the Breaching Shareholder Family Group and the Designated Shareholder Released Parties with respect to any Reciprocal Releasee that has commenced or continued any such litigation; *provided* that, for the avoidance of doubt, notwithstanding the nullification, voiding, revocation and invalidation pursuant to the foregoing clause (A), the releases set forth in this Section 10.7(c) shall continue in effect for, and shall be fully enforceable by and for the benefit of, all other Reciprocal Releasees, and shall be binding on, and enforceable against, all other Shareholder Released Parties, including any members of the Breaching Shareholder Family Group with respect to any Reciprocal Releasee that has not commenced any such litigation.

#### **Section 10.8 Channeling Injunction**

In order to supplement the injunctive effect of the Plan Injunction, the Releases and the Shareholder Releases set forth in Sections 10.5, 10.6 and 10.7 of the Plan, the Confirmation Order shall provide for the following permanent injunction to take effect as of the Effective Date:

(a) **Terms.** In order to preserve and promote the settlements contemplated by and provided for in the Plan and to supplement, where necessary, the injunctive effect of the Plan Injunction, the Releases and the Shareholder Releases described in Sections 10.5, 10.6 and 10.7 of the Plan, and pursuant to the exercise of the equitable jurisdiction and power of the Bankruptcy Court under section 105(a) of the Bankruptcy Code, all Persons that have held or asserted, that hold or assert or that may in the future hold or assert any Channeled Claim shall be permanently and forever stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering or receiving payments, satisfaction, recovery or judgment of any form from or against any Protected Party with respect to any Channeled Claim, including:

- (i) commencing, conducting or continuing, in any manner, whether directly or indirectly, any suit, action or other proceeding, in each case, of any kind, character or nature, in any forum in any jurisdiction with respect to any Channeled Claims, against or affecting any Protected Party, or any

property or interests in property of any Protected Party with respect to any Channeled Claims;

- (ii) enforcing, levying, attaching, collecting or otherwise recovering, by any means or in any manner, either directly or indirectly, any judgment, award, decree or other order against any Protected Party or against the property of any Protected Party with respect to any Channeled Claims;
- (iii) creating, perfecting or enforcing, by any means or in any manner, whether directly or indirectly, any Lien of any kind against any Protected Party or the property of any Protected Party with respect to any Channeled Claims;
- (iv) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind, whether directly or indirectly, in respect of any obligation due to any Protected Party or against the property of any Protected Party with respect to any Channeled Claims; and
- (v) taking any act, by any means or in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan Documents, with respect to any Channeled Claims.

(b) **Reservations.** Notwithstanding anything to the contrary in this Section 10.8 or the Confirmation Order, this Channeling Injunction shall not stay, restrain, bar or enjoin:

- (i) the rights of Holders of Channeled Claims to the treatment afforded them under the Plan and the Plan Documents, including the rights of Holders of Channeled Claims to assert such Channeled Claims solely in accordance with Section 6.21 of the Plan, the Master TDP and the Creditor Trust TDPs, in each case whether or not there are funds to make Distributions in respect of such Channeled Claims and whether or not such rights entitle such Holders to Abatement Distributions or any other form of Distributions;
- (ii) the rights of Persons to assert any claim, debt, litigation or liability for payment of Creditor Trust Operating Expenses solely against the applicable Creditor Trust;
- (iii) the rights of Persons to assert any claim, debt or litigation against any Excluded Party;
- (iv) the rights of the Master Disbursement Trust to pursue and enforce the MDT Shareholder Rights, the MDT Insurance Rights and the MDT Causes of Action;



- (v) the rights of the parties to the LRP Agreement to enforce the terms thereof in accordance with the Plan;
- (vi) the Creditor Trusts from enforcing their respective rights against the Master Disbursement Trust under the Plan and the MDT Documents;
- (vii) the Master Disbursement Trust from enforcing its rights, on behalf of itself and the Private Creditor Trusts, against NewCo and TopCo under the Plan and the NewCo Credit Support Agreement; or
- (viii) NOAT or the Tribe Trust from enforcing their respective rights against TopCo under the TopCo Operating Agreement.

(c) **Notice of Shareholder Release Snapback.** Upon the filing of a Notice of Shareholder Release Snapback, the Channeling Injunction shall terminate, be rescinded and have no application, without further order of the Bankruptcy Court, to any suit, action or other proceeding, in each case, of any kind, character or nature, brought against any member of the Breaching Shareholder Family Group or any Designated Shareholder Released Party; *provided, however*, that the extension of time provided by Section 10.9(a) of the Plan shall continue in effect in accordance with its terms; and *provided further* that, for the avoidance of doubt, notwithstanding the termination and rescission pursuant to this Section 10.8(c), the Channeling Injunction shall continue in effect for, and shall be fully enforceable by and for the benefit of, all other Protected Parties, including all other Shareholder Released Parties, other than the Breaching Shareholder Family Group and the Designated Shareholder Released Parties.

(d) **Modifications.** Except as expressly set forth in paragraph (c) of this Section 10.8, there can be no modification, dissolution or termination of the Channeling Injunction, which shall be a permanent injunction.

(e) **Non-Limitation of Channeling Injunction.** Except as expressly set forth in paragraphs (b) and (c) of this Section 10.8, nothing in the Plan, the MDT Documents or the Creditor Trust Documents shall be construed in any way to limit the scope, enforceability or effectiveness of the Channeling Injunction issued in connection with the Plan.

(f) **Bankruptcy Rule 3016 Compliance.** The Debtors' compliance with the requirements of Bankruptcy Rule 3016 shall not constitute an admission that the Plan provides for an injunction against conduct not otherwise enjoined under the Bankruptcy Code.

## **Section 10.9 Tolling of Shareholder Released Claims; Violations of Shareholder Releases and Channeling Injunction**

(a) **Tolling of Shareholder Released Claims.** If applicable law, an order in any proceeding or an agreement fixes a period for commencing or continuing an action or proceeding based on a Shareholder Released Claim and such Shareholder Released Claim is released pursuant to the Shareholder Releases or such action or proceeding is enjoined by the Channeling Injunction, then such period does not expire with respect to such Shareholder Released Claim with respect to the Master Disbursement Trust (or the MDT Trustees) or the Releasing Parties until the latest of (i) the end of such period; (ii) with respect to the applicable Shareholder Family Group, two hundred twenty-five (225) days after the filing of a Notice of Shareholder Release Snapback with respect to such Shareholder Family Group;

and (iii) with respect to the applicable Shareholder Family Group, when such Shareholder Family Group fulfills its payment obligations under the Shareholder Settlement Agreement.

(b) **Violations of Shareholder Releases and Channeling Injunction.** In the event that any Person takes any action that a Shareholder Released Party believes violates the Shareholder Releases or Channeling Injunction as it applies to any Shareholder Released Party, such Shareholder Released Party shall be entitled to make an emergency application to the Bankruptcy Court for relief, and may proceed by contested matter rather than by adversary proceeding. The Bankruptcy Court shall have jurisdiction and authority to enter final orders in connection with any dispute over whether an action violates the Shareholder Releases or Channeling Injunction. Upon determining that a violation of the Shareholder Releases or Channeling Injunction has occurred, the Bankruptcy Court, in its discretion, may award any appropriate relief against such violating Person, including, but not limited to, (i) disgorgement from the violating Person of any funds, assets or other value received, directly or indirectly, pursuant to the Plan or Plan Documents (including fees and expenses paid pursuant to the Plan or Plan Documents on account of legal or other advisory services rendered to or for the benefit of the violating Person); (ii) the termination of any rights of the violating Person to receive any funds, assets or other value pursuant to the Plan or Plan Documents; (iii) the reduction of any payments owed by any Shareholder Released Parties under the Shareholder Settlement Agreement to the violating Person in an amount equal to the amount of disgorgement ordered from, or the reduction of future payments ordered to be made to, or on account of, the violating Person (subject to the right of the violating Person to request that any amounts actually disgorged from such violating Person offset any reduction of future payments ordered to be made to, or on account of, such violating Person); (iv) an admonition, reprimand or censure of, or citation of contempt by, the violating Person and its counsel; (v) a fine or penalty paid into the Bankruptcy Court; (vi) a bond or other security in an amount equal to any financial obligation ordered by the Bankruptcy Court in respect of the violation; (vii) an appropriate sanction on any attorney or law firm responsible for the violation; (viii) injunctive relief to prevent future violations by the Person or its counsel; and (ix) attorney and other professional fees incurred by any Shareholder Released Party arising from the violation. The provision of any one form of relief shall not preclude the provision of any other form of relief.

#### **Section 10.10 MDT Insurer Injunction**

(a) **Terms.** In accordance with section 105(a) of the Bankruptcy Code, upon the occurrence of the Effective Date, all Persons that have held or asserted, that hold or assert or that may in the future hold or assert any Claim based on, arising under or attributable to an MDT Insurance Policy shall be, and hereby are, permanently stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering or receiving payment or recovery on account of any such Claim based on, arising under or attributable to an MDT Insurance Policy from or against any MDT Insurer, including:

- (i) commencing, conducting or continuing, in any manner any action or other proceeding of any kind (including an arbitration or other form of alternate dispute resolution) against any MDT Insurer, or against the property of any MDT Insurer, on account of any Claim based on, arising under or attributable to an MDT Insurance Policy;
- (ii) enforcing, attaching, levying, collecting or otherwise recovering, by any manner or means, any judgment, award, decree or other order against any MDT Insurer, or against the

- property of any MDT Insurer, on account of any Claim based on, arising under or attributable to an MDT Insurance Policy;
- (iii) creating, perfecting or enforcing in any manner any Lien of any kind against any MDT Insurer, or against the property of any MDT Insurer, on account of any Claim based on, arising under or attributable to an MDT Insurance Policy;
  - (iv) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind, whether directly or indirectly, against any obligation due to any MDT Insurer, or against the property of any MDT Insurer, on account of any Claim based on, arising under or attributable to an MDT Insurance Policy; and
  - (v) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan applicable to any Claim based on, arising under or attributable to an MDT Insurance Policy.

(b) **Reservations.** The provisions of this MDT Insurer Injunction shall not preclude the Master Disbursement Trust from pursuing any Claim based on, arising under or attributable to an MDT Insurance Policy, any other claim that may exist under any MDT Insurance Policy against any MDT Insurer, or enjoin the rights of the Master Disbursement Trust to prosecute any action based on or arising from the MDT Insurance Policies or the rights of the Master Disbursement Trust to assert any claim, debt, obligation, cause of action or liability for payment against a MDT Insurer based on or arising from the MDT Insurance Policies. The provisions of this MDT Insurer Injunction are not issued for the benefit of any MDT Insurer, and no such insurer is a third-party beneficiary of this MDT Insurer Injunction. This MDT Insurer Injunction shall not enjoin, impair or affect (i) any claims between or among MDT Insurers that are not Settling MDT Insurers; (ii) the rights of current and former directors, officers, employees and agents of the Debtors that are not Sackler Family Members that are preserved under the Plan or (iii) the terms of the Shareholder Settlement Agreement with respect to the MDT Shareholder Insurance Rights.

(c) **Modifications.** To the extent the MDT Trustees make a good faith determination that some or all of the MDT Insurance Proceeds are substantially unrecoverable by the Master Disbursement Trust, the Master Disbursement Trust shall have the sole and exclusive authority at any time, upon written notice to any affected MDT Insurer, to terminate, reduce or limit the scope of this MDT Insurer Injunction with respect to any MDT Insurer, *provided that* (i) any termination, reduction, or limitation of the MDT Insurer Injunction (A) shall apply equally to all Classes of Claims, and (B) shall comply with any procedures set forth in the MDT Agreement and (ii) the termination, reduction or limitation of the MDT Insurer Injunction as it relates to the MDT Bermuda-Form Insurance Policies shall be subject to the consent (not to be unreasonably withheld, conditioned or delayed) of the Creditor Trustee for the PI Trust.

(d) **Non-Limitation of MDT Insurer Injunction.** Except as set forth in paragraphs (b) and (c) of this Section 10.10, nothing in the Plan, the MDT Documents or the Creditor Trust Documents shall be construed in any way to limit the scope, enforceability or effectiveness of the MDT Insurer Injunction issued in connection with the Plan.

#### **Section 10.11 Settling MDT Insurer Injunction**

(a) **Terms.** In accordance with section 105(a) of the Bankruptcy Code, upon the occurrence of the Effective Date, all Persons that have held or asserted, that hold or assert

or that may in the future hold or assert any Claim based on, arising under or attributable to an MDT Insurance Policy shall be, and hereby are, permanently stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering or receiving payment or recovery on account of any such Claim based on, arising under or attributable to an MDT Insurance Policy from or against any Settling MDT Insurer, solely to the extent that such Settling MDT Insurer has been released from such Claim under such MDT Insurance Policy pursuant to an MDT Insurance Settlement, including:

- (i) commencing, conducting or continuing, in any manner any action or other proceeding of any kind (including an arbitration or other form of alternate dispute resolution) against any such Settling MDT Insurer, or against the property of such Settling MDT Insurer, on account of such Claim based on, arising under or attributable to such MDT Insurance Policy;
- (ii) enforcing, attaching, levying, collecting or otherwise recovering, by any manner or means, any judgment, award, decree or other order against any such Settling MDT Insurer, on or against the property of such Settling MDT Insurer, on account of such Claim based on, arising under or attributable to such MDT Insurance Policy;
- (iii) creating, perfecting or enforcing in any manner any Lien of any kind against any such Settling MDT Insurer, or against the property of such Settling MDT Insurer, on account of such Claim based on, arising under or attributable to such MDT Insurance Policy;

- (iv) asserting or accomplishing any setoff, right of subrogation, indemnity, contribution or recoupment of any kind, whether directly or indirectly, against any obligation due to any such Settling MDT Insurer, or against the property of such Settling MDT Insurer, on account of such Claim based on, arising under or attributable to such MDT Insurance Policy; and
- (v) taking any act, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of the Plan applicable to such Claim based on, arising under or attributable to such MDT Insurance Policy.

(b) Reduction of Insurance Judgments. Any right, Claim or cause of action that an Insurance Company may have been entitled to assert against any Settling MDT Insurer but for the Settling MDT Insurer Injunction, if any such right, Claim or cause of action exists under applicable non-bankruptcy law, shall become a right, Claim or cause of action solely as a setoff claim against the Master Disbursement Trust and not against or in the name of the Settling MDT Insurer in question. Any such right, Claim or cause of action to which an Insurance Company may be entitled shall be solely in the form of a setoff against any recovery of the Master Disbursement Trust from that Insurance Company, and under no circumstances shall that Insurance Company receive an affirmative recovery of funds from the Master Disbursement Trust or any Settling MDT Insurer for such right, Claim or cause of action. In determining the amount of any setoff, the Master Disbursement Trust may assert any legal or equitable rights the Settling MDT Insurer would have had with respect to any right, Claim or cause of action.

(c) **Modifications.** There can be no modification, dissolution or termination of the Settling MDT Insurer Injunction, which shall be a permanent injunction.

(d) **Non-Limitation of Settling MDT Insurer Injunction.** Except as set forth in paragraphs (b) and (c) of this Section 10.11, nothing in the Plan, the MDT Documents or the Creditor Trust Documents shall be construed in any way to limit the scope, enforceability or effectiveness of the Settling MDT Insurer Injunction issued in connection with the Plan.

#### **Section 10.12 Exculpation**

To the maximum extent permitted by applicable law, no Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from: any Claim, obligation, suit, judgment, damage, demand, debt, right, Cause of Action, remedy, loss and liability for any Claim in connection with, or arising out of, the administration of the Chapter 11 Cases; the negotiation and pursuit of the Disclosure Statement (including any information provided, or statements made, in the Disclosure Statement or omitted therefrom), the Restructuring Transactions, the Plan, the Master Disbursement Trust (including the Master TDP and the MDT Agreement), the Creditor Trusts (including the Creditor Trust TDPs and the other Creditor Trust Documents) and the solicitation of votes for, and confirmation of, the Plan; the funding of the Plan; the occurrence of the Effective Date; the administration of the Plan and the property to be distributed under the Plan; and the wind-up and dissolution of the Liquidating Debtors and the transactions in furtherance of any of the foregoing, in each case other than Claims or Causes of Action arising out of, or related to, any act or omission of an Exculpated Party that is a criminal act or constitutes fraud, gross negligence or willful misconduct. This exculpation shall be in addition to, and not in limitation of, all other Releases, indemnities, exculpations and any other applicable law or rules protecting such Exculpated Parties from liability. For the avoidance of doubt, this Section 10.12 shall not exculpate or release any Exculpated Party with respect to any act or omission of such Exculpated Party prior to the Effective Date that is later found to be a criminal act or to constitute fraud, gross negligence or willful misconduct, including findings after the Effective Date. Notwithstanding anything herein to the contrary, nothing in the Plan shall release any Claims or Causes of Action that may be asserted against any Excluded Party.

#### **Section 10.13 Injunction Related to Releases and Exculpation**

To the maximum extent permitted under applicable law, the Confirmation Order shall permanently enjoin the commencement or prosecution by any Person, whether directly, derivatively or otherwise, of any Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action, losses or liabilities released pursuant to this Plan, including, without limitation, the Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities released or exculpated in this Plan and the Claims, Interests, Liens, other encumbrances or liabilities described in Section 5.3(b), 5.4(c) or 5.6(b) of the Plan.