

\*\*\*\*\*JULY 9, 2007\*\*\*\*\*

The Town Council of the Town of Signal Mountain held its regular monthly meeting on Monday, July 9, 2007, at 7:00 p.m. in the Town Hall. Those present were:

Mayor Paul M. Hendricks  
 Vice-Mayor Hershel Dick  
 Councilmember Annette Allen  
 Councilmember Bill Lusk  
 Councilmember Susan Robertson

Also present were:

Town Manager Diana Campbell  
 Town Attorney Phillip Noblett  
 Town Recorder Sherry Morrison  
 See attached list for others present

Mayor Hendricks called the meeting to order and led the Pledge of Allegiance. He called on Rev. Roland L. Keith to offer the prayer. Roll call found all Councilmembers present.

The Mayor asked for approval of the June 11, 2007, regular meeting. Councilmember Allen asked if on the June 11 minutes on the fourth page, second paragraph, it should read "abandon his lot lines" instead of "establish his lot lines". Mr. Noblett said that had already been corrected. Councilmember Allen said on page 5, first paragraph, second line should be "City of Chattanooga is experimenting with goats". Councilmember Allen moved that the minutes be approved as amended. Councilmember Robertson seconded the motion and it passed unanimously.

The Mayor asked for approval of the June 15, 2007 minutes-an informational meeting with no decisions made. Councilmember Allen noted "Ed Lusk" should read "Bill Lusk" on the list of those present. Councilmember Lusk moved that the minutes be approved with the corrections. The motion was seconded by Councilmember Allen and passed unanimously.

The June 25, 2007, special agenda meeting, regarding Town's insurance policy and personnel matters, Councilmember Allen moved the minutes be approved. Councilmember Robertson seconded the motion and it passed unanimously.

Mayor Hendricks recognized Mr. Roland L. Keith, Recycle Center Supervisor, for his years of service to the Town and his 80<sup>th</sup> birthday by the first resolution "A RESOLUTION RECOGNIZING AND COMMENDING THE YEARS OF SERVICE AND ACHIEVEMENTS OF ROLAND L. "SHORTY" KEITH ON HIS 80<sup>TH</sup> BIRTHDAY BY THE SIGNAL MOUNTAIN TOWN COUNCIL AND PROCLAIMING JULY 11, 2007, TO BE "ROLAND L. "SHORTY" KEITH DAY" IN THE TOWN OF SIGNAL MOUNTAIN". Mr. Keith expressed his thanks and appreciation to the Council and citizens of the town. Councilmember Robertson moved that the resolution be passed. The motion was seconded by Councilmember Lusk and passed unanimously.

Page 2 – Minutes of the July 9, 2007, Council

The second resolution brought before the Council was "A RESOLUTION ENDORSING THE U. S. MAYORS CLIMATE PROTECTION AGREEMENT AND AUTHORIZING THE MAYOR TO IMPLEMENT THAT AGREEMENT WITHIN THE TOWN OF SIGNAL MOUNTAIN ON TOWN OWNED AND OPERATED PROPERTY AND BUILDINGS". Mayor Hendricks stated there had been an energy audit conducted on the Town and then asked Mr. Gene Hyde, Arborist for the City of Chattanooga, to make a presentation on the issue. Mr. Hyde made the presentation on Climate Protection Agreement. Mayor Hendricks moved that the resolution be passed. The motion was seconded by Councilmember Allen and passed unanimously. The Mayor thanked Councilmembers Allen and Lusk for bringing the matter to the Council's attention. The Mayor noted that the energy audit was available for inspection by the citizens.

Mr. Guy Bilyeu and Dr. Tai Federico were present representing the Humane Education Society to make a presentation to the Council. Mr. Bilyeu explained all the services provided by the Humane Society and reasons for increases in their fees.

The third resolution brought before the Council was "A RESOLUTION COMMENDING BUDDY HAILE FOR HIS MANY YEARS OF SERVICE TO THE TOWN OF SIGNAL MOUNTAIN". The Mayor explained that Mr. Haile had served on the Board of Adjustments and Appeals for Mechanical Codes for 20 years. Councilmember Robertson moved that the resolution be approved. The motion was seconded by Vice-Mayor Dick and passed unanimously.

The fourth resolution brought before the Council was "A RESOLUTION APPOINTING TIM BURNS AND ROB HAILE AS MEMBERS OF THE BOARD OF ADJUSTMENTS AND APPEALS FOR MECHANICAL CODES FOR THE TOWN OF SIGNAL MOUNTAIN". Councilmember Lusk moved that the resolution be passed. The motion was seconded by Vice-Mayor Dick and passed unanimously.

The fifth resolution brought before the Council was "A RESOLUTION AUTHORIZING THE TOWN MANAGER AND/OR MAYOR TO ENTER INTO AN AGREEMENT FOR MEDICAL INSURANCE FOR EMPLOYEES OF THE TOWN OF SIGNAL MOUNTAIN WITH CIGNA HEALTHCARE COMPANY FOR ONE (1) YEAR BEGINNING JULY 1, 2007, WITH PREMIUMS OF \$283.61 PER MONTH FOR SINGLE COVERAGE AND \$734.55 PER MONTH FOR FAMILY COVERAGE AND ALL EMPLOYEE PAYMENTS FOR MEDICAL INSURANCE COVERAGE DURING THIS FISCAL YEAR SHALL REMAIN THE SAME AS LAST YEAR". The Mayor asked Councilmember Lusk to explain this resolution. Councilmember Allen moved that the resolution be passed. The motion was seconded by Councilmember Lusk and passed unanimously.

The sixth resolution brought before the Council was "A RESOLUTION AUTHORIZING THE TOWN MANAGER TO ENTER INTO AN AGREEMENT FOR THE DESIGN, IMPLEMENTATION, AND ADMINISTRATION OF AN IRS, SECTION 125 CAFETERIA PLAN IN THE AMOUNT OF TWENTY-FIVE (\$25.00) PER MONTH AND A HEALTH

Page 3 – Minutes of the July 9, 2007, Council Meeting

REIMBURSEMENT ARRANGEMENT WITH C&J CONSULTING & ADMINISTRATION, INC. IN THE AMOUNT OF THREE DOLLARS AND 50/100 (\$3.50) PER MONTH PER EMPLOYEE AND TO PROVIDE PAYMENT FOR SAME SERVICES TO TOWN EMPLOYEES BEGINNING JULY 1, 2007". Ms. Campbell explained the resolution. Vice-Mayor Dick moved that the resolution be passed. Councilmember Robertson seconded the motion and it passed unanimously.

The Mayor asked Ms. Lou Oliphant to give a Planning Commission Report. She reported on the July 26, 2007 meeting at Nolan School. She said at the July 5, 2007, annexation of Lot 36 at Bollinger Road was discussed everything was in order so at the August 13 Council meeting there would be a first reading for the annexation request. She said the sign ordinance discussion had been postponed. She stated they had also reviewed the Land Use Plan.

The Mayor discussed annexation of Fox Run and Windtree. He said the Council needed to set up some public meetings. Mr. Noblett explained the procedure of the public hearing. The Council discussed having the first public hearing in September at the Bachman School with Fox Run and Windtree residents. They discussed having a public hearing October 8 and then have the second reading at the November regular meeting.

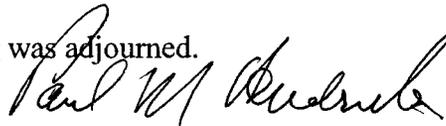
Mr. Frank Groves said he and Ernie York had purchased property on N. Palisades. He was requesting to relocate the road to build a planned development. He asked to be placed on the agenda for the August meeting. Mayor Hendricks asked Mr. Noblett to explain the regulations. Mr. Noblett said he would have to go to the Signal Mountain Planning Commission first. He said the Planning Commission would then make a recommendation to the Council.

Mr. Roger Castleberry, 518 Fern Trail, said his subdivision was going to be affected by the proposed development mentioned by Mr. Groves. He said Mr. Groves had met with the property owners in that area to advise them of his intentions. Mr. Castleberry said he did not agree with what Mr. Groves wanted to do. He asked that Mr. Groves not be allowed to relocate the road or to build condos on the property.

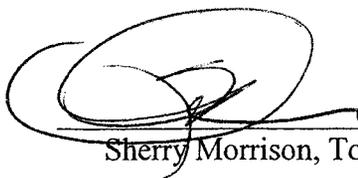
Ms. Mary Hutson, James Blvd., thanked the Council and Planning Commission for the public meeting at Nolan last month. She said they were told there would be a follow-up meeting regarding the transportation study. She asked that the suggestions from each table at the meeting be put on the website.

Cody McNeill and Judd Crane, Boy Scouts, were introduced by the Mayor.

There being no further business, the meeting was adjourned.



Dr. Paul Hendricks, Mayor



Sherry Morrison, Town Recorder

7: PM  
DATE: July 9, 2007, ~~9 A.M.~~

NAME	ADDRESS
1. FRANK Grong	6432 Forest Park - 511 N. Palmside
2. Tai Federico	11 Brelsford Rd 37405
3. B. Dilger	Humane Society
4. Bob Stone	Allied Waste
5. Tom Viphant	Cherokee Lane
6. Jean Rotun	Houlder Trail
7. EMILY MENNIS	AA LIFEMAN
8. Bob Anderson	520 Fern Trail
9. Todd Crane	1009 Northwin Avenue
10. Dean Holland	213 Timberline Dr.
11. AET DICKERSON	176 WOODCLIFF CIR
12. John Sellers	503 Fern Trail
13. Ted Mescon	2103 mtn Hollow Dr
14. BUDDY FAILE	119 GOLF DRIVE
Margaret Baine	" " "
16. Lady McNeill and Nicole	2113 Alhura Dr
17. Eleanor Johnson	515 Fern Trail
18. Roger Carlberg	518 Fern Trail
19. Greg Goodgane	112 Glamis Circle
20. M. M. F. Mc Donough	521 Fern Trail
21. M. M. F. Mc Donough	2223 W. Fairmont

7 PM

DATE: July 9, 2007, 9 A.M.

NAME	ADDRESS
1. Margaret Spittler	505 Rolling Way
2. Joanne Brier	510 " "
3. Miranda Parny	532 Fern Trail
4. Mary Sutton	1150 James Blvd
5. Barbara M Smith	
6. Ann Merrin	400 <sup>th</sup> Brady Pt. Rd
7. Julie Ratoff	400 Brady Pt. Rd.
8. K Vanner	600 <sup>th</sup> Albert Rd
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	
20.	
21.	

RESOLUTION NO. R2007-52

A RESOLUTION RECOGNIZING AND COMMENDING THE YEARS OF SERVICE AND ACHIEVEMENTS OF ROLAND L. "SHORTY" KEITH ON HIS 80<sup>th</sup> BIRTHDAY BY THE SIGNAL MOUNTAIN TOWN COUNCIL AND PROCLAIMING JULY 11, 2007 TO BE "ROLAND L. "SHORTY" KEITH DAY" IN THE TOWN OF SIGNAL MOUNTAIN.

WHEREAS, Roland L. "Shorty" Keith will achieve his 80<sup>th</sup> birthday on July 11, 2007 and at the time many people would think about retiring, he began work at the Signal Mountain Recycle Center on July 12, 1995 when he was 68 years old; and

WHEREAS, Roland L. "Shorty" Keith has contributed much to the Town of Signal Mountain as a result of his every day courtesies to the residents and patrons who visit the Recycle Center; and

WHEREAS, the Signal Mountain Town Council desires to recognize the service and achievements of Roland L. "Shorty" Keith on his 80<sup>th</sup> birthday by proclaiming July 11, 2007 as "Roland L. "Shorty" Keith Day" in the Town of Signal Mountain;

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Signal Mountain, Tennessee that July 11, 2007 is and shall be proclaimed by the Town Council of Signal Mountain and its citizens to be "Roland L. "Shorty" Keith Day" and that this honor be written into the minutes and resolutions of the Town.

  
\_\_\_\_\_  
MAYOR

7-9-2007  
\_\_\_\_\_  
DATE

PAN/kac

  
\_\_\_\_\_  
RECORDER  
7-09-2007  
\_\_\_\_\_  
DATE

RESOLUTION NO. R2007-53

A RESOLUTION ENDORSING THE U.S. MAYORS CLIMATE PROTECTION AGREEMENT AND AUTHORIZING THE MAYOR TO IMPLEMENT THAT AGREEMENT WITHIN THE TOWN OF SIGNAL MOUNTAIN ON TOWN OWNED AND OPERATED PROPERTY AND BUILDINGS.

---

WHEREAS, the U.S. Conference of Mayors has previously adopted strong policy resolutions calling for cities, communities and the federal government to take actions to reduce global warming pollution; and

WHEREAS, the Inter-Governmental Panel on Climate Change (IPCC), the international community's most respected assemblage of scientists, has found that climate disruption is a reality and that human activities are largely responsible for increasing concentrations of global warming pollution; and

WHEREAS, recent, well-documented impacts of climate disruption include average global sea level increases of four to eight inches during the 20<sup>th</sup> century; a 40 percent decline in Arctic sea-ice thickness; and nine of the ten hottest years on record occurring in the past decade; and

WHEREAS, climate disruption of the magnitude now predicted by the scientific community will cause extremely costly disruption of human and natural systems throughout the world, including: increased risk of floods or droughts; sea-level rises that interact with coastal storms to erode beaches, inundate land, and damage structures; more frequent and extreme heat waves; more frequent and greater concentrations of smog; and

WHEREAS, on February 16, 2005, the Kyoto Protocol, an international agreement to address climate disruption, went into effect in the 141 countries that have

ratified it to date; 38 of those countries are now legally required to reduce greenhouse gas emissions on average 5.2 percent below 1990 levels by 2012; and

WHEREAS, the United States of America, with less than five percent of the world's population, is responsible for producing approximately twenty-five (25%) percent of the world's global warming pollutants; and

WHEREAS, the Kyoto Protocol emissions reduction target for the U.S. would have been seven (7%) percent below 1990 levels by 2012; and

WHEREAS, many leading U.S. companies that have adopted greenhouse gas reduction programs to demonstrate corporate social responsibility have also publicly expressed preference for the U.S. to adopt precise and mandatory emissions targets and timetables as a means by which to remain competitive in the international marketplace, to mitigate financial risk and to promote sound investment decisions; and

WHEREAS, state and local governments throughout the United States are adopting emissions reduction targets and programs that this leadership is bipartisan, coming from Republican and Democratic governors and mayors alike; and

WHEREAS, many cities throughout the nation, both large and small, are reducing global warming pollutants through programs that provide economic and quality of life benefits such as reduced energy bills, green space preservation, air quality improvements, reduced traffic congestion, improved transportation choices, and economic development and job creation through energy conservation and new energy technologies; and

WHEREAS, mayors from around the nation have signed the U.S. Mayors Climate Protection Agreement which, as amended at the 73<sup>rd</sup> Annual U.S. Conference of Mayors meeting reads as follows:

**THE U.S. MAYORS CLIMATE PROTECTION AGREEMENT**

A. We urge the federal government and state governments to enact policies and programs to meet or beat the target of reducing global warming pollution levels to seven (7%) percent below 1990 levels by 2012, including efforts to: reduce the United States' dependence on fossil fuels and accelerate the development of clean, economical energy resources and fuel-efficient technologies such as conservation, methane recovery for energy generation, waste to energy, wind and solar energy, fuel cells, efficient motor vehicles, and biofuels;

B. We urge the U.S. Congress to pass bipartisan greenhouse gas reduction legislation that includes:

(1) clear timetables and emissions limits, and

(2) a flexible, market-based system of tradable allowances among emitting industries; and

C. We will strive to meet or exceed Kyoto Protocol targets for reducing global warming pollution by taking actions in our own operations and communities such as:

(1) Inventory global warming emissions in City operations and in the community, set reduction targets and create an action plan;

(2) Adopt and enforce land-use policies that reduce sprawl, preserve open space, and create compact, walkable urban communities;

(3) Promote transportation options such as bicycle trails, commute trip reduction programs, incentives for car pooling and public transit;

(4) Increase the use of clean, alternative energy by, for example, investing in “green tags” energy resources, recovering landfill methane for energy production, and supporting the use of waste to energy technology;

(5) Make energy efficiency a priority through building code improvements, retrofitting city facilities with energy efficient lighting and urging employees to conserve energy and save money;

(6) Purchase only Energy Star equipment and appliances for City use;

(7) Practice and promote sustainable building practices using the U.S. Green Building Council’s LEED program or a similar system;

(8) Increase the average fuel efficiency of municipal fleet vehicles; launch an employee education program including anti-idling messages; convert diesel vehicles to bio-diesel;

(9) Evaluate opportunities to increase pump efficiency in water and wastewater systems; recover wastewater treatment methane for energy production;

(10) Increase recycling rates in City operations and in the community;

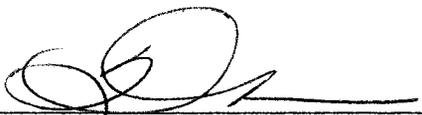
(11) Maintain healthy urban forests; promote tree planting to increase shading and to absorb CO<sub>2</sub>; and

(12) Help education the public, schools, other jurisdictions, professional associations, business and industry about reducing global warming pollutants.

NOW, THEREFORE, BE IT RESOLVED that the Signal Mountain Town Council endorses the U.S. Mayors Climate Protection Agreement as amended by the 73<sup>rd</sup> annual U.S. Conference of Mayors meeting and authorizes its Mayor to sign this Agreement and urges other cities from around the nation to join this effort.

BE IT FURTHER RESOLVED, the Mayor of the Town of Signal Mountain is authorized to work in conjunction with ICLEI Local Governments for Sustainability and other appropriate organizations to track progress and implementation of the U.S. Mayors Climate Protection Agreement as amended by the 73<sup>rd</sup> annual U.S. Conference of Mayors meeting within buildings and property owned and operated by the Town of Signal Mountain.

  
\_\_\_\_\_  
MAYOR

  
\_\_\_\_\_  
RECORDER

7-9-2007  
DATE

7-9-2007  
DATE

PAN/kac

RESOLUTION NO. R2007-54

A RESOLUTION COMMENDING BUDDY HAILE FOR HIS MANY YEARS OF SERVICE TO THE TOWN OF SIGNAL MOUNTAIN.

---

WHEREAS, Buddy Haile has served the Town of Signal Mountain for approximately twenty (20) years as a valuable member of the Signal Mountain Board of Adjustments and Appeals for Mechanical Codes; and,

WHEREAS, this service involved review of Building Code issues whenever there was any dispute with the Town Building Inspector and any contractor concerning the language of the Building, Plumbing, Electrical, Gas, Fire, and/or Mechanical Codes adopted by the Town; and,

WHEREAS, Buddy Haile has served as the Electrical Contractor representative of this Board since 1987;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF SIGNAL MOUNTAIN TENNESSEE, That Buddy Haile is commended and recognized for his many years of public service to our community as a member of this Board.

  
\_\_\_\_\_  
MAYOR

  
\_\_\_\_\_  
RECORDER

7-9-2007  
\_\_\_\_\_  
DATE

7-9-2007  
\_\_\_\_\_  
DATE

PAN/kac

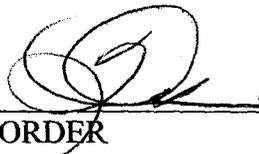
RESOLUTION NO. R2007-55

A RESOLUTION APPOINTING TIM BURNS AND ROB HAILE AS MEMBERS ON THE BOARD OF ADJUSTMENTS AND APPEALS FOR MECHANICAL CODES FOR THE TOWN OF SIGNAL MOUNTAIN.

BE IT RESOLVED by the Town Council of the Town of Signal Mountain, Tennessee, that Tim Burns, 610 Marr Drive, Signal Mountain, TN 37377 is appointed as the Building Contractor representative on the Board of Adjustments and Appeals for Mechanical Codes for a three (3) year term expiring on December 31, 2010; and that Rob Haile, 3107 Elmore Avenue, Signal Mountain, TN 37377 is appointed as the Electrical Contractor on the Board of Adjustments and Appeals for Mechanical Codes for a three (3) year term expiring on December 31, 2010.



MAYOR



RECORDER

7-9-2007

DATE

7-9-2007

DATE

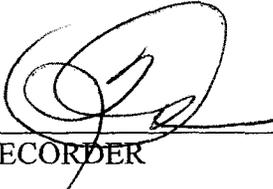
RESOLUTION NO. R2007-56

A RESOLUTION AUTHORIZING THE TOWN MANAGER AND/OR MAYOR TO ENTER INTO AN AGREEMENT FOR MEDICAL INSURANCE FOR EMPLOYEES OF THE TOWN OF SIGNAL MOUNTAIN WITH CIGNA HEALTHCARE COMPANY FOR ONE (1) YEAR BEGINNING JULY 1, 2007 WITH PREMIUMS OF \$283.61 PER MONTH FOR SINGLE COVERAGE AND \$734.55 PER MONTH FOR FAMILY COVERAGE AND ALL EMPLOYEE PAYMENTS FOR MEDICAL INSURANCE COVERAGE DURING THIS FISCAL YEAR SHALL REMAIN THE SAME AS LAST YEAR.

---

BE IT RESOLVED by the Town Council of the Town of Signal Mountain, Tennessee that the Town Manager and/or Mayor is authorized to enter into an agreement for medical insurance for employees of the Town of Signal Mountain with Cigna HealthCare Company, a subsidiary of Cigna Corporation for one (1) year beginning July 1, 2007. A copy of the Cigna Healthcare proposal is attached hereto with premiums of \$283.61 per month for single coverage and \$734.55 per month for family coverage. All employee payments for medical insurance coverage during this fiscal year shall remain the same as last year.

  
\_\_\_\_\_  
MAYOR

  
\_\_\_\_\_  
RECORDER

7-9-2007  
\_\_\_\_\_  
DATE

7-9-2007  
\_\_\_\_\_  
DATE

PAN/kac

RESOLUTION NO. R2007-57

A RESOLUTION AUTHORIZING THE TOWN MANAGER TO ENTER INTO AN AGREEMENT FOR THE DESIGN, IMPLEMENTATION, AND ADMINISTRATION OF AN IRS SECTION 125 CAFETERIA PLAN IN THE AMOUNT OF TWENTY-FIVE DOLLARS (\$25.00) PER MONTH AND A HEALTH REIMBURSEMENT ARRANGEMENT WITH C & J CONSULTING & ADMINISTRATION, INC. IN THE AMOUNT OF THREE DOLLARS AND 50/100 (\$3.50) PER MONTH PER EMPLOYEE AND TO PROVIDE PAYMENT FOR SAME SERVICES TO TOWN EMPLOYEES BEGINNING JULY 1, 2007.

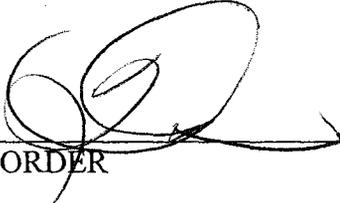
---

BE IT RESOLVED by the Town Council of the Town of Signal Mountain, Tennessee that the Town Manager is authorized to enter into an agreement with C & J Consulting & Administration, Inc. for the design and continued administration of an Internal Revenue Service Section 125 Cafeteria Plan and to provide payments for the administration in the amount of Twenty Five and 00/100 (\$25.00) Dollars per month.

BE IT FURTHER RESOLVED that the agreement will include the design and continued administration of a Health Reimbursement Arrangement and to provide payments for the administration in the amount of Three and 50/100 (\$3.50) Dollars per month per employee.

A copy of the agreement is attached.

  
\_\_\_\_\_  
MAYOR

  
\_\_\_\_\_  
RECORDER

7-9-2007  
\_\_\_\_\_  
DATE

7-9-2007  
\_\_\_\_\_  
DATE

## C &amp; J Consulting &amp; Administration, Inc.

## Consulting Agreement

Agreement made June 27<sup>th</sup>, 2007, between Town of Signal Mtn, TN  
Date name of employer  
 with principal office(s) at 1111 Ridgeway Ave. Signal Mtn, TN. 37377  
employer address  
 hereinafter called "Employer" and C&J Consulting & Administration, Inc., of P.O. Box  
 11026, Chattanooga, Tennessee, 37401.

1. Services. C & J Consulting & Administration, Inc. agrees to perform, during the term of this Agreement, the services as indicated in the following Designated Procedures /Services required.
2. Compensation. The Employer agrees to pay C & J Consulting & Administration the agreed fees, based upon services provided, as selected in the "Schedule of Services and Fees" attached as applicable, initialed fee schedule(s).
3. Term. The initial term of this Agreement shall commence on the 1<sup>st</sup> day of July, 2007. Either party may terminate this Agreement at any time during the term only by giving the other party 30 days notice in writing.
4. Confidentiality. C & J Consulting & Administration, Inc. shall not disclose, publish or authorize others to publish reports or other information pertaining to the work assigned them by Employer, (except to assigned group agent/broker), without the prior written approval of the Employer.
5. Warranty. The services of C & J Consulting & Administration, Inc. will be performed in accordance with generally and currently accepted consulting principles and practices.

6. Payment Terms. Terms of payment are as follows:

0 due on the signing of Agreement and the balance due as services are performed as selected in the "Schedule of Services and Fees". In the event C&J Consulting & Administration, Inc. shall be successful in any legal action for non-payment, C&J Consulting & Administration, Inc., Inc. shall be entitled to recover reasonable legal costs and expenses for bringing and maintaining this legal action as a part of damages.

The Employer agrees to pay C&J Consulting & Administration, Inc., Inc. any fees invoiced within 10 days of receipt of the invoice.

Both parties agree that should this agreement terminate, all C&J proprietary documents cannot continue to be used without approval by C&J Consulting & Administration, Inc. officers.

X *Niona Campbell*  
Signature

6/27/07  
Date

TODD MANAGER  
Title

**Business Associate Agreement**Dated: June 27<sup>th</sup>, 2007

Business Associate Provisions. The following provisions apply to the Contractor (C&J Consulting and Administration, Inc.) and the Plan as of April 14, 2004 if the Plan is a small health plan and April 14, 2003 if the Plan is a large health plan, unless specifically noted otherwise.

(a) Definitions.

(i) Business Associate. "Business Associate" shall mean Contractor and any and all affiliated sub-contractors/vendors with access to protected information.

(ii) Covered Entity. "Covered Entity" shall mean the Plan.

(iii) Individual. "Individual" shall have the same meaning as the term "individual" in 45 CFR § 164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR § 164.502(g).

(iv) Privacy Rule. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR part 160 and part 164, subparts A and E.

(v) Protected Health Information. "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR § 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity.

(vi) Required By Law. "Required By Law" shall have the same meaning as the term "required by law" in 45 CFR § 164.501.

(vii) Secretary. "Secretary" shall mean the Secretary of the Department of Health and Human Services or his designee.

(viii) Standard Transaction. "Standard Transaction" means an electronic transaction governed by the Transaction Rule.

(ix) Transaction Rule. "Transaction Rule" shall mean the Standards for Electronic Transactions as set forth at 45 CFR part 160 and part 162.

Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in the Privacy Rule or Transaction Rule, as applicable.

- (i) Business Associate agrees to not use or disclose Protected Health Information other than as permitted or required by the Agreement or as required by law.
- (ii) Business Associate agrees to use appropriate safeguards to prevent use or disclosure of the Protected Health Information other than as provided for by this Agreement.
- (iii) Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Agreement.
- (iv) Business Associate agrees to report to Covered Entity any use or disclosure of the Protected Health Information not provided for by this Agreement of which it becomes aware.
- (v) Business Associate agrees to ensure that any agent, including a subcontractor, to whom it provides Protected Health Information received from, or created or received by Business Associate on behalf of Covered Entity agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such information.
- (vi) Business Associate agrees to provide access, at the request of Covered Entity, and in the time and manner designated by the Covered Entity, to Protected Health Information in a Designated Record Set, to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under 45 CFR § 164.524.
- (vii) Business Associate agrees to make any amendment(s) to Protected Health Information in a Designated Record Set that the Covered Entity directs or agrees to pursuant to 45 CFR § 164.526 at the request of Covered Entity or an Individual, and in the time and manner designated by the Covered Entity.
- (viii) Business Associate agrees to make internal practices, books, and records, including policies and procedures and Protected Health Information, relating to the use and disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of, Covered Entity available to the Covered Entity, or at the request of the Covered Entity to the Secretary, in a time and manner or designated by the Covered Entity or the Secretary, for purposes of the Secretary determining Covered Entity's compliance with the Privacy Rule.
- (ix) Business Associate agrees to document such disclosures of Protected Health Information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR § 164.528.
- (x) Business Associate agrees to provide to Covered Entity or an Individual, in time and manner designated by the Covered Entity, information

collected in accordance with subsection (ix) above of this Agreement, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR § 164.528. 012169

(xi) Business Associate agrees to permit Covered Entity, at the request of the Covered Entity and in the time and manner designated by the Covered Entity, to audit Business Associate's compliance with this Agreement, the Privacy Rule and the Transaction Rule.

(xii) Business Associate agrees to indemnify covered Entity and reimburse Covered Entity for any damages or liability incurred as a result of the Business Associate's actions or inactions which result in a violation of this Agreement or the Privacy Rule or Transaction Rule, including civil penalties under the Privacy Rule or Transaction Rule.

(xiii) If Business Associate conducts any Standard Transaction for or on behalf of Covered Entity, on or after the date the Transaction Rule is effective with respect to Covered Entity, Business Associate shall comply with, and shall require any subcontractor or agent of Business Associate conducting such Standard Transaction to comply with, each applicable requirement of Title 45, Part 162 of the CFR.

(c) Permitted Uses and Disclosures by Business Associate.

(i) Except as otherwise limited in this Agreement, Business Associate may use or disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in this Agreement, provided that such use or disclosure would not violate the Privacy Rule if done by Covered Entity or the minimum necessary policies and procedures of the Covered Entity.

(ii) Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.

(iii) Except as otherwise limited in this Agreement, Business Associate may disclose Protected Health Information for the proper management and administration of the Business Associate, provided that disclosures are required by law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.

(iv) Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information to provide Data Aggregation services to Covered Entity as permitted by 45 CFR § 164.504(e)(2)(i)(B).

(d) Obligations of Covered Entity.

(i) Covered Entity shall notify Business Associate of any limitation(s) in its notice of privacy practices of Covered Entity in accordance with 45

CFR § 164.520, to the extent that such limitation may affect Business Associate's use or disclosure of Protected Health Information. 012170

(ii) Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by Individual to use or disclose Protected Health Information, to the extent that such changes may affect Business Associate's use or disclosure of Protected Health Information.

(iii) Covered Entity shall notify Business Associate of any restriction to the use or disclosure of Protected Health Information that Covered Entity has agreed to in accordance with 45 CFR § 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of Protected Health Information.

(e) Permissible Requests by Covered Entity.

Covered Entity shall not request Business Associate to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule if done by Covered Entity, except as specifically provided for in subsection (c) above.

f) Term and Termination.

(i) Term. The Term of the Business Associate provisions of this Agreement shall be effective as of April 14, 2003, unless specifically stated otherwise, and shall terminate when all of the Protected Health Information provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy Protected Health Information, protections are extended to such information, in accordance with the termination provisions in this Section.

(ii) Termination for Cause. Upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:

[a] Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;

[b] Immediately terminate this Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or

[c] If neither termination nor cure are feasible, Covered Entity shall report the violation to the Secretary.

(iii) Effect of Termination.

[a] Except as provided in paragraph [b] of this section, upon termination of this Agreement, for any reason, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of

'Business Associate. Business Associate shall retain no copies of the Protected Health Information.

012171

[b] In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. Upon Covered Entity's determination that return or destruction of Protected Health Information is infeasible, Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

(g) Miscellaneous.

(i) Regulatory References. A reference in this Agreement to a section in the Privacy Rule or Transaction Rule means the section as in effect or as amended.

(ii) Amendment. The Parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy Rule, the Transaction Rule and the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191.

(iii) Survival. The respective rights and obligations of Business Associate under subsection (f)(iii) of this Agreement shall survive the termination of this Agreement.

(iv) Interpretation. Any ambiguity in this Agreement shall be resolved to permit Covered Entity to comply with the Privacy Rule and the Transaction Rule.

By signing this Agreement, both parties agree to execute this Agreement on the day, month and year first above written.

By Jack L Morris  
C&J Consulting & Administration, Inc.  
Business Associate

By Liana Campbell  
TOWN MANAGER

## Designated Procedures/Services required for Section 125 Plan Consulting/administration

1. Design a Cafeteria Plan Document to be reviewed by the Plan Sponsor and/or the Plan Sponsor's legal counsel.
2. Design a Summary Plan Description for distribution to each plan participant. **Copies for each participant will be the responsibility of the Plan Sponsor.**
3. Provide Plan Sponsor with a Resolution of the Board Document .
4. Determine if Plan passes eligibility and classification tests
5. Provide participant election forms and promotion materials to be used during the enrollment process.
6. Prepare and conduct seminars in no more than three Plan Sponsor (in state) locations to explain the Cafeteria Plan to the employees. Additional locations will require additional fees specified in Schedule of Services and Fees.
7. Distribute Summary Plan Description to all participants.  Employer  
\_\_\_\_\_ C & J Consulting and Administration, Inc.
8. Provide discrimination reports at the beginning and ending of each Plan Year and a written interpretation of such with recommendations for compliance where applicable.
9. Provide forms to the Plan Sponsor for use by the Plan Sponsor in communicating and recording participant termination's and changes of status.
10. Provide reasonable consultation regarding regulations and changes
11. Provide participant election forms at the end of each year for use in making elections for the following year.
- N/A. 12. Provide annual preparation of 5500 forms, when applicable.
- N/A. 13. File completed 5500 form with IRS within seven months after end of Plan year, when applicable.
- N/A. 14. Provide assistance in preparing and submitting Voluntary Compliance request to IRS for delinquent 5500-form filing. (if applicable)
15. Provide assistance with Plan of Correction documentation for plan violations. (if applicable)
16. Initiate any action required in the event Plan(s) become discriminatory.

- X 17. Provide Employer with Monthly employer Election tracking forms and monitor monthly based upon information and date furnished by the Employer to C&J. Employer agrees to complete these forms and submit to C&J on a monthly basis and in a timely manner.

Spending Account Administration

*Not Applicable JM*

- ~~18. Ensure that participants receive MBI debit card for Spending account payment of eligible expenses.~~
- ~~19. Provide Plan Sponsor with participant Reimbursement Claims kits and instructions for claims requiring paper claims payment.~~
- ~~20. Adjudicate paper claims as necessary.~~
- ~~21. Monitor MBI system for verification of participant usage of MBI card.~~
- ~~22. Provide employee reimbursement checks (when applicable) weekly on Friday.~~
- ~~23. Provide a check register to Plan Sponsor for all checks issued on a monthly basis.~~
- ~~24. Provide monthly reports from the MBI system of activity.~~

IN WITNESS Whereof, the parties have signed this Agreement.

X *Miana Campbell*  
Signature

*6/27/07*  
Date

*Town Manager*  
Title

*Jack L Morris*  
C&J Consulting & Administration, Inc.

*June 27<sup>th</sup> 2007*  
Date

**Schedule of Fees—Existing Plan**

1<sup>st</sup> year fees

Subsequent Year(s) fees

012174

_____	<b>C&amp;J to takeover existing Plan</b>	<b>\$900</b>	N/A
	<b>(includes documents, employee SPD, enrollment, 1<sup>st</sup> year testing, )</b>		
_____	<b>Discrimination testing</b>	N/C	N/A
_____	<b>Amend Documents</b>		
	<b>(IRS mandated amendments)</b>		N/C
	<b>(Employer requested amendments)</b>		\$150
_____	<b>Set up Medical Re and or Day Care reimbursement</b>	<b>\$900</b>	See Note 1
_____	<b>Print SPD's</b>	<b>\$ .50 per copy</b>	
_____	<b>Plan of Correction</b>	<b>\$350</b>	N/A
	<b>(documentation to address violations identified through Audit)</b>		
_____	<b>Total fees</b>	<b>\$ _____</b>	<b>\$ _____</b>

**Ongoing Monthly Consulting**

**Premium Only Plan (POP)**

_____	<b>Group Size</b>		
	<b>&lt; 100 employees</b>	-	<b>\$25</b>
_____	<b>101- 500 employees</b>	-	<b>\$50</b>
_____	<b>501-1001 employees</b>	-	<b>\$75</b>
_____	<b>over 1001 employees</b>	-	<b>\$100</b>
_____	<b>Direct Deposit (optional)-</b>		<b>\$25/mo. + \$90 one time set up fee. Note: These are "pass thru" costs from ACH.</b>

**Medical and or Day Care Reimbursement Plan (FSA)**

**per participant** align="right">**\$6.50**

**--Minimum monthly fee of \$50**

**Note 2: All fees include COBRA Administration for FSA**

**Note 1: Will prepare enrollment literature at no charge, and provide enrollment counseling in no more than three locations within 150 mile radius of Chattanooga. All other travel and expenses will be reimbursed at current IRS approved rates.**

*Bill to John Davis*

**Schedule of Fees - New Plan**

	<u>1<sup>st</sup> year fees</u>	<u>Subsequent Year(s) fees</u>
<input checked="" type="checkbox"/> Set up POP (includes, documents, employee SPD, enrollment, 1 <sup>st</sup> year testing,)	\$600	N/A
<input checked="" type="checkbox"/> Discrimination testing	N/C	\$150
<i>N/APP.</i> 5500 form preparation	N/C	N/C
<input checked="" type="checkbox"/> Amend Documents (IRS mandated amendments) (Employer requested amendments)		N/C \$150
Print SPD's	\$ .50 per copy	
<i>N/APP.</i> Set up Medical Re and or Day Care reimbursement	\$900	See Note 1
Total fees	<u>\$-0-</u>	<u>\$150</u>

**Ongoing Monthly Consulting**

**remium Only Plan (POP)**

<input checked="" type="checkbox"/> Group Size < 100 employees -	\$25
101-500 employees -	\$50
501-1000 employees -	\$75
over 1000 employees -	\$100
<i>N/APP.</i> Direct Deposit (optional)-	\$25/mo. + \$90 one time set up fee. (These are "pass thru" costs from ACH).

*N/APP.* Medical and or Day Care Reimbursement Plan (FSA)  
per participant \$6.50

--Minimum monthly fee of \$50

Note 2: All fees include COBRA Administration for FSA

Note 1: Will prepare enrollment literature at no charge, and provide enrollment counseling in no more than three locations within 150 mile radius of Chattanooga. All other travel and expenses will be reimbursed at current IRS approved rates.

CAFETERIA PLAN DESIGN AND SPECIFICATIONS

Establishment of Plan

- (a) The name of the Plan is Town of Signal Mtn. TN
- (b) The legal entity through which the Employer does business is a
  - Corporation  Partnership  Sub-Chapter S Corp
  - Proprietorship  Government Agency  Prof. Corp. or Assoc.
  - LLC  other \_\_\_\_\_
- (c) The effective date of the Plan is: (Check one box only)
  - New plan: 7-1-2007

[ ] Restated & Amended effective date: \_\_\_\_\_ This Plan is an amendment of an existing cafeteria plan originally established on \_\_\_\_\_ Plan # \_\_\_\_\_

- (d) The type of plan is:
  - Premium Only Plan
  - Salary Reduction (with \_\_\_ Premium Payment, \_\_\_ Health FSA \_\_\_ DCAP Components) Plan
  - Flexible Benefits Plan (Flex Credits)

Definitions

“Administrator.” \_\_\_\_\_ is the Administrator.

“Plan Sponsor”. \_\_\_\_\_ is the Plan Sponsor.

The contact person for the Employer is Dianna Campbell, Town Manager

The Employer decision maker: Dianna Campbell, Town Mgr.

Address: \_\_\_\_\_

EIN: 62-6000908

Phone# 423-886-2177 x201 Fax # 423-886-2939

e-mail: dcampbell@signalmtntown.org

“Employer.” The full legal name of the Employer is \_\_\_\_\_

“Nature of Business” Government SIC# \_\_\_\_\_

“Employment Commencement Date” means: (Check one box only)

- The first regularly-scheduled working day on which the Employee first performs an hour of service for the Employer for Compensation; or

[ ] Other: (Specify) \_\_\_\_\_

“Open Enrollment Period” means with respect to a Plan Year: (Check one box only)

- The month of June; or

[ ] Other: (Specify) \_\_\_\_\_

"Plan Year" means: *(Check one box only)*

- The calendar year (that is, the 12-month period commencing January 1 and ending on December 31); or short plan year commencing \_\_\_\_\_
- A non-calendar year (that is, the 12-month period or less commencing 7-1 and ending on 6-30.

### ELIGIBILITY AND PARTICIPATION

**Eligibility to Participate.** To become a Participant in the Plan, an individual must be an Employee and must also meet the following conditions: *(Check all that apply)*

(a) The individual must not be in an excluded class *(Check one box only)*

There are no exclusions; or

The following classes of employees are excluded: *(Check all that apply)*

Leased employees.

Contract workers and independent contractors.

Temporary employees and casual employees.

Individuals paid by a temporary or other employment or staffing agency.

Employees covered under a collective bargaining agreement.

Other: *(Specify)* Part time

(b) Meets employment requirements. *(Check all that apply)*

Has been employed by the Employer for 30 consecutive calendar days, counting the Employee's Employment Commencement Date as the first day.

Is regularly scheduled to work 40 hours or more per week.

Other: *(Specify)* \_\_\_\_\_

(c) Eligibility criteria  is  is not the same in the Employer's insurance plans that are group health plans. *(Check one box only)*

**Termination of Participation.** Eligibility  continues  does not continue beyond the date on which the Employee ceases to be an eligible Employee, for purposes of pre-taxing COBRA coverage.

**Participation Following Termination of Employment if rehired after 30 days of termination will be;**

\_\_\_\_\_ Employee must return to previous election prior to termination, unless the employee has experienced an additional "change in status" during the termination period;

Employee will be allowed to make new elections as any other new hire;  
 \_\_\_\_\_ Employee will not be allowed to participate in the 125 plan until the beginning of the new plan year.

**FMLA Leaves of Absence.**(a) Health Benefits (*Check one box only*): Employer wishes to use the most liberal approach permitted under the Code and FMLA to permit employees to continue paying on a pre-tax basis to keep coverage while on FMLA leave. Employer wishes to be more restrictive than the liberal approach described above. (*Specify restrictions*) \_\_\_\_\_

(b) Non-Health Benefits.

 Employer wishes to use the most liberal approach permitted under the Code to permit employees to continue paying for non-health benefits for employees on FMLA leave. Employer wishes to be more restrictive than the liberal approach described above. (*Specify restrictions*) \_\_\_\_\_**Non-FMLA Leaves of Absence.** Employer wishes to use the most liberal approach permitted under the Code to permit employees to continue paying for benefits during a non-FMLA leave of absence. Employer wishes to be more restrictive than the liberal approach described above. (*Specify restrictions*) \_\_\_\_\_**Method and Timing of Initial Elections****Elections When First Eligible.** An Employee who first becomes eligible to participate in the Plan mid-year may commence participation on: (*Check one box only*) The first day of the month after the eligibility requirements have been satisfied; or Other: (*Specify*) \_\_\_\_\_**Elections During Open Enrollment Period.****Failure of Eligible Employee to File an Election Form/Salary Reduction Agreement.**(a) An employee who fails to file an Election Form/Salary Reduction Agreement (*Check one box only*)  may  may not make or change an election when an event occurs that would justify a mid-year election change.

**Benefits Offered and Method of Funding**

**Benefits Offered.** The Employer wants to offer the following Benefits under this Plan: *(Check all that apply; choice must be consistent with type of plan selected).*

- (a)  Premium Payment Benefits.
- (b)  Health FSA Benefits
- (c)  DCAP Benefits.
- (d)  Adoption Assistance Benefits.
- (e)  401(k) Cash or Deferred Arrangement.
- (f)  Paid Vacation Days.

**Employer and Participant Contributions.**

(a) Employer makes the following contributions to the Plan: *(Specify amounts for each Benefit checked under Section above)(Employer contributions to the premium payment of benefits are directly proportionate to the employees election of benefits)*

Employer Contributions to the premium payment of benefits are directly proportionate to the employees election of benefits.

(b) Participants contribute to the cost of the following Benefits on a pre-tax basis: *(Specify applicable Benefits)*

Health, Dental

(c) Participants contribute to the cost of the following Benefits on an after-tax basis: *(Specify applicable Benefits).*

**Using Salary Reductions to Make Contributions.** Pay periods used for calculating Salary Reductions are *(Check all that apply)*  bi-weekly,  first and fifteenth day of each month, or  monthly,  weekly,  other \_\_\_\_\_ First Pay Period Plan Year: 7-13-07

**Funding this Plan.** *(Check all boxes that apply).*

- All Health FSA reimbursements are paid from the Employer's general assets.
- A separate general assets checking account exists for Health FSA administration. *(Specify account name)*
- Employer uses a third-party administrator (TPA) for Health FSA administration.
- There is an ERISA trust for the Health FSA.

*Not Applicable*

Cash-Out Option. An employee who chooses not to participate in the Health Insurance Plan 012180

(Check one box only)

- (a) will not be entitled to receive cash in lieu of such coverage; or
- (b) will be entitled to receive cash in lieu of such coverage in the amount of \_\_\_\_\_ per \_\_\_\_\_. Proof of other coverage  is  is not required.
- (c) not applicable

Premium Component

**Benefits**

- Medical Insurance  Insurance Plan  Self-insured
- Dental Insurance  Insurance Plan  Self-insured
- Life Insurance
- AD&D Insurance
- Short-Term Disability
- Long-Term Disability
- Cancer Insurance
- Hospital Indemnity Insurance
- other \_\_\_\_\_

Benefit Renewal date(s): 7/1

Insurance Benefits Provided Under the Applicable Insurance Plan or are self-insured by the employer.

Health FSA Component

**Eligible Medical Care Expenses.** (Check one box only) Employer wishes to  provide the broadest coverage of Medical Care Expenses permitted under the Code, or  cover less than all Medical Care Expenses permitted under the Code. (Specify exclusions by type of expenses; specify other exclusions (for example, by type of individual) below). ABC, Inc.'s exclusions by type of expense are: birth control expenses. There are no exclusions by type of individual.

**Maximum and Minimum Benefits.**

(a) The maximum annual benefit amount that a Participant may elect to receive for Medical Care Expenses incurred in any Plan Year shall be \$ \_\_\_\_\_. The minimum annual benefit amount that a Participant may elect to receive for Medicare Expenses incurred in any Plan Year shall be \$ \_\_\_\_\_, to be reviewed annually.

Not Applicable gm

(b) Coverage for a Participant who enters the Health FSA Component mid-year or increases an election mid-year  will  will not be prorated.

(c) Eligibility waiting period for participation \_\_\_\_\_  
\_\_\_\_\_

*Not Applicable*

**Forfeiture of Accounts; Use-It-or-Lose-It Rule.**

**Reimbursement Procedure.** A Participant who has elected to receive Health FSA Benefits for a Plan Year may apply for reimbursement to the Administrator no later than:

- March 31 (if calendar year plan), following the close of the Plan Year in which the Medical Care Expense was incurred.
- Other: *(Specify, for example, 30, 60 or 90 days following the earlier of (a) the close of the Plan Year in which the Expense was incurred, and (b) the date of the Employee's termination)*  
\_\_\_\_\_

Claims submission deadlines: Claims received by the Thursday each week will be processed and submitted to the employer by Friday.

The employer wishes to offer a "grace period" of \_\_\_\_\_ at the end of the plan year for employees to incur eligible expenses to be reimbursed from available balance in the previous plan year. (May not exceed two months and fifteen days.) Claims deadline will be \_\_\_\_\_ beyond the end of the "grace period."

**Reimbursements After Termination; COBRA.** To the extent required by COBRA, the following Participants shall be given the opportunity to continue Health FSA Benefits on a self-pay basis for the year in which the COBRA qualifying event occurs, with premiums generally to be paid after-tax: *(Check one box only)*

- Only Participants with positive Health FSA Account balances at the time of the COBRA qualifying event, provided they meet the COBRA requirements; or
- All Participants, whether they have positive or negative Health FSA Account balances.

**Named Fiduciary; Compliance with ERISA, COBRA, HIPAA, etc.** The named fiduciary for the Health FSA Component for purposes of compliance with ERISA is the employer \_\_\_\_\_

**DCAP Component**

**Eligible Dependent Care Expenses.** *(Check one box only)* Employer wishes to  provide the broadest coverage of Dependent Care Expenses permitted under the Code, or  cover less than all Dependent Care Expenses permitted under the Code. *Specify exclusions:* \_\_\_\_\_

**Maximum and Minimum Benefits.**

*Not Applicable*

- (a) The maximum annual benefit amount that a Participant may elect to receive for Dependent Care Expenses incurred in any Plan Year shall be \$5,000 (married filing joint return), \$2500 (married filing separate return). The minimum annual benefit amount that a Participant may elect to receive for Dependent Care Expenses incurred in any Plan Year shall be \$ \_\_\_\_\_.
- (b) Coverage for a Participant who enters the DCAP Component mid-year or increases an election mid-year [ ] will [ ] will not be prorated.
- (c) Eligibility waiting period for participation: \_\_\_\_\_

**Forfeiture of Accounts; Use-It-or-Lose-It Rule.**

**Reimbursement Procedure.** A participant who has elected to receive DCAP Benefits for a Plan Year may apply for reimbursement to the Administrator no later than:

- [ ] March 31 (if calendar year plan) following the close of the Plan Year in which the Dependent Care Expense was incurred.
- [ ] Other: *(Specify, for example, 30, 60 or 90 days following the earlier of (a) the close of the Plan Year in which the Expense was incurred, and (b) the date of the Employee's termination).* \_\_\_\_\_
- [ ] Claims submission deadlines: Claims received by Thursday will be processed and submitted to the employer by Friday.

**Reimbursements After Termination.** *(Check one box only)* Participants shall be given the opportunity to obtain reimbursement of Dependent Care Expenses incurred during the following timeframes: *(Check one box only)*

- [ ] During the Period of Coverage prior to termination.
- [ ] During the Period of Coverage prior to termination – including expenses incurred in the month following termination if such month is in the current Plan Year.
- During the Period of Coverage following termination – that is, through the balance of the Plan Year if such expenses are otherwise qualifying expenses under the Code and the participant has a remaining balance.

**Employer Forfeiture Disposition for all benefits:**

- Used to offset Administrative Expenses;
- [ ] Distribute balance equally among all participants who did *not* have an account balance *(Participants in plan year for which there are forfeitures)*;
- [ ] Leave in account to offset future losses;
- [ ] Reduce employee cost of future premiums.

Irrevocability of Exceptions

012183

**Procedure for Making New Election If Exception to Irrevocability Applies.**

- (a) A Participant who becomes eligible to make a new election must do so within 30 days of the occurrence of the event justifying the change, except in case of the following: (Specify) None

---

- (b) A Participant's new election shall be effective as of the \_\_\_\_\_ following the date that the election change was filed.

**Change in Status Defined.**

**Events Permitting Exception to Irrevocability Rule.** Participants may make a mid-year election change for the following events:

- (a) **Change in Status. (Check one box only)**
  - The Change in Status event shall apply to all Benefits for which such an election change is permitted under the regulations (for example, it shall apply to the Premium Payment, Health FSA and DCAP Benefits) and such event shall otherwise be drafted as liberally as the regulations permit (for example, all of the events constituting a Change in Status under the regulations shall be allowed; or
  - The Employer wishes to restrict the availability of the Change in Status event as follows: Draft as liberally as described above, except that election changes may not be made to reduce Health FSA coverage; however, election changes may be made to drop Health FSA coverage altogether upon the following events: death of a Spouse, divorce, legal separation or annulment; death of a Dependent; change in employment status such that the Participant becomes ineligible for Health FSA coverage; or a Dependent's ceasing to satisfy eligibility requirements for Health FSA coverage on account of attainment of a certain age, etc.
  
- (b) **HIPAA Special Enrollment Rights (Does not apply to Church Group).**  
The HIPAA Special Enrollment Rights event shall apply to all Benefits for which such an election change is permitted under the regulations and such event shall otherwise be drafted as liberally as the regulations permit.
  
- (c) **Certain Judgments, Decrees and Orders. (Check one box only)**
  - The Certain Judgments, Decrees and Orders event shall apply to all Benefits for which such an election change is permitted under the regulations and such event shall otherwise be drafted as liberally as the regulations permit; or
  - The Employer wishes to restrict the availability of the Certain Judgments, Decrees and Orders event as follows: (Specify)

---

(d) **Medicare and Medicaid** *(Check one box only)*

The Medicare and Medicaid event shall apply to all Benefits for which such an election change is permitted under the regulations and such event shall otherwise be drafted as liberally as the regulations permit; or

The Employer wishes to restrict the availability of the Medicare and Medicaid event as follows: *If Participant, Spouse or Dependent gains eligibility for Medicare/Medicaid, medical insurance may be cancelled or reduced, and Health FSA coverage may be cancelled (but not reduced). If Participant, Spouse or Dependent loses eligibility for Medicare/Medicaid, medical insurance may commence or increase and/or Health FSA coverage may commence or increase.*

(e) **Change in Cost.** *(Check all boxes that apply)*

The Change in Cost event shall apply to all Benefits for which such an election change is permitted under the regulations and such event shall otherwise be drafted as liberally as the regulations permit; or

The Employer wishes to restrict the availability of the Change in Cost event as follows: *(Specify)*

\_\_\_\_\_  
The Employer will automatically pass on mid-plan year "insignificant" (5% or less) cost increases/decreases to participants in the plan. (Should the employer choose to pass these costs automatically, the employee will not have a choice to add, or drop the election under the plan).

The Employer will not automatically pass on mid-plan year "insignificant" (5% or less) cost increases/decreases to participants in the plan.

(f) **Change in Coverage.** *(Check one box only)*

The Change in Coverage event shall apply to all Benefits for which such an election change is permitted under the regulations and such event shall otherwise be drafted as liberally as the regulations permit; or

The Employer wishes to restrict the availability of the Change in Coverage event as follows: *(Specify)*

**Appeals Procedure**

**Procedure If Benefits Are Denied Under This Plan.** Employer wishes to adopt a uniform claims procedure for *(Check one box only)*  the cafeteria plan, Health FSA Benefits and DCAP Benefits, or  Health FSA Benefits only.

**General Provisions**

**Governing Law.** The Employer, its employees and the cafeteria plan reside in or provide benefits in the following state(s): *(specify)* TN, GA, AL

**Related Employers That Have Adopted This Plan**

012185

- (a) The Employer signing this Agreement (*Check one box only*) [ ] is [ ] is not affiliated with any other employer that, under Code 414(b), (c), or (n), is treated as a single employer with the Employer.
- (b) If the Employer is so affiliated, the full legal names of the Related Employers and their employer identification numbers (EINs) are:

None

- (c) The following Related Employers that have adopted this Plan with the approval of the Employer are:

None

**Exclusions – Medical Expenses That Are Not Reimbursable**

Employer does not wish to reimburse the following expenses, even although they may meet the definition of “medical care” under Code 213: (*Specify*)

Not Applicable

**Additional Information and Plan Design Features**

The Employer also wishes to provide the following information and/or add the following special design features to the Plan: (*Specify*)

1. Mandated Negative Elections with Opt Out Option

2. \_\_\_\_\_

Resolution

The undersigned, being (all of the directors) (the sole director) of Town of Signal Mtn. TN, a Tennessee entity (the "employer"), consent(s) to the following recital and resolution taken without a meeting, as follows:

Recitals

A. The employer wishes to establish a cafeteria plan, pursuant to Section 125 of the Internal Revenue Code, to allow employees to pay for benefits named in the Plan Document on a pre-tax basis.

OR

B. The employer wishes to amend its cafeteria plan, pursuant to Section 125 of the Internal Revenue Code, for the purpose of 1) incorporating all current IRS code regulations 2) \_\_\_\_\_

OR

C. The employer wishes to terminate its cafeteria plan, pursuant to Section 125 of the Internal Revenue Code, due to \_\_\_\_\_

Resolution

Effective July 1, 2007 the employer adopts (adopts, amends, terminates) the cafeteria plan pursuant to section 125 of the Internal Revenue Code.

X [Signature]  
Name

6/27/07  
Date

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

Joinder Agreement

012187

Resolution of the Board of Directors of \_\_\_\_\_

to adopt The \_\_\_\_\_

Corporation Section 125 Master Plan. WHEREAS, \_\_\_\_\_

\_\_\_\_\_ hereinafter

called "The Employer", desires to adopt by Joinder Agreement

The \_\_\_\_\_ Section 125 Master Plan, hereinafter called "The

Plan"; and WHEREAS, The Employer adopts The Plan for the exclusive benefit of its employees; and

WHEREAS, The Employer agrees to the terms and provisions of the Plan and Joinder Agreement; NOW

THEREFORE, be it resolved that on this the \_\_\_\_ day of \_\_\_\_\_, 200\_

\_\_\_\_\_

adopts the plan as of the effective date of the Joinder Agreement and directs it's duly

authorized representative to execute the Joinder Agreement to become effective on the

\_\_ day of \_\_\_\_\_, 200\_.

\_\_\_\_\_  
Employer

Attest: \_\_\_\_\_  
Secretary

Witness: \_\_\_\_\_

Signed: \_\_\_\_\_  
President / Owner

SECTION 125 KEY EMPLOYEE IDENTIFICATION FORM  
(Premium and/or Medical Reimbursement)

012188

Company Name: The Town of Signal Mtn.

Plan Year: 7/1 to 6/30

Please list the names and social security numbers of your "Key Employees", who participate in the Plan:

(Attach list if more space is required)

NAME

None  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Definition:

In order to apply the discrimination rules, it is important to define "Key Employee" under IRC Section 125.

A.) "Key Employee" is defined as:

- 1. An officer receiving annual compensation exceeding \$135,000 in 2006, \$135,000 in 2007, adjusted for inflation in increments of \$5,000;
- An employee with 5% or more ownership at any time
- An employee with more than 1% ownership and annual compensation from the employer greater than \$150,000.

I have reviewed all participants. Key Employees have been identified above or if none listed, I do not have any Key Employees participating.

Melissa Campbell  
Signature of Individual  
Providing information

6/27/07  
Date

TOWN MANAGER  
Title

KEY EMPLOYEE DETERMINATION

012189

Key employee: Any employee, or beneficiary who, pursuant to Code section 416(i), during the year involved, is identified on the previous page as;

- I. an officer of the Employer receiving annual Compensation exceeding \$135,000 for 2006, \$135,000 for 2007;

Note 1: See attached for definition of "Compensation" and "officer"

Note 2: There is a limit on the number of employees who may be treated as officers:

- a.) Employers with less than 30 employees - no more than 3 employees are to be treated as officers
- b.) Employers with more than 30 but less than 500 employees - no more than 10% of the employees will be treated as officers
- c.) Employers with more than 500 employees - no more than 50 employees will be treated as officers

If the number of officers exceeds the applicable limitation above, those with the highest compensation will be used in the determination.

- II. a 5% owner of the Employer;

Note: A 5% owner is any person who owns more than 5% of the outstanding stock or stock possessing more than 5% of the total combined voting power of all stock of the employer. If the employer is not a corporation, a 5% owner is a person who owns more than 5% of the capital or profits interest in the employer.

- III. a 1% owner if the Employer having an annual compensation from the Employer of more than \$150,000.

Note: The rules for determining a 1% owner are the same as those for a 5% owner.

**DEFINITIONS**

- 1. Compensation - Includes compensation of all forms that is includable in gross income for the year. Alternatively, W-2 compensation may be used.
- 2. Officer - Whether an individual is an officer shall be determined upon the basis of all the facts, including, for example, the source of his authority, the term for which elected or appointed and the nature and extent of his duties. Generally, the term officer means an administrative executive who is in regular and continued service. The term officer implies continuity of service and excludes those employed for a special and single transaction. An employee who merely has the title of an officer but not the authority of an officer is not considered an officer for purposes of the key employee test. Similarly, an employee who does not have the title of an officer but has the authority of an officer IS an officer for purposes of the key employee test.

Employers other than corporations, for example, sole proprietorships, partnerships, associations, trusts, and labor organizations, may have officers. However, a partner of a partnership will not be treated as an officer merely because he owns a capital or profits interest in the partnership, exercises voting rights, or acts as an agent of the partnership.

3. S-CORP Owners (2% or more), partners in a Partnership, Sole Proprietors, and LLC Owners, **CANNOT PARTICIPATE** in a Cafeteria Plan. Therefore, discrimination testing will apply to other participants. In addition, outside Directors, spouses of Partners, family members of S-Corp owners are also prohibited from participating in the Plan. Spouses of Sole Proprietors, who are bona-fide employees, may participate.

HCE EMPLOYEE DATA REQUEST FORM  
Contribution and Benefits / Dependent Care Test

012191

Company Name: The Town of Signal Mtn.

Plan Year: 7/1 to 6/30

Please refer to the following definitions and determine, from your participation, any Highly Compensated Employees. Attach to this form the names and social security numbers of any identified Highly Compensated Employees.

**DEFINITION:**

For any plan year beginning after 1996, an employee of an employer shall be a "highly compensated employee" (HCE) based on rules contained under section 414 (q) of the Internal Revenue Code (the "Code"). For a Plan year, HCE means any employee of an Employer who:

→ ~~is/was a 5% owner at any time during the year,~~ or receives compensation from the employer in excess \$95,000 in 2006; or \$95,000 in 2007.

**EXPLANATION OF DEFINITION:**

1. **Compensation.** The period used to determine an employee's compensation for a plan year must be either the plan year or the calendar year ending within the plan year.
2. **5% owner.** An employee shall be treated as a 5% owner for any plan year if at any time during the year the employee was a 5% owner.
  - a. if the employer is a corporation, any person who owns more than 5% of the outstanding stock of the corporation or stock possessing more than 5% of the total combined voting power of all stock of the corporation, or
  - b. if the employer is not a corporation, any person who owns more than 5% of the capital or profits interest in the employer.

I have reviewed all participants. Highly Compensated Employees have been attached, or if none listed, I do not have any Highly Compensated Employee participants.

X Wanda Campbell, Town Manager  
Signature and Title of Individual Providing Information

6/27/07  
Date

All of the identified HCEs (attached listing), if any, do not receive benefits other than those offered to Non-HCE employees.

**HCE's Identified**

**HCE Employee Name**

**Social Security Number**

*None*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

# NONDISCRIMINATORY CLASSIFICATION/ELIGIBILITY TEST

**Reg. Section 410(b)**

The Town of Signal Mtn.

(Company Name)

Plan Year Ending 6/30/08

*Seasonal not counted*

	Total Employees	Highly Compensated	Non- Highly Compensated
(1) Total employees	<u>77</u>	<u>0</u>	<u>77</u>
(2) Employees ineligible under the plan	<u>10</u>		
(3) Total eligible employees (Subtract (2) from (1))	<u>(A)</u>		<u>(B)</u>
(4) Total employees excluded from benefiting			
(5) Total employees eligible to benefit (Subtract (4) from (3))			<u>(C)</u>
(6) Concentration of Non-Highly Compensated employees (Divide Non-Highly Compensated (B) by Total Employees (A))			<u>%</u>
(7) Safe Harbor Percentage (See Table)			<u>%</u>
(8) Unsafe Harbor Percentage (See table)			<u>%</u>
(9) Percentage of Non-Excluded, Non-Highly Compensated employees eligible to benefit under the plan. (Divide Non-Highly Compensated (C) by Non-Highly Compensated (B))			<u>%</u>

Saf

**Conclusion:** If line (9) is less than line (8), then it fails the Nondiscriminatory Classification Test. If line (9) is between line (7) and (8), check the relevant facts and circumstances.

**Note: Single Employer Group:** The above following business organizations are considered a single employer: (1) a controlled group of corporations; (2) partnerships, proprietorships, etc. under common control; and (3) affiliated service groups.

*Snapshot*  
*7/13/07*

### 25% Concentration Test Format

Company Name: The Town of Signal Mtn.

Following is a format to help prepare the dollar amounts/numbers so we may prepare your Plan's 25% Concentration test:

The dollar amounts we are requesting ONLY apply to employees who have a pretax contribution toward premiums.

Total Payroll deductions Pretax for premium benefits (All employees):

<del>Weekly Employees</del>	\$ _____
Biweekly employees	\$ _____
<del>Semi-monthly Employees</del>	\$ _____
<del>Monthly employees</del>	\$ _____

Total Payroll deductions Pretax for premiums for Key Employees:

<del>Weekly</del>	\$ _____
Biweekly	\$ _____
<del>Semi Monthly</del>	\$ _____
<del>Monthly</del>	\$ _____

Please forward these numbers as soon as available after the first pay period in the new plan year.

Total Number of employees on the first day of the new Plan Year 113

Total Number of employees ineligible to participate  
(Part time, contract workers, seasonal employees. Those not eligible for benefits) \_\_\_\_\_

Total Number of Employees participating in the Section 125 Plan 64  
(Those that have a pretax contribution for benefits.)

## Schedule of Fees For ERISA Health & Welfare Plan (Disclosure and Reporting)

	<u>1<sup>st</sup> year fees</u>	<u>Subsequent Year(s) fees</u>
_____ <b>Design &amp; Prepare Plan Document &amp; SPD</b>	<b>\$800</b>	<b>N/A</b>
_____ <b>5500 form preparation</b>	<b>\$200</b>	<b>\$200</b>
_____ <b>Schedule A (per)</b>	<b>\$100</b>	<b>\$100</b>
_____ <b>Amend Documents (SMM) N/A</b>		<b>\$200</b>
_____ <b>Complete SAR (Summary Annual Report) \$200</b>		<b>\$200</b>
 <b>Total fees</b>	<b>\$ _____</b>	<b>\$ _____</b>

We ( ) want, ( ) do not want, to contract with C & J Consulting and Administration,  
Inc. to prepare our ERISA Plan Documents and necessary filings with the DOL  
effective \_\_\_\_\_.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

**Designated Procedures/Services for Welfare Plan Consulting**

- \_\_\_ 1. Design a Plan Document to be reviewed by the Plan Sponsor and/or the Plan Sponsor's legal counsel.
- \_\_\_ 2. Design a Summary Plan Description for distribution to each eligible employee. **Copies for each eligible employee will be the responsibility of the Plan Sponsor.**
- \_\_\_ 3. Provide Plan Sponsor with a Resolution of the Board Document.
- \_\_\_ 4. Complete SAR (Summary Annual Report).
- \_\_\_ 5. Prepare SMM (Summary Material Modification), if applicable.
- \_\_\_ 6. Complete annual preparation of 5500 & Schedule A forms based upon information furnished by employer.

Employer to:

- \_\_\_ 7. Employer to file completed 5500 form with IRS within seven months after end of Plan year. (Employer to request schedule data from each carrier).
- \_\_\_ 8. Employer to distribute annual SAR.
- \_\_\_ 9. Employer to notify C&J Consulting immediately of any change in benefits offered to employees and/or any carrier changes.
- \_\_\_ 10. Employer to distribute SMM (if applicable).

**Welfare Benefits offered under plan:**

**Carrier (attach schedule of benefits)**

___ Group Health	_____
___ Group Dental	_____
___ Group Life	_____
___ Group AD&D	_____
___ Group STD	_____
___ Group Vision	_____
___ Other _____	_____

# Health Reimbursement Arrangements (HRA)

## Schedule of Fees

*Bill to John Davis*

Plan Set Up Fee.....\$600\*  
(whether new or takeover)

*3.50*

Monthly Per Participant Fee..... ~~QUOTE~~  
(there is a minimum monthly fee of \$50.00)

### Direct Deposit (optional)

Note: These are "pass through" costs from ACH—allows direct deposit to employee's account with 48 hour turnaround

Set Up Fee (one time).....\$90  
Monthly Admin Fee.....\$25

~~X~~

Annual Fee..... None (-0-)

### Amend Plan Document & SPD:

- 1) If due to change in the law..... N/C
- 2) If due to employer request (change in plan design).....\$150

\* HRA Plan set up includes enrollment literature, worksheets, and enrollment seminars in no more than three locations within 150 mile radius of Chattanooga, TN. Additional locations subject to additional reasonable travel expenses.

Note 1: Our fees include HRA COBRA administration

Note 2: Some first dollar plans will allow use of the MBI Convenience Card

x *Wiana Campbell*

Date: *6-27-07*

**HRA PLAN DESIGN (Health Reimbursement Arrangement)**

**1. INSTRUCTIONS: Mark the applicable selection as follows: ( x ). Write the applicable text after the :**

2. Name of Plan Sponsor: \_\_\_\_\_

Street Address: \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Telephone: \_\_\_\_\_

Tax ID #: \_\_\_\_\_

3. What type of business entity is the employer?

- Corporation
- Tax Exempt Organization
- Partnership
- Limited Liability Company
- Sole Proprietor
- Limited Liability Partnership

4. First day of plan year: 7-1-07  
 Last day of plan year: 6-30-08

If the plan is new, is there a short plan year?

- No
- Yes, beginning: \_\_\_\_\_

5. Plan name: \_\_\_\_\_

6. Plan number: 502

7. Is the plan new or amended?

- New - Effective date: 7-1-07
- Amended

Original effective date: \_\_\_\_\_

Amendment effective date: \_\_\_\_\_

8. Are the employer's contribution to the HRA directly related to the employee's participation in the Health Plan?

- Yes (Answer #9)
- No (Answer A)

A. Is the employee required to participate in any employer provided Health Plan?

- Yes Group Health Plan
- No

9. Are the non-elective employer contributions to be used for selected benefits?

- Yes (complete A & B)

No

A.  Health  Dental  Vision

Rx  Life  Disability

Other: Toward in network deductible only

B. Which of the above benefits are pretaxed under the employer's Section 125 Cafeteria Plan:

Health  Dental  Vision

Rx  Life  Disability

Other: \_\_\_\_\_

10. Are employer contributions based on a fixed dollar amount or percentage of compensation?

- Fixed dollar amount \$ 1,000 or 2,000 (See #11)
- Percentage of compensation: \_\_\_\_\_

If fixed dollar amount, how will the employer fund the HRA:

- Monthly
- Quarterly
- Annually
- Other: As needed to pay claims

11. Are the employer contributions varied by level of coverage by the employee? (i.e. Single vs. Family)

- Yes
- If yes: Employee: \$ 1,000
- Family: \$ 2,000

Will the employer allow for changes mid year if the employee has a qualifying change in status resulting in a change in level of coverage?

- Yes
- Prorated? No
- No

12. Is participation in the HRA automatic or must the participant submit an Election agreement?

- Automatic election
- Election agreement

13. What type of REIMBURSEMENT benefits are provided by the plan?

- Medical care reimbursement Section 213d
- Over-the-Counter Drugs/medicines Section 213d
- Premiums for Long Term Care insurance
- Other: Expenses applied toward in network deductible of base health plan

A. Can the participant use employer's HRA contribution for eligible dependents, regardless of level of coverage?  
 Yes  No

B. Will the employer allow the participant to use HRA contributions to pay for eligible expenses for a non tax dependent, as long as the value of contributions is imputed in the employee's income?  
 Yes  
 No

14. Does the employer offer a CASH PAYMENT OPTION to the employees in lieu of any form of insurance coverage?  
 Yes  
 No

*N/A*  
15. What is the definition of compensation?  
 Form W-2 compensation  
 Form 1099  
 Other: \_\_\_\_\_

*N/A*  
A. How are elective deferrals treated?  
 Included as compensation  
 Not included as compensation  
 Included/excluded at discretion of administrator

*1/1/99*  
B. What is the compensation measuring period?  
 Plan Year  
 Fiscal year ending on or within the plan year  
Beginning: \_\_\_\_\_ Ending: \_\_\_\_\_  
 Calendar year

*N/A*  
C. Is compensation received prior to becoming a participant excluded?  
 Yes  No

*N/A*  
D. Is any other type of compensation being excluded?  
 No  
 Yes and the following types are excluded:  
 Bonuses  
 Overtime  
 Commissions  
 Amounts in excess of \$ \_\_\_\_\_  
 Other: ( \_\_\_\_\_ )

16. What are the age and service requirements for participation in the REIMBURSEMENT portion of the plan?  
 Age 21  
 Age 21 and ( \_\_\_\_\_ ) years of service  
 Age 21 and ( \_\_\_\_\_ ) months of service  
 ( / ) months of service  
 ( 0 ) years of service  
 No eligibility requirements

17. Are employees eligible for HRA when they become eligible for the underlying insurance, regardless of any other eligibility requirements?  
 Yes  No

If no, what are the age and service requirements for participation in the HRA portion of the plan?  
 Age 21  
 Age 21 and ( \_\_\_\_\_ ) years of service  
 Age 21 and ( \_\_\_\_\_ ) months of service  
 ( \_\_\_\_\_ ) months of service  
 ( \_\_\_\_\_ ) years of service  
 No eligibility requirements

18. Can all employees not in an ineligible group participate on the effective date or some other specific date?  
 Yes  No

If yes, on which date?  
 Effective date: 1<sup>st</sup> of the month after 30 days  
 Other: \_\_\_\_\_

19. What is the entry date?  
 First day of the plan year following \_\_\_\_\_  
 First day of the plan year preceding \_\_\_\_\_  
 First day of the month following 30 days  
 Same day  
 Two entry dates: \_\_\_\_\_ / \_\_\_\_\_  
 Four entry dates: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

20. Are any employees excluded from participation?  
 Yes  No

If yes, which employees are excluded from participation?  
 Union employees  Leased Employees  
 Non-resident aliens  
 Other: part time, seasonal

21. Are part-time employees excluded from the plan?  
 Yes  No

If yes, how many hours per week must an employee work in order to be eligible to participate in the plan?  
40

23. What is the state in which the contract is signed or effective: TN

24. Is the employer acting as the plan administrator?  
 Yes  
 No, and the administrator is:

Name: \_\_\_\_\_  
Address: \_\_\_\_\_

City: \_\_\_\_\_  
State: \_\_\_\_\_  
Zip: \_\_\_\_\_  
Telephone: \_\_\_\_\_

E/Child: \_\_\_\_\_  
E/Spouse: \_\_\_\_\_  
Family: \_\_\_\_\_

25. Are there additional adopting employers?  
 No  
 Yes, and the adopting employers are:  
\_\_\_\_\_  
\_\_\_\_\_

If NO:  
HRA COBRA premium: \_\_\_\_\_

31. Ordering rule of Payment: *N/APP*  
 FSA payor of last resort  
 HRA payor of last resort  
[Note: HRA payor of last resort only if the employer has a qualified Flexible Spending Account and eligible expenses can be paid by both under Section 213d allowable expenses.]

26. Is the employer acting as the Trustee/Custodian?  
*N/APP*  Yes- please provide Identification # and approval letter from the IRS  
 No, the Trustee/Custodian is:  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State: \_\_\_\_\_  
Zip: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Identification # and approval letter from IRS: \_\_\_\_\_

32. If the employer is offering both a FSA and a HRA, and the HRA is payor of last resort, are eligible HRA participants required to first make an election to participate in the FSA before being eligible to participate in the employer's HRA: *N/APP*  
 Yes  
 No

27. Will employer contributions be available for rollover from plan year to plan year?  
 Yes- How much \$ \_\_\_\_\_ or \_\_\_\_\_ %  
Cap: \_\_\_\_\_  
 No

33. Will the employer allow reimbursement of expenses incurred during an earlier period of coverage, as long as the employee was a HRA participant in the earlier period of coverage when the expenses were incurred, and remains a HRA participant in the current plan year?  
 Yes - Time limit to submit claims is: 30 days  
 No

28. Will employer allocate phantom investment interest returns to the individual/family HRA accounts?  
 Yes - How much \$ \_\_\_\_\_ or \_\_\_\_\_ %  
 No

34. Eligible expenses will be reimbursed on  
 Incurred claims  
 Paid claims.

29. Will employer contribution be available for employees to take/convert after separation from service? (Spending down existing account balances)  
 Yes- (how much \$ \_\_\_\_\_ or \_\_\_\_\_ %)  
 No

Notes: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Signature \_\_\_\_\_ Date \_\_\_\_\_

30) Will the COBRA premium for Health and HRA contributions be bundled?  
 Yes  
 No  
If yes, the employer must establish the COBRA premium prior to the beginning of the plan year.

Please forward a completed copy to C & J Consulting and Administration, Inc. to initiate the HRA Plan document process.  
Fax #: 423. 949. 5320

COBRA bundled premium: \$ \_\_\_\_\_  
Health/HRA  
Employee: \_\_\_\_\_

ACH AUTHORIZATION RELEASE

012201

HEREBY authorizes *mbi*, or *mbi's* agent, to  
Initiate ACH (automated clearing house) transfer  
Entries for the following depository:

*1<sup>st</sup> check # -*

Town of Signal Mtn.  
(Group/Employer Name)

Financial Institution

Name: Suntrust

Address: 1301 Taft Hwy

City: Signal Mtn. State: TN ZIP: 37377

Routing and Transit Number: 06400046 Bank Account Number: 15571

Federal Depository Bank ID #: 87-4  
640

Type of Account      Checking Account       Zero Balance Account:

(Please check one):

Information Provided by: Dianna Campbell  
(Please Print your name)

Signature: Dianna Campbell

Title: Town Manager      Today's Date: 6-27-07

Verified by  
*mbi* Implementation: \_\_\_\_\_ Date: \_\_\_\_\_

Date to Set-Up: \_\_\_\_\_ Date Settlement Set Up: \_\_\_\_\_

COMPANY NAME: Town of Signal Mtn.

012202

Effective Date: 7/1/07

Payroll Cycle: 26 First Payroll Date: 7/13/07

Payroll Cycle: \_\_\_\_\_ First Payroll Date: \_\_\_\_\_

Payroll Cycle: \_\_\_\_\_ First Payroll Date: \_\_\_\_\_

	EMPLOYEE	EMPLOYER
Benefit	Deduction	Contribution
	Per pay period	Per pay period
<u>Health ee</u>	<u>13.34</u>	_____
<u>Fam</u>	<u>69.02</u>	_____
<u>Dental ee</u>	<u>5.78</u>	_____
<u>fam</u>	<u>4.85</u>	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Comments: Mandated negative elections w/ opt out option

1. All employers utilizing the Debit Card for FSA participants are to maintain at least **two months** of the total annualized participant elections in the checking account that will process transactions. This total will be calculated from the employee elections. **C & J Consulting and Administration, Inc.** will notify the employer of the minimal balance required. In the event the balance in the account drops below the minimum, C & J will receive an alert and notify the employer immediately of the need to deposit additional funds.
2. The employer is to fax to C& J Consulting and Administration, Inc. each payroll date a copy of the deposits made into this checking account. Any additional deposits, if necessary, C& J Consulting and Administration, Inc. will also receive a copy of the deposit.
3. C & J Consulting and Administration, Inc. will forward to the employer, once a month, a bank reconciliation statement. This statement will list all debit card transactions for the prior month. Note: If there is a need for more frequent reporting, there will be additional fees assessed.
4. C & J will forward, on a weekly basis, a copy of any manually processed claims (i.e.: checks issued) this information will be a part of the mentioned report. Due to HIPPA and PHI, paper claims will remain in the possession of C & J Consulting and Administration, Inc.
5. Employee's have access to their account balance 24 hours at the Flex Card website: [www.mbicard.com](http://www.mbicard.com).
6. **The employer is to notify C & J Consulting and Administration, Inc. immediately of ANY FSA participant termination. The employer should collect the Flex Card prior to termination. If the employee is eligible for Cobra, either the employer or C & J will forward the necessary notice to the employee. The COBRA notification will be based on contracted services.**
7. **The employer is responsible for instructing the employee eligible for FMLA, what the employer's Policy & Procedures for contribution while out on F**