PUBLIC NOTICE

OF CITY MEETING OF

BOARD OF MAYOR AND ALDERMEN
OF
CITY OF RIDGETOP, TENNESSEE

MEETING	DATE	**August 18, 2026**	Time	**6:30 p.m.**
PLANNING & ZONING MEETING	DATE		Time	
WORKSHOP			TIME	
PLACE OF MEETING	RIDGETOP CITY HALL			

NOTICE IS HERBY GIVEN TO ALL RESIDENTS OF RIDGETOP, TENNESSEE AND TO PERSONS INTERESTED THAT OPEN PUBLIC MEETINGS OF THE BOARD OF MAYOR AND ALDERMEN WILL BE HELD ON THE THIRD TUESDAY OF EACH MONTH. COMMENCING AT THE HOUR OF 6:30 O'CLOCK P.M. THESE MEETINGS WILL BE HELD AT CITY HALL UNLESS POSTED 7 DAYS PRIOR TO THE MEETING OF ANOTHER MEETING PLACE TO ACCOMMODATE THE PUBLIC, DUE TO LIMITED SPACE AT CITY HALL OR WHETHER THE MEETING IS TO BE HELD ELECTRONICALLY PURSUANT TO A VIRTUAL FORMAT. THERE WILL BE CONSIDERED AT SUCH MEETINGS ALL MATTERS, WHICH MAY PROPERLY BE CONSIDERED. WHEN A CALLED MEETING OR A ZONING BOARD MEETING IS TO BE HELD OR THE REGULAR MEETING HAS TO BE CHANGED, THE PUBLIC WILL BE NOTIFIED 48 HOURS PRIOR TO THE MEETING.THIS NOTICE IS GIVEN PURSUANT TO THE PROVISIONS OF CHARTER 442; TENNESSEE PUBLIC ACTS OF 1974.

Citizens may address the board in-person and citizen comments are limited to three (3) minutes in length. If the citizen speaker has any documents or papers, he/she desires to share with the Board, he/she must provide a copy to the City Recorder three business days prior to the meeting. Please see Resolution 23-12 for guidelines for citizen comments.

POSTED THE 11th DAY OF August 2026

POSTED BY: KELLY RIDER AT THE PLACES LISTED: FARMERS BANK. RIDGETOP POST OFFICE, CITY HALL AND CITY WEBSITE:

ON THE AGENDA OF THE ABOVE DATE: See Attached Agenda.

City of Ridgetop Board of Mayor and Aldermen

Agenda for Meeting of August 18, 2026 6:30 p.m.

Item 1) Meeting called to order
Item 2) Invocation & Pledge
Item 3) Roll Call
Item 4) Read and Approval of Minutes – Regular City Meeting –July 21, 2026 6:30 p.m.

Item 5) Citizens Comments

Item 6) Commissioner Reports

a) Finance and Administration-Mayor Shaw
b) Public Works and Streets-Mayor Shaw
c) Parks and Recreation-Vice Mayor Gilmore
d) Planning and Zoning and Code Administration-Alderman Senft
e) Community and Economic Development-Alderman Martin
f) Utilities-Mayor Shaw
g) Fire and Police-Alderman Gregory

Item 7) Business Reports

a) City Recorder
b) Attorney

Item 8) Mayor's Comments

Item 9) Old Business

Item 10) New Business

a) Presentation of Sewer Rate Study
b) Consideration of hiring Jafar Ware to the position of city planner
c) Consideration of approval of Robertson County Memorandum of Understanding (MOU) 2027-2028
d) Resolution 26-08, A Resolution to authorize a political subdivision's participation in the Tennessee Consolidated Retirement System in accordance with Tennessee Code Annotated, Title 8, Chapters 34-37
e) Resolution 26-09, A Resolution adopting a 401 (k) defined contribution plan, funded by employee deferrals
f) Resolution 26-10, A Resolution adopting a 457 (b) Employees deferred compensation plan, funded by employee deferrals
g) Discuss Charter Changes
h) Bid Advertisement for concrete repairs and additions at Pioneer Park and Ridgetop Station

Park

i) Discuss information concerning grants for Tornado Warning Alarms

Item 11) Close Meeting

City Meeting
Of
July 21, 2026

Mayor Shaw called the meeting of the Mayor and Board of Alderman to order at 6:30 p.m., Tuesday, July 21, 2026. The meeting was held at City Hall.

Invocation

Bro Dan Russell offered invocation. Mayor Shaw led the pledge of allegiance.

Roll Call

Present: Mayor Shaw, Alderman Gregory, Vice Mayor Gilmore, Kelly Rider, City Recorder, Attorney Russell Freeman

Absent: Alderman Martin, Alderman Senft

Approval of Minutes

The minutes of June 9, 2026, 6:30 p.m. meeting were presented for approval or corrections.
Motion made by: Vice Mayor Gilmore
Second: Alderman Gregory
Voting Aye: All
Voting No: None
Motion Carried.

Citizens Comments

John Neely
Anna Gregory

Commissioners & Department Reports

Finance and Administration:
Mayor Shaw stated we will begin audit soon.

Public Works and Streets:
No Report.

Parks and Recreation:
Vice Mayor Gilmore reported the 250th Independence Day Celebration on July 3rd went very well. There was a 2 ½ hour rain delay. He stated it was a Fantastic Fireworks Show.

Vice Mayor Gilmore reported the city will participate in Experience Robertson County and it will be held at Pioneer Park on September 12, 2026. We will be showing off all the new improvements to include new restrooms, basketball court and hopefully pickleball court and shuffle ball court.

Vice Mayor Gilmore reported Smoke on the Ridge will be end of September and Morgan on the Rim will be at the end of October.

Planning and Zoning and Codes Administration:
No Report.

Community and Economic Development:
No Report.

Utilities:
Mayor Shaw reported that the gas department completed nineteen 811 locate tickets, 12 service orders, covering maintenance, troubleshooting, customer service calls, performed multiple service disconnects and reconnects to meet customer and operational needs, conducted the weekly odorization test to verify proper odorant levels throughout the Natural Gas System, and performed daily inspections of the gate station to ensure safe and reliable operation.

Mayor Shaw reported that the sewer department completed nineteen 811 locate tickets, completed 15 service orders, conducted, carried out multiple service disconnects and reconnects within the system and checked sewer building daily at Lake Rd and Hwy 41 and repaired sewer leak at Strudwick Drive.

Fire and Police:
Alderman Gregory reported a total of 19 calls this month. There were 11 calls inside the city limits, 8 calls outside city limits and 2 mutual aid calls.

Business Reports:
City Recorder:
No Report.

Attorney Freeman:
Attorney Freeman reported we have not received a response from the letter that was sent to L & G Construction on the Shedden Road Project and what the city is willing to do to resolve the final payment. He believed it had been about 29 days since the letter was sent.

Mayor Comments:
Mayor Shaw thanked everyone who volunteered and assisted with the 250th Independence Day Celebration on July 3rd.

Old Business:

No Old Business
New Business:

Recognize Ken Parson

Alderman Gregory made the motion to defer the recognizing to Ken Parsons. Vice Mayor Gilmore seconded.
Voting Aye: All
Voting No: None
Motion Carried.

Recognize all military and emergency service members

Alderman Gregory stated the city would like to recognize all our military and emergency service members. Alderman Gregory asked Stephanie Senft to assist with presenting commemorative coins to all that have served. Coins were presented to Gil Collins, John Neely, Tony Reasoner, and Cecil Smith.

Report from Robertson County Sheriff

Alderman Gregory gave the report from Robertson County Sheriff's office. Alderman Gregory reported the data collected comes from Robertson County Central Dispatch, and represents the average response time in Ridgetop, TN by Robertson County Sheriff's Office. The data reflects the dates January 1st, 2025-December 31, 2025, of calls for service and does not include officer-initiated calls (traffic stops, community policing, and serving warrants). This data is for average response times for all calls for service and not differentiated between emergency and non-emergency calls for service. Calls for service are prioritized; therefore, and emergency calls for service would have a faster time than a non-emergency call for service. Average time dispatch 2:05, Average time dispatch/Enroute 1:35, Average time Enroute/Arrive 6:51 and Average time Disp/Arrive 8:26.

The Robertson County Sheriff's Office had a 95% clearance rate for all crimes reported in 2025. This is a 1% increase from 2024. There was 2,641 total incidents dispatched by the Robertson County Emergency Communications Center. This represents an increase from 2298 in 2024. The Robertson County Sheriff's Office responded to 638 law enforcement calls for service in 2025. This is a 24% increase from 2024. The Robertson County Sheriff's Office made 37 arrests in Ridgetop City Limits in 2025. In 2024, the Robertson County Sheriff's Office made 34 arrests. The Robertson County Sheriff's Office conducted 886 stops in 2025 in Ridgetop City Limits. This is an increase of 18% from 2024. There were 48 crashes in 2025 in Ridgetop City Limits. This is a decrease from 51 reported in 2024. Deputies had 958 calls for community policing in 2025 in Ridgetop City Limits. This represents a massive continued increase every year and increase of 94.72% from 492 in 2024.

Consideration of approval of Robertson County Memorandum of Understanding (MOU) 2027-2028

Vice Mayor Gilmore made the motion to defer consideration of approval of Roberson County Memorandum of Understanding (MOU) 2027-2028. Mayor Shaw seconded.
Voting Aye: All
Voting No: None
Motion Carried.

Actuarial Valuation Report from Tennessee Consolidated Retirement Systems (TCRS)

Alderman Gregory made the motion to accept the actuarial valuation study for the buy all years of service plan with COLA at the rate of $595,032.
Mayor Shaw seconded.
Voting Aye: All
Voting No: None
Motion Carried.

Resignation of Joseph Dean

Mayor Shaw announced Joseph Dean has submitted his resignation. Mayor Shaw stated he believes if offered $2.50 more per hour the city could retain his employment.

Vice Mayor Gilmore made the motion to offer Joseph Dean $2.50 more per hour to retain his employment. Alderman Gregory seconded.
Voting Aye: All
Voting No: None
Motion Carried.

Bid approval of Sewer Chemical Vendor

Mayor Shaw read the Elite bid results.

Alderman Gregory made the motion to accept the Elite Septic Tank and Grease Trap Service, Inc. Vice Mayor Gilmore seconded.
Voting Aye: All
Voting No: None
Motion Carried.

Discuss Gas Rate Increase

Mayor Shaw reported the city is looking at a rate increase of 10% as well as an increase to the monthly base rate to increase from $10 to $15.

Discuss Charter Changes

Attorney Freeman stated there are some conflicts with charter and code that need some updating. Attorney Freeman explained a few of the conflicts. He explained the procedure for updating the charter and stated the board would need to prepare the changes to be sent.

Information on grants for Tornado Warning Alarms

Mayor Shaw made a motion to defer the information on grants for Tornado Warning Alarms to next month. Alderman Gregory seconded.
Voting Aye: All
Voting No: None
Motion Carried.

Resolution 26-06, A Resolution to provide administrative services for the Public Parks and Recreation Grant for the 2026 Recreational Trails Program Funds (Trailhead) (LPRF)

Alderman Gregory made the motion to approve Resolution 26-06, A Resolution to provide administrative services for the Public Parks and Recreation Grant for the 2026 Recreational Trails Program Funds (Trailhead) (LPRF). Alderman Gilmore seconded.
Voting Aye: All
Voting No: None
Motion Carried.

Resolution 26-07, A Resolution to provide engineering services for the Public Parks and Recreation Grant for the 2026 Recreational Trails Program Funds (Trailhead) (LPRF)

Alderman Gilmore made the motion to accept Resolution 26-07, A Resolution to provide engineering services for the Public Parks and Recreation Grant for the 2026 Recreational Trails Program Funds (Trailhead) (LPRF) Alderman Gregory seconded.
Voting Aye: All
Voting No: None
Motion Carried.

Resolution 26-08, A Resolution amending Job Descriptions for Firefighters and Volunteer Firefighters

Alderman Gregory made the motion to accept Resolution 26-08, A Resolution amending Job Descriptions for Firefighters and Volunteer Firefighters. Alderman Gilmore seconded.
Voting Aye: All
Voting No: None

Motion Carried.

Appoint Zoning Appeals Board Member

Alderman Gregory made the motion to re-appoint John Bryant and appoint Tony Reasoner to Zoning Appeals Board. Alderman Gilmore seconded.
Voting Aye: All
Voting No: None
Motion Carried.

There being no further business to come before the board, Alderman Gilmore moved for adjournment. Alderman Gregory seconded.
Voting Aye: All
Voting No: None
Motion Carried.

____
Mayor Tim Shaw

____
Kelly Rider, City Recorder

MEMORANDUM OF AGREEMENT

BETWEEN

THE CITY OF RIDGETOP

and

THE ROBERTSON COUNTY SHERIFF'S OFFICE

for

ADDITIONAL LAW ENFORCEMENT SERVICES

This agreement, effective this 1ST day of February 2027, by and between the City of Ridgetop, and the Robertson County Sheriff's Office (hereinafter referred to the "Sheriff").

WITNESSETH:

A. The City of Ridgetop recognizes the quality of service provided by the Sheriff and intends to expand upon that service by providing budgetary resources to Robertson County; and

B. The City of Ridgetop and the Sheriff recognize the benefits to the citizens of the City of Ridgetop and Robertson County in working cooperatively to provide resources for additional law enforcement services.

C. Now, therefore, in consideration of the mutual promises and covenants herein contained, the City of Ridgetop and the Sheriff hereby agree as follows:

ARTICLE I

The City of Ridgetop will provide Robertson County Government with the funds to enable the Sheriff to hire and support two (2) full time Deputy Sheriff's to be assigned to provide additional patrol services within the city limits of Ridgetop.

ARTICLE II

Rights and Duties of the Sheriff

The Sheriff will provide Deputy Sheriff's as follows:

A. Number of Deputy Sheriff's

1. The Sheriff shall assign the equivalent working hours of two (2) full-time regularly employed Deputies.
2. The Sheriff shall assign a Supervisor to oversee the Deputy Sheriff's assigned above.

B. Regular Duty Hours of Deputy Sheriff's

The Sheriff agrees to staff Deputy Sheriff's within the City of Ridgetop on a weekly average up to 80 hours/week. If reasonable available in the Sheriff's judgement, reports for MOU justification will be provided by the Sheriff at the Mayor of Ridgetop's request.

C. Duties of the Patrol Deputy Sheriff's assigned to the City of Ridgetop

1. Deputies are to patrol all city streets, and provide high visibility within the City Limits of Ridgetop located in Robertson County.
2. Deputies will answer Law enforcement related calls for service within the City of Ridgetop located in Robertson County.
3. Deputies will provide Tennessee State Traffic Law Enforcement to include all moving vehicle violations (i.e. speeding, reckless driving, school zone enforcement, traffic control devices, etc.)
4. Deputies will perform other normal duties (i.e. community policing, residential and business checks, detection of criminal activity, etc.)
5. The Sheriff will provide already established Robertson County Sheriff's Office community programs within the City of Ridgetop located in Robertson County.
6. City of Ridgetop understands the Sheriff will enforce State Laws and does not enforce City Ordinances.

ARTICLE III

Rights and Responsibilities of the City of Ridgetop

The City of Ridgetop shall provide the funding for salaries, benefits, equipment, and other related costs for two (2) full time Deputy Sheriffs which are deemed necessary to the performance of the additional requested services.

A. The City of Ridgetop will provide the Sheriff's Office with office space at the City of Ridgetop's Emergency Services building to include:

   a. Public Lobby

   b. Two (2) Offices

   c. Two (2) Restrooms

   d. Kitchenette

   e. Employee common area

B. Office Space to include the following, paid by the City of Ridgetop:

   a. Electrical

   b. Natural Gas

   c. Water

   d. Sewer

   e. Trash Disposal

   f. Emergency call box on exterior of the building

   g. Awnings with the Robertson County Sheriff's Office colors and logos approved by the Sheriff.

   h. Robertson County Sheriff's Office logo on front door of Office Space.

C. Maintenance of Office Space

   a. The City of Ridgetop agrees to provide and pay for all major maintenance such as HVAC, sewer, water leaks, roof, electrical, hot water tanks, plumbing, mowing and landscaping, parking lot to include snow or ice removal, flooring repairs and replacement, insurance of building, and other building repairs.

b. The Sheriff's Office will be responsible for office cleaning, and light bulb replacement, door lock security system, camera security system.

ARTICLE IV

Financing of the MOU

1. Funding for the additional Deputy Sheriff's assigned to the City of Ridgetop will be included in the annual City of Ridgetop's budget, subject to annual approval of the City of Ridgetop's Board of Alderman. Funding will be transferred to Robertson County after the approval of this MOU by October 31st, 2026.
2. The City of Ridgetop agrees to provide Robertson County Government $202,779.75 for the MOU effective dates February 1st, 2027-January 31st, 2028.
3. For MOU effective dates, transfer of funds from the City of Ridgetop to the Sheriff's Office operating budget shall be approved by the County Commission in the budget approval process.

ARTICLE V

Employment Status of Deputy Sheriff's for MOU

Deputy Sheriff's positions named in this agreement shall remain employees of the Robertson County Sheriff's Office and shall not be employed or managed by the City of Ridgetop. The City of Ridgetop and the Sheriff acknowledge that the Deputy Sheriff's named in this agreement shall remain responsive to the chain of command of the Roberson County Sheriff's Office.

ARTICLE VI

Appointment of Deputy Sheriff's for MOU

A. The Sheriff or his designee shall hire, train, and assign Deputies to fill positions regarding the MOU.

ARTICLE VII

Termination of Agreement

This agreement may be terminated by either party upon sixty (60) days written notice that any party has failed substantially to perform in accordance with the terms and conditions of this Agreement. This Agreement may be terminated without cause by either party upon ninety (90) days written notice prior to the end date of all approved and funded MOU's. Termination of this Agreement may only be accomplished as provided herein. In the event this Agreement is terminated, compensation will be made to the Sheriff for all services performed by the date of termination. In the event of the termination of this Agreement, future extensions of the MOU will also be terminated and no future annual payments by the City of Ridgetop will be required or expected. Should the Sheriff terminate this MOU without cause, a prorated refund for the remaining months of the MOU will be provided to the City of Ridgetop for services not rendered.

ARTICLE VIII

Good Faith

The City of Ridgetop, the Sheriff, their agents and employees agree to cooperate in good faith in fulfilling the terms of this Agreement. Unforeseen difficulties or questions will be resolved by negotiation between the Mayor of Ridgetop and the Sheriff or their designees.

ARTICLE IX

Modification

This document constitutes the full understanding of the parties and no terms, conditions, understandings or agreement purporting to modify or vary the terms of this document shall be binding unless hereafter made in writing and signed by the party to be charged.

ARTICLE X

Non-Assignment

This agreement, and each and every covenant herein, shall not be capable of assignment unless the express written consent of the City of Ridgetop and the Sheriff is obtained.

ARTICLE XI

Merger

This agreement constitutes a final written expression of all the terms of this Agreement and is a complete and exclusive statement of those terms.

IN WITNESS WHEREFORE, the parties have caused this Agreement to be signed by their duty authorized officers.

The City of Ridgetop	Robertson County Sheriff’s Office
___________________________________	________________________________
Tim Shaw, Mayor of Ridgetop	Michael Van Dyke, Sheriff

Notary: Signed, sealed and delivered in

the presence of

____

Notary.

My Commission expires on

____

day of

________________________,

20 _______.

Notary: Signed, sealed and delivered in

the presence of

____

Notary.

My Commission expires on

____

day of

________________________,

20 _______.

Resolution 26-08

Tennessee Consolidated Retirement System

A RESOLUTION to authorize a political subdivision's participation in the Tennessee Consolidated Retirement System in accordance with Tennessee Code Annotated, Title 8, Chapters 34 – 37.

WHEREAS, Tennessee Code Annotated, Title 8, Chapter 35, Part 2 allows a political subdivision to participate in the Tennessee Consolidated Retirement System ("TCRS") subject to the approval of the TCRS Board of Trustees; and

WHEREAS, the City of Ridgetop (Name of Political Subdivision) desires to participate in TCRS under the provisions of Tennessee Code Annotated, Title 8, Chapters 34 – 37 and in accordance with the following terms and conditions:

A. TYPE PLAN. *(CHECK BOX 1 OR BOX 2 OR BOX 3 OR BOX 4).* The Political Subdivision adopts the following type plan:

(1) [X] Regular Defined Benefit Plan.
(2) [ ] Alternate Defined Benefit Plan.
(3) [ ] Local Government Hybrid Plan *(If this Plan is chosen, the Political Subdivision MUST also maintain a defined contribution plan on behalf of its employees and pass the attached resolution that describes the type of defined contribution plan the Political Subdivision will adopt. The defined contribution plan could provide for employer contributions of 0% to up to 7% of its employees' salaries)*.
(4) [ ] State Employee and Teacher Hybrid Plan *(If this Plan is chosen, the Political Subdivision MUST also maintain a defined contribution plan on behalf of its employees whereby the Political Subdivision makes a mandatory employer contribution on behalf of each of its employees participating in the Hybrid Plan equal to 5% of the respective employee's salary subject to the cost controls and unfunded liability controls of the Hybrid Plan. The Political Subdivision must also pass the attached resolution that describes the type of defined contribution plan the Political Subdivision will adopt)*.

B. EMPLOYEE CONTRIBUTIONS. *(CHECK BOX 1 OR BOX 2 OR BOX 3 - IF THE STATE EMPLOYEE AND TEACHER HYBRID PLAN IS SELECTED ABOVE, THE EMPLOYEES MUST CONTRIBUTE 5% OF THEIR EARNABLE COMPENSATION UNDER THAT PLAN AND BOX 1 MUST BE CHECKED).* The Employees shall contribute:

(1) [X] 5% of the employees' earnable compensation.
(2) [ ] 2.5% of the employees' earnable compensation.
(3) [ ] 0% of the employees' earnable compensation.

C. COST-OF-LIVING INCREASES FOR RETIREES. *(CHECK BOX 1 OR BOX 2 – IF EITHER THE LOCAL GOVERNMENT, OR THE STATE EMPLOYEE AND TEACHER HYBRID PLAN IS SELECTED ABOVE, COST-OF-LIVING INCREASES FOR RETIREES MUST BE GIVEN, SUBJECT TO ANY APPLICABLE COST CONTROLS AND UNFUNDED LIABILITY CONTROLS AND BOX 2 MUST BE CHECKED).* The Political Subdivision shall:

(1) [ ] NOT provide cost-of-living increases for its retirees.
(2) [X] PROVIDE cost-of-living increases for its retirees.

D. ELIGIBILITY OF PART-TIME EMPLOYEES. *(CHECK BOX 1 OR BOX 2).* The Political Subdivision shall:

(1) [X] NOT allow its part-time employees to participate in TCRS.
(2) [ ] ALLOW its part-time employees to participate in TCRS.

E. PRIOR SERVICE. *(CHECK AND COMPLETE BOX 1 OR BOX 2 OR BOX 3 OR BOX 4 OR BOX 5 – CAUTION: IF THE STATE EMPLOYEE AND TEACHER HYBRID PLAN IS SELECTED ABOVE AND IF BOX 3 BELOW IS NOT CHOSEN, THE EMPLOYER CONTRIBUTION COULD EXCEED 4% THEREBY CAUSING THE COST CONTROLS AND UNFUNDED LIABILITY CONTROLS TO AUTOMATICALLY APPLY. ACCORDINGLY, PRIOR SERVICE IS NOT RECOMMENDED)*. For each employee employed with the Political Subdivision on the effective date of the Political Subdivision's participation in TCRS, the Political Subdivision shall:

(1) [X] Purchase ALL years of prior service credit on behalf of its employees.

(2) [ ] Purchase NO years of prior service credit on behalf of its employees, but shall accept the unfunded liability should its employees establish ALL years of prior service.

(3) [ ] NOT allow its employees to establish any prior service credit with the Political Subdivision.

(4) [ ] Purchase _______ years of prior service credit on behalf of its employees and accept the unfunded liability should its employees establish an additional _______ years of prior service credit.

(5) [ ] Purchase _______ years of prior service credit on behalf of its employees and no additional prior service credit may be established; and

F. MAXIMUM UNFUNDED LIABILITY. *(COMPLETE THIS ITEM F ONLY IF THE STATE EMPLOYEE AND TEACHER HYBRID PLAN IS SELECTED ABOVE)*. For purposes of the cost control provisions of Tennessee Code Annotated, Section 8-36-922(d), the Political Subdivision defines "maximum unfunded liability" to mean an unfunded liability of no greater than ________N/A__________ ; and

WHEREAS, the liability for participation and costs of administration shall be the sole responsibility of the Political Subdivision and not the State of Tennessee; and

WHEREAS, the Political Subdivision has passed a budget amendment appropriating the funds necessary to meet such liability and the same is attached hereto; and

WHEREAS, the effective date of participation shall be on October 1, 2026, or on such later date as determined by the TCRS Board of Trustees, and the initial employer contribution rate shall be __6.86__%, which is based on the estimated lump sum accrued liability of $__595,032__. If there is an estimated accrued liability, the amount shall be paid by *(CHECK BOX 1 OR BOX 2 OR BOX 3)*:

(1) [X] Paying the amount in a lump sum within 30 days of the passage of this Resolution; or

(2) [ ] Paying the amount through an increase in the Political Subdivision's initial employer contribution rate for the next July 1 – June 30. If this box is selected, the Political Subdivision's employer contribution rate would increase by _____%, for a total revised employer contribution rate of _____% for the next July 1 – June 30; or

(3) [ ] Amortizing the amount over a period of ________ years from the effective date of participation. **Note:** This is subject to the approval of TCRS and the number of years cannot exceed 20 years.

NOW, THEREFORE, BE IT RESOLVED That the __Board of Mayor and Alderman__ of the
(Name of Governing Body)

______City of Ridgetop_____ hereby authorizes all its employees in all its departments or instrumentalities to become
(Name of Political Subdivision)

eligible to participate in TCRS in accordance with the above terms and conditions subject to the approval of the TCRS Board of Trustees. It is acknowledged and understood that pursuant to Tennessee Code Annotated, Section 8-35-111 the Political Subdivision shall not make employer contributions to any other retirement or deferred compensation plans on behalf of any employee who participates in TCRS pursuant to this Resolution wherein the total combined employer contributions to such plans exceed 3% of the employee's salary, unless the Local Government Hybrid Plan or the State Employee and Teacher Hybrid Plan is adopted by the Political Subdivision for such employee. If either the Local Government Hybrid Plan or the State Employee and Teacher Hybrid Plan is adopted by the Political Subdivision, the Political Subdivision may make employer contributions to the defined contribution plan component of that Plan and to any one or more additional tax deferred compensation or retirement plans on behalf of such employee provided that the total combined employer contributions to such plans on behalf of the employee does not exceed 7% of the employee's salary.

STATE OF TENNESSEE
COUNTY OF ROBERTSON

I, ____, clerk of the

______Board of Mayor and Alderman______ for the ____City of Ridgetop___ Tennessee, do hereby certify
(Name of Governing Body) (Name of Political Subdivision)

that this is a true and exact copy of the foregoing Resolution that was approved and adopted in accordance with applicable law at a meeting held on the _________ day of ______________________, 2026 the original of which is on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand, and the seal of the ________City of Ridgetop______
(Name of Political Subdivision)

____
As Clerk of the Board of Mayor and Alderman , as aforesaid

Seal

TENNESSEE STATE

EMPLOYEES DEFERRED COMPENSATION PLAN AND TRUST

- 457(b)

RESOLUTION AND

PARTICIPATING EMPLOYER AGREEMENT

City of Ridgetop
[Participating Employer]

Administered by:
Treasurer, State of Tennessee
502 Deaderick Street, 15th Floor
Andrew Jackson State Office Building
Nashville, Tennessee 37243
Telephone: 615-532-2347

RESOLUTION

WHEREAS, City of Ridgetop, Tennessee (hereinafter referred to as the "Employer") has determined that in the interest of attracting and retaining qualified employees, it wishes to offer a governmental 457(b) deferred compensation plan, funded by employee deferrals and, if elected pursuant to Section I and/or K of the Participating Employer Agreement, employer contributions;

WHEREAS, Tennessee Code Annotated, Section 8-25-111(a) allows a Tennessee local governmental entity to participate in the State of Tennessee's 457(b) deferred compensation plan subject to the approval of the Chair of the Tennessee Consolidated Retirement System (hereinafter referred to as the "Chair");

WHEREAS, the liability for participation and the costs of administration shall be the sole responsibility of the Employer and/or its employees, and not the State of Tennessee;

WHEREAS, the Employer has also determined that it wishes to encourage employees' saving for retirement;

WHEREAS, the Employer has reviewed the Tennessee State Employees Deferred Compensation Plan and Trust Adoption Agreement for a Section 457(b) Eligible Deferred Compensation Plan for Governmental Employers, as adopted by the State of Tennessee, as amended and restated effective December 22, 2010, and as subsequently amended, as well as the Section 457(b) Eligible Deferred Compensation Plan for Governmental Employer Basic Plan Document (collectively known as the "Plan" or "Plan Document");

WHEREAS, the Employer wishes to provide certain benefits to its employees, reduce overall administrative costs, and afford attractive investment opportunities;

WHEREAS, the Employer is eligible to become a Participating Employer in the Plan, pursuant to Article XVII of the Plan Document;

WHEREAS, the Employer is concurrently executing a Participating Employer Agreement for the Plan; and

WHEREAS, the Board of Mayor and Alderman ("Governing Authority") of the Employer is authorized by law to adopt this resolution approving the Participating Employer Agreement on behalf of the Employer;

NOW, THEREFORE, the Governing Authority of the Employer hereby resolves:

1. The Employer adopts the Plan Document for its Employees; provided, however, that for the purpose of the Plan, the Employer shall be deemed to have designated irrevocably the Chair as its agent, except as otherwise specifically provided herein or in the Participating Employer Agreement.

2. The Employer acknowledges that the Plan does not cover, and the Trustees of the Plan ("Trustees") have no responsibility for, other employee benefit plans maintained by the Employer.

3. The Employer acknowledges that in no instance shall the total combined employer contributions to all defined contribution plans on behalf of a single employee exceed the maximum allowed under the

Internal Revenue Code ("Code"), and shall conform to all applicable laws, rules and regulations of the Internal Revenue Service ("IRS") governing profit sharing and/or salary reduction plans for governmental employees.

4. The Employer hereby adopts the terms of the Participating Employer Agreement, which is attached hereto and made a part of this resolution. The Participating Employer Agreement (a) permits all employees of the respective entity to make elective deferrals; (b) sets forth the Employees to be covered pursuant to Section I and/or K of the Participating Employer Agreement for employer contributions, if any; (c) outlines the benefits to be provided by the Participating Employer under the Plan; and, (d) states any conditions imposed by the Participating Employer with respect to, but not inconsistent with, the Plan. The Participating Employer reserves the right to amend its elections under the Participating Employer Agreement, so long as the amendment is not inconsistent with the Plan, the Code, Tennessee law, or other applicable law and is approved by the Chair.

5. The Chair may amend the Plan on behalf of all Employers, including those Employers who have adopted the Plan prior to a restatement or amendment of the Plan, for changes in the Code, the regulations thereunder, Tennessee law, revenue rulings, other statements published by the Internal Revenue Service ("IRS"), including model, sample, or other required good faith amendments, and for other reasons that are deemed at the Chair's sole discretion to be in the interest of the Plan. These amendments shall be automatically applicable to all Employers.

6. The Chair will maintain, or will have maintained, a record of the Employers and will make reasonable and diligent efforts to ensure that Employers have received all Plan amendments.

7. The Employer shall abide by the terms of the Plan, including amendments to the Plan and Trust made by the Chair, all investment, administrative, and other service agreements of the Plan, and all applicable provisions of the Code, Tennessee law, and other applicable law.

8. The Employer accepts the administrative services to be provided by the Tennessee Treasury Department and any services provided by Plan vendors. The Employer acknowledges that fees will be imposed with respect to the services provided and that such fees may be deducted from the Participants' Accounts and/or charged to the Employer.

9. Subject to the provisions of Section 17.06 of the Plan, the Employer may terminate its participation in the Plan, including but not limited to, its contribution requirements pursuant to the Plan, if it takes the following actions:

   a. A resolution must be adopted by the Governing Authority of the Employer terminating the Employer's participation in the Plan.

   b. The resolution must specify the proposed date when the participation will end, which must be at least six calendar months after notice to the Chair and the Employer's employees.

   c. The Chair shall (i) determine whether the resolution complies with the Plan, and all applicable federal and state laws, (ii) determine an appropriate effective date, and (iii) provide appropriate forms to terminate ongoing participation. Distributions under the

Plan of existing accounts to Participants will be made in accordance with the Plan Document.

d. Once the Chair determines the appropriate effective date, the Employer shall immediately notify all its Employees participating in the Plan of the termination and the effective date thereof.

e. The Chair can, in the Chair's sole discretion, reduce the six month notice and withdrawal period to a shorter period if the Employer so requests, but in no event shall the period be less than three months.

10. The Employer acknowledges that the Plan Document contains provisions for Plan termination by the Trustees, subject to applicable Tennessee law.

11. The Employer acknowledges that all assets held in connection with the Plan, including all contributions to the Plan, all property and rights acquired or purchased with such amounts and all income attributable to such amounts, shall be held in trust for the exclusive benefit of Participants and their Beneficiaries under the Plan. No part of the assets and income of the Plan shall be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries and for defraying reasonable expenses of the Plan. All amounts of compensation deferred pursuant to the Plan, all property and rights acquired or purchased with such amounts and all income attributable to such amounts, property or rights held as part of the Plan, shall be transferred to the Trustees to be held, managed, invested and distributed as part of the Trust Fund in accordance with the provisions of the Plan. All contributions to the Plan must be timely transferred by the Employer to the Trust Fund pursuant to and in the manner provided by the Chair. The Employer acknowledges that if the Employer fails to remit the requisite contributions in a timely manner, the Chair reserves the right, at the Chair's sole discretion, to terminate the Employer's participation in the Plan. In such event, the Chair shall notify the Employer of the effective termination date, and the Employer shall immediately notify all its employees participating in the Plan of the termination and the effective date thereof. Notwithstanding the foregoing, the Employer acknowledges that it is the sole responsibility of the Employer to remit the requisite reports and contributions to the Plan and that neither the State, the Chair, the Trustees, its employees, or agents shall have any responsibility or liability for ensuring or otherwise monitoring that this is done. All benefits under the Plan shall be distributed solely from the Trust Fund pursuant to the Plan.

12. The Employer agrees to offer and enroll only those persons, whether appointed, elected, or under contract, wherein an employee-employer relationship is established, providing service to the Employer for which compensation is paid by the Employer.

13. The Employer understands that IRS rules and Tennessee law limit participation in the Plan to governmental entities and their respective employees. The Employer will notify the Chair in writing within ten (10) calendar days if it ceases to be a governmental entity under applicable federal or Tennessee law, and/or if it discovers that it is transferring or having transferred employee deferrals and/or employer contributions to the Plan on behalf of an individual who does not meet the requirements in Paragraph 12 above.

14. The Employer acknowledges that the Chair and other Trustees are the fiduciaries of the Plan and have sole and exclusive authority to interpret the Plan and decide all claims and appeals for Plan benefits. The Employer agrees to abide by the Chair's decisions on all matters involving the Plan.

15. This resolution and the Participating Employer Agreement shall be submitted to the Chair for approval. The Chair shall determine whether the resolution and the Agreement comply with the Plan, and, if they do, shall provide appropriate forms to the Employer to implement participation in the Plan. The Chair may refuse to approve a Participating Employer Agreement executed by an Employer that, in the Chair's sole discretion, does not qualify to participate in the Plan.

16. The Governing Authority hereby acknowledges that it is responsible to assure that this resolution and the Participating Employer Agreement are adopted and executed in accordance with the requirements of applicable law.

Adopted by the Governing Authority on ________________________, _______, in accordance with applicable law.

By: ____________________________________
Signature

____
Printed Name

____
Title

Attest: ____________________________

Date: ____________________________

[Governing Authority must assure that applicable law is followed in the adoption and execution of this resolution.]

TENNESSEE STATE

EMPLOYEES DEFERRED COMPENSATION PLAN AND TRUST - 457(b)

PARTICIPATING EMPLOYER AGREEMENT

A. PARTICIPATING EMPLOYER INFORMATION

Name: City of Ridgetop

NOTE: A Participating Employer Agreement must be completed for each employer. For example, if a city has separate legal entities for the city and a utility company – each would need to complete their own Participating Employer Agreement in order to participate. However, divisions of the same employer (e.g., finance, HR, departments, etc.) do not need to complete and should not complete separate agreements.

(1) **GOVERNING AUTHORITY**

Name: Board of Mayor and Alderman

Address: PO Box 650 Ridgetop, TN 37152

Phone: (615) 859-0596

Person Authorized to receive Official Notices from the Plan or Administrator:

Kelly Rider kelly.rider@ridgetoptn.org

(2) **PARTICIPATING EMPLOYER TAX ID NUMBER:** 62-0760232

(3) **DISCLOSURE OF RETIREMENT PLAN(S)** ***[INCLUDING, IF APPLICABLE, PARTICIPATION IN THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM ("TCRS")]***

This Participating Employer [ ] does or [x] does not have an existing deferred compensation or retirement plan. If the Participating Employer does have one or more deferred compensation plans or retirement plans (including TCRS), the Governing Authority must provide in the space below the plan name, name and telephone number of the provider, and such other information requested by the Administrator.

B. TYPE OF ADOPTION AND EFFECTIVE DATE

NOTE: This Participating Employer Agreement ("Agreement"), with the accompanying Plan, is designed to comply with Internal Revenue Code ("Code") Section 457(b), as applicable to a governmental plan.

By adopting this Participating Employer Agreement, with its accompanying Resolution, the Participating Employer is adopting a Plan Document intended to comply with Code Section 457(b).

This Agreement is for the following purpose: ***(Check and complete box 1 OR box 2 OR box 3.)***

1. ☑ This is a new 457(b) deferred compensation plan adopted by the Participating Employer for its Employees effective October 1, 2026 **(insert effective date of this Agreement)**.

2. ☐ This is an amendment to be effective as of ________________,_______, to the current Agreement previously adopted by the Participating Employer, which was originally effective ______________________, _____, as follows **(please specify type below)**:

   a. ☐ This is an amendment to change one or more of the Participating Employer's contribution elections in the existing Participating Employer Agreement.

   b. ☐ Other **(must specify elective provisions in this Agreement that are being changed)**:

   ____

   ____

   ____

3. ☐ This is an amendment and restatement of another 457(b) deferred compensation plan of the Participating Employer, the effective date of which shall be __________________, ______ **(insert effective date of this Agreement)**. This Agreement is intended to replace and serve as an amendment and restatement of the Participating Employer's preexisting plan, which became effective on __________________, ______ **(insert original effective date of preexisting plan)**. The Participating Employer understands that it is the Participating Employer's responsibility to ensure that the preexisting plan met all applicable state and federal requirements.

C. PLAN YEAR. Plan Year shall mean the calendar year.

D. CUSTODY OF ASSETS. Code § 457(g) shall be satisfied by setting aside Plan assets for the exclusive benefit of Participants and Beneficiaries, in a Trust pursuant to the provisions of Article VII of the Plan. The Trustees for the Plan are also the Trustees for the separate accounts for each participating employer.

E. ELIGIBLE EMPLOYEES.

1. "Employee" shall mean, for purposes of making **Elective Deferrals**, any person, whether appointed, elected or under contract wherein an employee-employer relationship is established, providing services to the Participating Employer for which Compensation is paid by the Participating Employer. Any other individual who is a subcontractor, contractor, or employed by a subcontractor or contractor, or is under any other similar arrangement wherein an employer-employee relationship is not established will not be treated as an Employee. An Employee is immediately eligible to make Elective Deferrals under the Plan.

2. a. "Employee" shall mean for purposes of **Matching Contributions as described in Section I of this Agreement**: ***(Check and complete each box that applies. If no Matching Contributions will be made, do not complete.)***

i. ☐ any full-time employee, which is an employee who renders _____ or more Hours of Service per week, as defined in Section G below

ii. ☐ any permanent part-time employee, which is an employee who is not a full-time employee and who renders ____ or more Hours of Service per week, as defined in Section G below

iii. ☐ any seasonal, temporary or similar part-time employee

iv. ☐ any elected or appointed official

v. ☐ any employee in the following class(es) of employees:

____

____

____

who meets the definition in Section E.1 above, regardless of the Employee's age or the number of years of service the Employee has rendered to the Employer. All Matching Contributions made on behalf of such Employees are 100% vested immediately, expect as provided in Section F.2.b below.

b. "Employee" shall mean for purposes of **Non-Matching Contributions as described in Section K of this Agreement**: ***(Check and complete each box that applies. If no Non-Matching Contributions will be made, do not complete.)***

i. ☐ any full-time employee, which is an employee who renders _____ or more Hours of Service per week, as defined in Section G below

ii. ☐ any permanent part-time employee, which is an employee who is not a full-time employee and who renders ____ or more Hours of Service per week, as defined in Section G below

iii. ☐ any seasonal, temporary or similar part-time employee

iv. ☐ any elected or appointed official

v. ☐ any employee in the following class(es) of employees:

____

____

vi. ☐ any employee listed or otherwise described in Schedule 1 attached to this Agreement

who meets the definition in Section E.1 above, regardless of the Employee's age or the number of years of service the Employee has rendered to the Employer. All Non-Matching Contributions made on behalf of such Employees are 100% vested immediately.

F. AUTOMATIC ENROLLMENT. ***(Check and complete box 1 OR box 2.)***

1. ☑ The Participating Employer DOES NOT elect automatic enrollment.

2. ☐ The Participating Employer DOES elect automatic enrollment, which will be effective for Plan Years beginning on and after January 1, _______ as follows:

a. Employees covered under the automatic enrollment are: ***(If this Section F (Automatic Enrollment) is elected, check one option below. Otherwise, do not complete.)***

i. ☐ All Employees.

ii. ☐ All Employees who become Employees on or after the date set forth in Section F.2. above and who do not have an affirmative election in effect.

b. The default percentage contributed to the Plan on behalf of the Participant will be a deferral of 2% of the Participant's Compensation. The 2% default percentage will be subject to a percentage annual increase thereafter if provided for in the Plan Document. Any deferral percentage increase will take effect annually on the first day of the Plan Year. Participants' default deferrals will remain at the same percentage for at least twelve (12) months before their automatic deferral percentages will be increased automatically.

The automatic deferrals will be contributed on a pre-tax basis and will continue until the Participant affirmatively elects otherwise.

An Employee who affirmatively declines coverage after the first automatic enrollment contribution was made, may make an election to withdraw his or her entire automatic enrollment contribution. This election must be submitted no later than 90 days after the payroll date in which the first automatic enrollment contribution is made on behalf of the Participant. The amount of the distribution will be the value of the automatic enrollment contributions plus or minus investment gains or losses as of the date the distribution is processed. Automatic enrollment contributions made after such date remain in the Plan and are subject to the Plan's regular distribution rules. Further, an Employee who has made an election to withdraw who leaves employment and is then rehired by the Participating Employer before a 12-continuous-month absence may not make another election to withdraw his or her automatic enrollment contribution. Any Employer Matching Contributions attributable to the distribution of the automatic enrollment contributions will be forfeited and used for the purposes set forth in Section O below.

c. An Employee who leaves employment and is rehired by the Participating Employer before a 12-continuous-month absence has occurred will be treated as subject to the automatic contribution schedule. An Employee who leaves employment and is rehired by the Participating Employer after a 12-continuous-month absence: ***(Check one option below.)***

i. ☐ will be treated as a new Employee, or

ii. ☐ will not be treated as a new Employee

for purposes of determining the Employee's contribution rate in Section F.2.b above.

G. HOURS OF SERVICE. Hours of Service shall be determined on the actual hours for which an Employee is paid or entitled to payment.

H. COMPENSATION DEFINITION. Compensation means all cash compensation for services to the Employer, including salary, wages, fees, commissions, bonuses and overtime pay, that is includible in the Employee's gross income for the calendar year, plus amounts that would be cash compensation for services to the Employer includible in the Employee's gross income for the calendar year but for a compensation reduction election under Code §§ 125, 132(f), 401(k), 403(b), or 457(b) (including an election to defer compensation under Article III of the Plan). If elected below and to the extent permitted by the Treasury regulations or other similar guidance (including, without limitation, the requirements contained in Treasury Regulations §§ 1.457-4(d)(1) and 1.415-2(e)(3)(i)), "compensation" also means accrued bona fide sick, vacation or other leave payable after severance from employment so long as the Participant would have been able to use the leave if employment had continued and it is paid within the longer of two and one-half (2½) months after the Participant severs employment with the Employer or the end of the calendar year in which the Participant severs employment with the Employer.

The Participating Employer:

1. ☐ SHALL allow the deferral of leave provision described above.

2. ☑ SHALL NOT allow the deferral of leave provision described above.

I. MATCHING CONTRIBUTIONS. ***(Check and complete box 1 OR box 2 OR box 3 OR box 4.)*** **[NOTE: Any Matching Contribution will reduce, dollar for dollar, the amount a Participant can contribute.]**

The Participating Employer shall:

1. ☑ NOT make Matching Contributions.

2. ☐ match ___% of Participant elective deferrals of up to ___% of Compensation.

3. ☐ match ___% of the first $_____ of Participant elective deferrals.

4. ☐ match the percentage of Participant elective deferrals that the Employer determines in its discretion for the respective Plan Year.

5. ☐ make matching contributions in the manner outlined below:

____

____

If the Participating Employer elects Automatic Enrollment under Section F.2., Matching Contributions related to the distributed permissible withdrawal election will be placed in a forfeiture account and used in the manner provided in Section O below. Matching Contributions will not be made if a permissible withdrawal is taken before the date the Matching Contribution is allocated.

J. ALLOCATION OF MATCHING CONTRIBUTIONS. If Matching Contributions will be made, allocations will be made to each Participant who satisfies the requirements of Section E.2.a. of this Participating Employer Agreement.

K. NON-MATCHING CONTRIBUTIONS. ***(If non-matching contributions will be made, check box 1 OR box 2.)*** **[NOTE: Any Non-Matching Contribution will reduce, dollar for dollar, the amount a Participant can contribute.]**

1. ☑ The Participating Employer shall NOT make Non-Matching Contributions.

2. ☐ The Participating Employer shall contribute: ***(Check and complete one box.)***

   a. ☐ an amount fixed by appropriate action of the Employer.

   b. ☐ ___% of Compensation of Participants for the Plan Year.

   c. ☐ $____ per Participant.

   d. ☐ an amount pursuant to Schedule 1 attached to this Agreement and which is referenced in Section E.2.b above.

   e. ☐ a contribution matching the Participant's contribution to the Employer's § 457(b) plan as follows: (Specify rate of match and time of allocation, e.g., payroll by payroll, monthly, last day of Plan Year.)

   ____

   ____

L. ALLOCATION OF NON-MATCHING CONTRIBUTIONS. If Non-Matching Contributions will be made, allocations will be made to each Participant who satisfies the requirements of Section E.2.b of this Participating Employer Agreement.

M. ROTH CONTRIBUTIONS. Participant Roth Contributions SHALL BE allowed.

N. AFTER-TAX CONTRIBUTIONS. Participant After-tax Contributions are not permitted in a 457(b) Plan and, accordingly, SHALL NOT BE allowed.

O. FORFEITURES. Forfeitures of Matching Contributions, as provided in Section F.2.b, will be used first to reduce the Employer's Matching Contributions (if any), then to reduce the Non-Matching Contributions (if any), and then to offset Plan expenses.

P. NORMAL RETIREMENT AGE. Normal Retirement Age shall mean age 70½.

Q. ROLLOVERS. Rollovers from eligible Code § 457(b) plans, qualified plans under Code §§ 401(a), 403(a), 403(b), Individual Retirement Accounts and Annuities described in Code §§ 408(a) and (b), and eligible rollover contributions of designated Roth contributions made from an applicable retirement plan described in Code § 402A(e)(1) or to a Roth IRA described in Code § 408A, and only to the extent the rollover is permitted under the rules of Code § 402(c) SHALL BE allowed pursuant to Section 6.01 of the Plan.

R. TRANSFERS. Transfers from other 457(b) plans SHALL BE allowed. If a Participant is also a participant in a tax-qualified defined benefit governmental plan (as defined in Code § 414(d)) that provides for the acceptance of plan-to-plan transfers with respect to the Participant, then the Participant may elect to have any portion of the Participant's Account Balance transferred to the defined benefit governmental plan. A transfer under this Section R may be made before the Participant has had a Severance from Employment as defined in Section W below.

A transfer may be made under this Section if the transfer is either for the purchase of permissive service credit (as defined in Code § 415(n)(3)(A)) under the receiving defined benefit governmental plan or a repayment to which Code § 415 does not apply by reason of Code § 415(k)(3) or as otherwise allowed by the IRS.

S. UNFORESEEABLE EMERGENCY WITHDRAWALS. In the case of an unforeseeable emergency, the Administrator SHALL allow distributions in accordance with Section 5.05 of the Plan. An unforeseeable emergency is a severe financial hardship resulting from a sudden illness, disability or accidental property loss, subject to strict IRS guidelines.

T. PARTICIPANT LOANS. The Administrator has directed the Trustee NOT to make Participant loans in accordance with Article IV of the Plan.

U. QUALIFIED DOMESTIC RELATIONS ORDERS. The Plan shall accept qualified domestic relations orders as provided in Section 13.02 of the Plan.

V. PAYMENT OPTIONS. The forms of payment that will be allowed under the Plan, to the extent consistent with the limitations of Code § 401(a)(9) and proposed or final Treasury regulations thereunder, include a single lump-sum payment; installment payments for a period of years; partial lump-sum payment of a designated amount, with the balance payable in installment payments for a period of years; annuity payments (payable on a monthly, quarterly, or annual basis) for the lifetime of the Participant or for the lifetimes of the Participant and Beneficiary; and such other forms of installment payments as may be approved by the Administrator, which is not inconsistent with the Plan.

W. DISTRIBUTIONS. A Participant may request distributions as follows:

1. A Participant may request a distribution at any time upon Severance from Employment. "Severance from Employment" means the complete severance of the employer/employee relationship with any and all employers participating in the Plan, including retirement or death. Thus, a Severance from Employment would not occur if a Participant transfers employment (i) from one local government that participates in the Plan to another local government that participates in the Plan, or (ii) from the State to a local government that participates in the Plan, or (iii) from a local government that participates in the Plan to the State.

2. A Participant may request a distribution prior to Severance from Employment during the calendar year in which he or she reaches age 70½ or, thereafter, or, if earlier, upon death. A Participant may also request a distribution prior to Severance from Employment upon incurring an approved Unforeseeable Emergency.

3. A Participant may request a distribution from a Rollover Contribution Account at any time.

X. ADMINISTRATIVE INFORMATION.

The Participating Employer further understands and acknowledges that:

- This Participating Employer Agreement has not been approved by the Internal Revenue Service. Obtaining such approval, if desired by the Employer, is solely the responsibility of the Employer.

- The Chair of the Tennessee Consolidated Retirement System ("Chair") and the Participating Employers are not responsible for providing tax or legal advice to Participants.

- The Participating Employer has consulted, to the extent necessary, with its own legal and tax advisors.

- All capitalized terms which are used herein but not defined herein shall have the meanings set forth in the Plan Document.

- The Participating Employer will electronically remit in a timely manner, all employee and employer contributions to the Plan in a manner acceptable with the Plan's Third Party Administrator. The Employer's payroll administrator is responsible for reconciliation of all contributions to the Plan and shall provide the Plan Administrator with required contribution reconciliation reports. Each Employer is required to use the Plan Service Center to administer their employee contributions, indicative data, and enrollment information. If the Participating Employer fails to remit the requisite contributions in a timely manner, the Chair reserves the right, at the Chair's sole discretion, to terminate the Employer's participation in the Plan. In such event, the Chair shall notify the Employer of the effective termination date, and the Employer shall immediately notify all its Employees participating in the Plan of the termination and the effective date thereof. Notwithstanding the foregoing, the Employer acknowledges that it is the sole responsibility of the Employer to remit the requisite reports and contributions to the Plan and that neither the State, the Chair, the Trustees, its employees or agents shall have any responsibility or liability for ensuring or otherwise monitoring that this is done.

- Participating Employers are required to use the investment options made available under the Plan. From time to time those investment options may be changed. If an investment option is eliminated, the Administrator may automatically reinvest the money in the eliminated investment option into a new investment option. After any appropriate black-out period, the affected Participants may re-direct money in the new investment option to any other available investment option. The Participants shall have no right to require the Administrator to select or retain any investment option. Any change with respect to investment options made by the Plan (on the Plan level) or a Participant (on the individual level), however, shall be subject to the terms and conditions (including any rules or procedural requirements) of the affected investment options.

This Participating Employer Agreement is duly executed on behalf of the Participating Employer by the undersigned authorized signatories.

PARTICIPATING EMPLOYER'S AUTHORIZED SIGNATORIES:

By: ______________________________ By: ____________________________________

Title: ______________________________ Title: __________________________________

Date: ______________________________ Date: __________________________________

ACCEPTANCE OF PARTICIPATING EMPLOYER'S PARTICIPATION IN THE TENNESSEE STATE DEFERRED COMPENSATION PLAN AND TRUST BY THE TREASURER, STATE OF TENNESSEE, CHAIR OF THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM.

By: ____
David H. Lillard, Jr.

Title: Treasurer, State of Tennessee, Chair of the Tennessee Consolidated Retirement System

Date: ____

SCHEDULE 1

TENNESSEE STATE

DEFERRED COMPENSATION PLAN AND TRUST- 457(b)

PARTICIPATING EMPLOYER AGREEMENT

Participating Employer Name: City of Ridgetop

Classes of Eligible Employees	Contribution Amount

STATE OF TENNESSEE

DEFERRED COMPENSATION PLAN II

- 401(k) -

RESOLUTION AND

PARTICIPATING EMPLOYER AGREEMENT

City of Ridgetop

[Participating Employer]

Administered by:
Treasurer, State of Tennessee
502 Deaderick Street, 15th Floor
Andrew Jackson State Office Building
Nashville, Tennessee 37243
Telephone: 615-741-3552

RESOLUTION

WHEREAS, City of Ridgetop, Tennessee (hereinafter referred to as the "Employer") has determined that in the interest of attracting and retaining qualified employees, it wishes to offer a 401(a) or 401(k) defined contribution plan, funded by employee deferrals and, if elected pursuant to Section N, Q, or HH of the Participating Employer Agreement, employer contributions;

WHEREAS, Tennessee Code Annotated, Section 8-25-111(a) allows a Tennessee local governmental entity to participate in the State of Tennessee's 401(a)/401(k) defined contribution plan subject to the approval of the Chair of the Tennessee Consolidated Retirement System (hereinafter referred to as the "Chair");

WHEREAS, the liability for participation and the costs of administration shall be the sole responsibility of the Employer and/or its employees, and not the State of Tennessee;

WHEREAS, the Employer has also determined that it wishes to encourage employees' saving for retirement;

WHEREAS, the Employer has reviewed the State of Tennessee Deferred Compensation Plan II Adoption Agreement for a Section 401(k) Cash or Deferred Arrangement for Governmental Employers, as adopted by the State of Tennessee, and as subsequently amended, as well as the Section 401(k) Cash or Deferred Arrangement for Governmental Employer Basic Plan Document (collectively known as the "Plan" or "Plan Document");

WHEREAS, the Employer wishes to provide certain benefits to its employees, reduce overall administrative costs, and afford attractive investment opportunities;

WHEREAS, the Employer is eligible to become a Participating Employer in the Plan, pursuant to Article XX of the Plan Document;

WHEREAS, the Employer is concurrently executing a Participating Employer Agreement for the Plan; and

WHEREAS, the Board of Mayor and Alderman ("Governing Authority") of the Employer is authorized by law to adopt this resolution approving the Participating Employer Agreement on behalf of the Employer;

NOW, THEREFORE, the Governing Authority of the Employer hereby resolves:

1. The Employer adopts the Plan Document for its Employees; provided, however, that for the purpose of the Plan, the Employer shall be deemed to have designated irrevocably the Chair as its agent, except as otherwise specifically provided herein or in the Participating Employer Agreement.

2. The Employer acknowledges that the Plan does not cover, and the Trustees of the Plan ("Trustees") have no responsibility for, other employee benefit plans maintained by the Employer.

3. The Employer acknowledges that in no instance shall the total combined employer contributions to all defined contributions plans on behalf of a single employee exceed the maximum allowed under the Internal Revenue Code ("Code"), and shall conform to all applicable laws, rules and regulations of the Internal Revenue Service ("IRS") governing profit sharing and/or salary reduction plans for governmental employees.

4. The Employer hereby adopts the terms of the Participating Employer Agreement, which is attached hereto and made a part of this resolution. The Participating Employer Agreement (a) permits all employees of the respective entity to make elective deferrals; (b) sets forth the Employees to be covered pursuant to Section N, Q, or HH of the Participating Employer Agreement for employer contributions, if any; (c) outlines the benefits to be provided by the Participating Employer under the Plan; and, (d) states any conditions imposed by the Participating Employer with respect to, but not inconsistent with, the Plan. The Participating Employer reserves the right to amend its elections under the Participating Employer Agreement, so long as the amendment is not inconsistent with the Plan, the Code, Tennessee law, or other applicable law and is approved by the Chair.

5. The Chair may amend the Plan on behalf of all Employers, including those Employers who have adopted the Plan prior to a restatement or amendment of the Plan, for changes in the Code, the regulations thereunder, Tennessee law, revenue rulings, other statements published by the Internal Revenue Service ("IRS"), including model, sample, or other required good faith amendments, and for other reasons that are deemed at the Chair's sole discretion to be in the interest of the Plan. These amendments shall be automatically applicable to all Employers.

6. The Chair will maintain or will have maintained a record of the Employers and will make reasonable and diligent efforts to ensure that Employers have received all Plan amendments.

7. The Employer shall abide by the terms of the Plan, including amendments to the Plan and Trust made by the Chair, all investment, administrative, and other service agreements of the Plan, and all applicable provisions of the Code, Tennessee law, and other applicable law.

8. The Employer accepts the administrative services to be provided by the Tennessee Treasury Department and any services provided by Plan vendors. The Employer acknowledges that fees will be imposed with respect to the services provided and that such fees may be deducted from the Participants' Accounts and/or charged to the Employer.

9. Subject to the provisions of Section 20.06 of the Plan, the Employer may terminate its participation in the Plan, including but not limited to, its contribution requirements pursuant to the Plan, if it takes the following actions:

a. A resolution must be adopted by the Governing Authority of the Employer terminating the Employer's participation in the Plan.

b. The resolution must specify the proposed date when the participation will end, which must be at least six calendar months after notice to the Chair and the Employer's employees.

c. The Chair shall (i) determine whether the resolution complies with the Plan, and all applicable federal and state laws, (ii) determine an appropriate effective date, and (iii) provide appropriate forms to terminate ongoing participation. Distributions under the Plan of existing accounts to Participants will be made in accordance with the Plan Document.

d. Once the Chair determines the appropriate effective date, the Employer shall immediately notify all its Employees participating in the Plan of the termination and the effective date thereof.

e. The Chair can, in the Chair's sole discretion, reduce the six month notice and withdrawal period to a shorter period if the Employer so requests, but in no event shall the period be less than three months.

10. The Employer acknowledges that the Plan Document contains provisions for Plan termination by the Trustees, subject to applicable Tennessee law.

11. The Employer acknowledges that all assets held in connection with the Plan, including all contributions to the Plan, all property and rights acquired or purchased with such amounts and all income attributable to such amounts, shall be held in trust for the exclusive benefit of Participants and their Beneficiaries under the Plan. No part of the assets and income of the Plan shall be used for, or diverted to, purposes other than for the exclusive benefit of Participants and their Beneficiaries and for defraying reasonable expenses of the Plan. All amounts of compensation deferred pursuant to the Plan, all property and rights acquired or purchased with such amounts and all income attributable to such amounts, property or rights held as part of the Plan, shall be transferred to the Trustees to be held, managed, invested and distributed as part of the Trust Fund in accordance with the provisions of the Plan and subject to the vesting provisions of the Plan. All contributions to the Plan must be timely transferred by the Employer to the Trust Fund pursuant to and in the manner provided by the Chair. The Employer acknowledges that if the Employer fails to remit the requisite contributions in a timely manner, the Chair reserves the right, at the Chair's sole discretion, to terminate the Employer's participation in the Plan. In such event, the Chair shall notify the Employer of the effective termination date, and the Employer shall immediately notify all its employees participating in the Plan of the termination and the effective date thereof. Notwithstanding the foregoing, the Employer acknowledges that it is the sole responsibility of the Employer to remit the requisite reports and contributions to the Plan and that neither the State, the Chair, the Trustees, its employees, or agents shall have any responsibility or liability for

ensuring or otherwise monitoring that this is done. All benefits under the Plan shall be distributed solely from the Trust Fund pursuant to the Plan.

12. The Employer agrees to offer and enroll only those persons, whether appointed, elected, or under contract, wherein an employee-employer relationship is established, providing service to the Employer for which compensation is paid by the Employer.

13. The Employer understands that IRS rules and Tennessee law limit participation in the Plan to governmental entities and their respective employees. The Employer will notify the Chair in writing within ten (10) calendar days if it ceases to be a governmental entity under applicable federal or Tennessee law, and/or if it discovers that it is transferring or having transferred employee deferrals and/or employer contributions to the Plan on behalf of an individual who does not meet the requirements in Paragraph 12 above.

14. The Employer acknowledges that the Chair and other Trustees are the fiduciaries of the Plan and have sole and exclusive authority to interpret the Plan and decide all claims and appeals for Plan benefits. The Employer agrees to abide by the Chair's decisions on all matters involving the Plan.

15. This resolution and the Participating Employer Agreement shall be submitted to the Chair for approval. The Chair shall determine whether the resolution and the Agreement comply with the Plan, and, if they do, shall provide appropriate forms to the Employer to implement participation in the Plan. The Chair may refuse to approve a Participating Employer Agreement executed by an Employer that, in the Chair's sole discretion, does not qualify to participate in the Plan.

16. The Governing Authority hereby acknowledges that it is responsible to assure that this resolution and the Participating Employer Agreement are adopted and executed in accordance with the requirements of applicable law.

Adopted by the Governing Authority on _________________________, _______, in accordance with applicable law.

By: ____________________________
Signature

____
Printed Name

____
Title

Attest: ______________________________

Date: ______________________________

[Governing Authority must assure that applicable law is followed in the adoption and execution of this resolution.]

STATE OF TENNESSEE

DEFERRED COMPENSATION PLAN II - 401(k)

PARTICIPATING EMPLOYER AGREEMENT

A. PARTICIPATING EMPLOYER INFORMATION

Name: City of Ridgetop

NOTE: A Participating Employer Agreement must be completed for each employer. For example, if a city has separate legal entities for the city and a utility company – each would need to complete their own Participating Employer Agreement in order to participate. However, divisions of the same employer (e.g., finance, HR, departments, etc.) do not need to complete and should not complete separate agreements.

(1) **GOVERNING AUTHORITY**

Name: Board of Mayor and Alderman

Address: PO Box 650 Ridgetop, TN 37152

Phone: (615) 859-0596

Person Authorized to receive Official Notices from the Plan or Administrator:

Kelly Rider kelly.rider@ridgetoptn.org

(2) **PARTICIPATING EMPLOYER TAX ID NUMBER:** 62-0760232

(3) **DISCLOSURE OF DEFERRED COMPENSATION OR RETIREMENT PLAN(S)** ***[INCLUDING, IF APPLICABLE, PARTICIPATION IN THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM ("TCRS")]***

This Participating Employer ☐ does or ☑ does not have an existing deferred compensation or retirement plan. If the Participating Employer does have one or more deferred compensation plans or retirement plans (including TCRS), the Governing Authority must provide in the space below the plan name, name and telephone number of the provider, and such other information requested by the Administrator.

B. TYPE OF ADOPTION AND EFFECTIVE DATE

NOTE: This Participating Employer Agreement ("Agreement"), with the accompanying Plan, is designed to comply with Internal Revenue Code ("Code") Section 401(a), as applicable to a governmental qualified defined contribution plan. By adopting this Participating Employer Agreement, with its accompanying Resolution, the Participating Employer is adopting a Plan Document intended to comply with Code Sections 401(a) and 414(d).

This Agreement is for the following purpose: ***(Check and complete box 1 OR box 2 OR box 3.)***

1. ☑ This is a new defined contribution plan adopted by the Participating Employer for its Employees effective October 1, 2026 **(insert effective date of this Agreement)**.

2. ☐ This is an amendment to be effective as of ________________, ______, to the current Agreement previously adopted by the Participating Employer, which was originally effective _____________________, _____, as follows (**please specify type below**):

   a. ☐ This is an amendment to change one or more of the Participating Employer's contribution elections in the existing Participating Employer Agreement.

   b. ☐ Other (must specify elective provisions in this Agreement that are being changed):

   ____
   ____
   ____
   ____

3. ☐ This is an amendment and restatement of another defined contribution plan of the Participating Employer, the effective date of which shall be __________________, ______ **(insert effective date of this Agreement)**. This Agreement is intended to replace and serve as an amendment and restatement of the Participating Employer's preexisting plan, which became effective on __________________, ______ **(insert original effective date of preexisting plan)**. The Participating Employer understands that it is the Participating Employer's responsibility to ensure that the preexisting plan met all applicable state and federal requirements.

C. PLAN YEAR. Plan Year shall mean the calendar year.

D. CUSTODY OF ASSETS. Code § 401(a) shall be satisfied by setting aside Plan assets for the exclusive benefit of Participants and Beneficiaries, in a Trust pursuant to the provisions of Article VIII of the Plan. The Trustees for the Plan are also the Trustees for the separate accounts for each participating employer.

E. ELIGIBLE EMPLOYEES.

1. "Employee" shall mean, for purposes of making **Elective Deferrals or Mandatory Employee Salary Reduction Contributions**, any person, whether appointed, elected or under contract wherein an employee-employer relationship is established, providing services to the Participating Employer for which Compensation is paid by the Participating Employer. Any other individual who is a subcontractor, contractor, or employed by a subcontractor or contractor, or is under any other similar arrangement wherein an employer-employee relationship is not established will not be treated as an Employee. An Employee is immediately eligible to make Elective Deferrals under the Plan. An Employee is required to make mandatory salary reduction contributions if and as specified in Section 2.e. or f., below.

   An Employee's Entry Date, unless otherwise specified in Article IV of the Plan, shall be for purposes of any Matching Contributions as described in Section N, any Non-Matching Contributions as described in Section Q, and Mandatory Employee Salary Reduction Contributions as described in Section II:

   a. ☐ the date the Employee satisfies the eligibility requirements specified in this Section E for the relevant types of contributions

   b. ☐ the January 1 and July 1 following the date the Employee satisfies the eligibility requirements specified in this Section E for the relevant type of contributions

   c. ☐ the first payroll following the date the Employee satisfies the eligibility requirements specified in this Section E for the relevant type of contributions

2. a. "Employee" shall mean for purposes of **Matching Contributions as described in Section N** of this Agreement: ***(Check and complete each box that applies. If no Matching Contributions will be made, do not complete.)***

   i. ☐ any full-time employee, which is an employee who renders ____ or more Hours of Service per week, as defined in Section H below

   ii. ☐ any permanent part-time employee, which is an employee who is not a full-time employee and who renders ____ or more Hours of Service per week, as defined in Section H below

   iii. ☐ any seasonal, temporary or similar part-time employee

   iv. ☐ any elected or appointed official

   v. ☐ any employee in the following class(es) of employees:

   ____

____

____

who meets the definition in Section E.1 above.

b. Each Employee will be eligible to participate in this Plan for purposes of receiving **Matching Contributions as described in Section N** of this Agreement and in accordance with the provisions of Article IV of the Plan, except the following: ***(Check and complete each box that applies. If no Matching Contributions will be made, do not complete.)***

i. ☐ Employees who have not attained the age of ____ (not to exceed 21).

ii. ☐ Employees who have not completed ____ Years of Service during the Vesting Computation Period as defined in Section X below.

iii. ☐ Employees who do not satisfy the following eligibility requirements:

____

____

____

c. "Employee" shall mean for purposes of **Non-Matching Contributions as described in Section Q** of this Agreement: **(*Check and complete each box that applies. If no Non-Matching Contributions will be made, do not complete.)***

i. ☐ any full-time employee, which is an employee who renders _______ or more Hours of Service per week, as defined in Section H below.

ii. ☐ any permanent part-time employee, which is an employee who is not a full-time employee and who renders ______ or more Hours of Service per week, as defined in Section H. below.

iii. ☐ any seasonal, temporary or similar part-time employee

iv. ☐ any elected or appointed official

v. ☐ any employee in the following class(es) of employees:

____

____

____

v. ☐ any employee listed or otherwise described in Schedule 1 attached to this Agreement

who meets the definition in Section E.1 above.

d. Each Employee will be eligible to participate in this Plan for purposes of receiving **Non-Matching Contributions as described in Section Q** of this Agreement and in accordance with the provisions of Article IV of the Plan, except the following: ***(Check and complete each box that applies. If no Non-Matching Contributions will be made, do not complete.)***

i. ☐ Employees who have not attained the age of _______ (not to exceed 21).

ii. ☐ Employees who have not completed _____ Years of Service during the Vesting Computation Period as defined in Section X below.

iii. ☐ Employees who do not satisfy the following eligibility requirements:

____

____

e. "Employee" shall mean for purposes of **Mandatory Employee Salary Reduction Contributions as described in Section II** of this Agreement: ***(Check and complete each box that applies. If no Mandatory Salary Reduction Contributions will be made, do not complete.)***

i. ☐ any full-time employee, which is an employee who renders ____ or more Hours of Service per week, as defined in Section H below

ii. ☐ any permanent part-time employee, which is an employee who is not a full-time employee and who renders ____ or more Hours of Service per week, as defined in Section H below

iii. ☐ any seasonal, temporary or similar part-time employee

iv. ☐ any elected or appointed official

v. ☐ any employee in the following class(es) of employees:

____

____

____

who meets the definition in Section E.1 above.

f. Each Employee will be eligible to participate in this Plan for purposes of making **Mandatory Employee Salary Reduction Contributions as described in Section II** of this Agreement and in accordance with the provisions of Article IV of the Plan, except the following: ***(Check and complete each box that applies. If no Mandatory Salary Reduction Contributions will be made, do not complete.)***

i. ☐ Employees who have not attained the age of _______ (not to exceed 21).

ii. ☐ Employees who do not satisfy the following eligibility requirements:

____

____

F. AUTOMATIC ENROLLMENT. ***(Check and complete box 1 OR box 2.) [NOTE: THIS SECTION F ONLY APPLIES TO ELECTIVE DEFERRALS, NOT TO MANDATORY EMPLOYEE SALARY REDUCTION CONTRIBUTIONS.]***

1. ☑ The Participating Employer DOES NOT elect automatic enrollment.

2. ☐ The Participating Employer DOES elect automatic enrollment, which will be effective on and after __________________ as follows:

a. Employees covered under the automatic enrollment are: ***(If this Section F (Automatic Enrollment) is elected, check one option below. Otherwise, do not complete.)***

i. ☐ All Employees.

ii. ☐ All Employees who become Employees on or after the date set forth in F.2. above and who do not have an affirmative election in effect.

b. The default percentage contributed to the Plan on behalf of the Participant will be a deferral of 2% of the Participant's Compensation. The 2% default percentage will be subject to a percentage annual increase thereafter if provided for in the Plan Document. Any deferral percentage increase will take effect annually on the first day of the Plan Year. Participants' default deferrals will remain at the same percentage for at least twelve (12) months before their automatic deferral percentages will be increased automatically.

The automatic deferrals will be contributed on a pre-tax basis and will continue until the Participant affirmatively elects otherwise.

An Employee who affirmatively declines coverage after the first automatic enrollment contribution was made, may make an election to withdraw his or her entire automatic enrollment contribution. This election must be submitted no later than 90 days after the payroll date in which the first automatic enrollment contribution is made on behalf of the Participant. The amount of the distribution will be the value of the automatic enrollment contributions plus or minus investment gains or losses as of the date the distribution is processed. Automatic enrollment contributions made after such date remain in the Plan and are subject to the Plan's regular distribution rules. Further, an Employee who has made an election to withdraw who leaves employment and is then rehired by the Participating Employer before a 12-continuous-month absence may not make another election to withdraw his or her automatic enrollment contribution. Any Employer Matching Contributions attributable to the distribution of the automatic enrollment contributions will be forfeited regardless of the vesting percentage in the Matching Contributions. [**NOTE: If HH.2, "FICA Replacement ("3121") Plan", is elected and F.2 is elected, the Employee may not make an election to withdraw his or her automatic enrollment contribution.]**

c. An Employee who leaves employment and is rehired by the Participating Employer before a 12-continuous-month absence has occurred will be treated as subject to the automatic contribution schedule. An Employee who leaves employment and is rehired by the Participating Employer after a 12-continuous-month absence: ***(Check one option below.)***

i. ☐ <u>will</u> be treated as a new Employee, or

ii. ☐ <u>will not</u> be treated as a new Employee for purposes of determining the Employee's contribution rate in F.2.b above.

G. SERVICE WITH PREDECESSOR EMPLOYER. ***(If Vesting or Eligibility requirements will apply to Matching Contributions as described in Section N of this Agreement and/or Non-Matching Contributions as described in Section Q of this Agreement, check and complete box 1 OR box 2 OR box 3.)*** "Predecessor employer" means a governmental employer that served the same functions as the current employer or has employees whose jobs were merged into the current employer.

1. ☑ This section is N/A because there are no predecessor employers.

2. ☐ Service with any predecessor employers will not be counted for any purposes under the Plan.

3. ☐ Service with (insert name of predecessor employer(s)):

____

____

will be counted under the Plan for eligibility and vesting.

H. HOURS OF SERVICE. Hours of Service shall be determined on the actual hours for which an Employee is paid or entitled to payment.

I. YEAR OF SERVICE FOR ELIGIBILITY AND VESTING. If Eligibility or Vesting requirements will apply to Matching Contributions as described in Section N of this Agreement and/or Non-Matching Contributions as described in Section Q of this Agreement, Year of Service shall mean the 12-consecutive-month period beginning on the Employee’s Employment Commencement Date and each anniversary thereof.

Years of Service for Vesting shall include any Years of Service with a participating employer.

J. COMPENSATION DEFINITION. Compensation shall mean Code § 415 compensation as defined in Section 2.06 of the Plan.

K. COMPENSATION COMPUTATION PERIOD. Compensation shall be determined on the basis of the calendar year.

L. FIRST YEAR COMPENSATION. If Matching or Non-Matching Contributions will be made, for purposes of determining the Compensation on the basis of which such contributions will be allocated for a Participant’s first year of participation, the Participant’s Compensation shall be the Participant's Compensation for the period commencing as of the first day the Employee became a Participant.

M. EMPLOYMENT COMMENCEMENT DATE. An Employee's Employment Commencement Date means the Employee's date of hire or rehire, as applicable, with respect to which an Employee is first credited with an Hour of Service.

N. MATCHING CONTRIBUTIONS. ***(Complete 1 and 2 below.)***

1. **Matching Contributions on Elective Deferrals.** ***(Check and complete box a OR box b OR box c OR box d.)*** The Participating Employer shall:

   a. ☑ NOT make Matching Contributions on Elective Deferrals.

   b. ☐ match ___% of Participant elective deferrals of up to ___% of Compensation.

   c. ☐ match ___% of the first $_____ of Participant elective deferrals.

   d. ☐ match the percentage of Participant elective deferrals that the Employer determines in its discretion for the respective Plan Year.

   e. ☐ make matching contributions in the manner outlined below:

   ____

   ____

If the Participating Employer elects Automatic Enrollment under Section F.2., Matching Contributions related to the distributed permissible withdrawal election will be placed in a forfeiture account and used in the manner provided in Section V below. Matching Contributions will not be made if a permissible withdrawal is taken before the date the Matching Contribution is allocated.

2. **Matching Contributions on Mandatory Salary Reduction Contributions under Section II of this Agreement.** ***(Check and complete box a OR box b OR box c OR box d.)*** The Participating Employer shall:

   a. ☑ NOT make Matching Contributions on Mandatory Salary Reduction Contributions.

   b. ☐ match ___% of Mandatory Salary Reduction Contributions for the Participant up to ___% of Compensation.

   c. ☐ match ___% of the first $_____ of Mandatory Salary Reduction Contributions for the Participant.

   d. ☐ match the percentage of Mandatory Salary Reduction Contributions for the Participant that the Employer determines in its discretion for the respective Plan Year.

e. ☐ make matching contributions in the manner outlined below:

____

____

O. ALLOCATION OF MATCHING CONTRIBUTIONS. If Matching Contributions will be made, allocations will be made to each Participant who satisfies the applicable requirements of Section E of this Participating Employer Agreement.

P. VESTING SCHEDULE – MATCHING CONTRIBUTIONS. ***(If Matching Contributions will be made, check box 1 OR box 2 OR box 3. Otherwise, do not complete.)*** The vested interest of each Participant in his or her Matching Contribution Account shall be determined on the basis of the following schedule:

1. ☐ 100% vesting immediately.

2. ☐ 100% vesting after 3 Years of Service.

3. ☐ 20% after one Year of Service.
   40% after two Years of Service.
   60% after three Years of Service.
   80% after four Years of Service.
   100% after five Years of Service.

4. ☐ The vesting schedule outlined below:

____

____

____

Q. NON-MATCHING CONTRIBUTIONS. ***(If non-matching contributions will be made, check box 1 OR box 2.)***

1. ☑ The Participating Employer shall NOT make Non-Matching Contributions.

2. ☐ The Participating Employer shall contribute: ***(Check and complete one box.)***

   a. ☐ an amount fixed by appropriate action of the Employer.

   b. ☐ ___% of Compensation of Participants for the Plan Year.

   c. ☐ $____ per Participant.

d. ☐ an amount pursuant to Schedule 1 attached to this Agreement and which is referenced in Section E.2.c above.

e. ☐ a contribution matching the Participant's contribution to the Employer's § 457(b) plan as follows: (Specify rate of match and time of allocation, e.g., payroll by payroll, monthly, last day of Plan Year)

____

____

R. ALLOCATION OF NON-MATCHING CONTRIBUTIONS. If Non-Matching Contributions will be made, allocations will be made to each Participant who satisfies the requirements of Section E.2.c and E.2.d of this Participating Employer Agreement.

S. VESTING SCHEDULE – NON-MATCHING CONTRIBUTIONS. ***(If Non-Matching Contributions will be made, check box 1 OR box 2 OR box 3. Otherwise, do not complete.)*** The vested interest of each Participant in his or her Non-Matching Contribution Account shall be determined on the basis of the following schedule:

1. ☐ 100% vesting immediately.

2. ☐ 100% vesting after 3 Years of Service.

3. ☐ 20% after one Year of Service.
40% after two Years of Service.
60% after three Years of Service.
80% after four Years of Service.
100% after five Years of Service.

4. ☐ The vesting schedule outlined below:

____

____

____

T. ROTH CONTRIBUTIONS. Participant Roth Contributions SHALL BE allowed.

U. AFTER-TAX CONTRIBUTIONS. Participant After-tax Contributions SHALL NOT BE allowed.

V. FORFEITURES. ***(If Non-Matching or Matching Contributions will be made, check box 1 OR box 2. Otherwise, do not complete.)***

1. ☐ N/A because all contributions are 100% vested immediately.

2. ☐ Forfeitures will be used first to reduce the Employer's Matching Contributions (if any), then to reduce the Non-Matching Contributions (if any), and then to offset Plan expenses.

W. RETIREMENT AGES AND DISABILITY DEFINITION.

1. Normal Retirement Age shall mean age 60.

2. Early Retirement shall mean age 59 ½.

3. Disability shall mean a determination of disability by the Social Security Administration or, if the Participant is a member of the Tennessee Consolidated Retirement System, a determination of disability by the Tennessee Consolidated Retirement System.

X. VESTING COMPUTATION PERIOD. A Participant's Years of Service shall be computed by reference to the 12-consecutive-month period beginning on the Employee's Employment Commencement Date and each anniversary thereof.

Y. ROLLOVERS. Rollovers from eligible Code § 457(b) plans, qualified plans under Code §§ 401(a), 403(a) and 403(b), Individual Retirement Accounts and Annuities described in Code §§ 408(a) and (b), and eligible rollover contributions of designated Roth contributions made from an applicable retirement plan described in Code § 402A(e)(1) SHALL BE allowed.

Z. TRANSFERS. Transfers from plans qualified under Code § 401(a) SHALL BE allowed.

AA. HARDSHIP WITHDRAWALS. The Administrator SHALL allow hardship withdrawals in accordance with Section 10.04 of the Plan. If Section HH (FICA Replacement Plan) is elected, hardship distributions are not permitted.

BB. PARTICIPANT LOANS. The Administrator SHALL direct the Trustee to make Participant loans in accordance with Article XIII of the Plan. Loans payments must be made by payroll deduction. If a Participant severs employment with the Participating Employer and is immediately hired by another Participating Employer, the loan will be carried forward and any missed loan repayment caused by a change in payroll processing can be made up by personal check in a single lump payment. If a Participant severs employment and is not hired by another Participating Employer, loan repayments may continue to be made if the Participant keeps the Participant's account balance in the Plan. Repayments may be made by cashier's check, bank money order, by setting up an ACH payment with the Plan, or through other means specified in the loan policy adopted by the Administrator of the Plan. If Section HH (FICA Replacement Plan) is elected, loans are not permitted.

CC. QUALIFIED DOMESTIC RELATIONS ORDERS. The Plan shall accept qualified domestic relations orders as provided in Section 15.02 of the Plan.

DD. PAYMENT OPTIONS. The forms of payment that will be allowed under the Plan, to the extent consistent with the limitations of Code § 401(a)(9) and proposed or final Treasury regulations thereunder, include a single lump-sum payment; installment payments for a period of years; partial lump-sum payment of a designated amount, with the balance payable in installment payments for a period of years; annuity payments (payable on a monthly, quarterly, or annual basis) for the lifetime of the Participant or for the lifetimes of the Participant and Beneficiary; and such other forms of installment payments as may be approved by the Administrator, which is not inconsistent with the Plan.

EE. DEEMED TRADITIONAL IRA. The deemed traditional IRA provisions of Article XVI of the Plan SHALL NOT apply.

FF. DEEMED ROTH IRA. The deemed Roth IRA provisions of Article XVII of the Plan SHALL NOT apply.

GG. DISTRIBUTIONS. A Participant may request distributions as follows:

1. A Participant may request a distribution at any time upon Severance from Employment. "Severance from Employment" means the complete severance of the employer/employee relationship with any and all employers participating in the Plan, including retirement or death. Thus, a Severance from Employment would not occur if a Participant transfers employment (i) from one local government that participates in the Plan to another local government that participates in the Plan, or (ii) from the State to a local government that participates in the Plan, or (iii) from a local government that participates in the Plan to the State.

2. A Participant may request a distribution prior to Severance of Employment after reaching age 59½ or, if earlier, upon death. A Participant may also request a distribution prior to Severance of Employment upon incurring a hardship; however, the distribution will be limited to the Participant's Elective Deferral Account and transfer Elective Deferral Account, if any.

3. A Participant may request a distribution from a Rollover Contribution Account at any time.

4. If Section HH (FICA Replacement Plan) is elected, in-service distributions for hardship, loans, and attainment of age 59½ are not permitted.

5. Distributions taken before the Participant reaches age 59½ may be subject to a federal early withdrawal tax.

HH. FICA REPLACEMENT PLAN ("3121" PLAN). ***(Check box 1 OR box 2.)*** This Participating Employer Agreement as adopted:

1. ☑ IS NOT ***(if checked continue to II below)***, or

2. ☐ IS

intended to provide FICA replacement benefits pursuant to regulations under Code Section 3121(b)(7)(F).

a. Eligible Employee means: ***(If this Section HH (FICA Replacement Plan) is elected, check each box that applies. Otherwise, do not complete)***:

i. ☐ any full-time employee, which is an employee who renders _____ or more Hours of Service per week, as defined in Section H above,

ii. ☐ any part-time employee, which is an employee who is not a full time employee and who renders _____ or more Hours of Service per week, as defined in Section H above.

iii. ☐ Any employee who is not covered by Social Security.

b. Contributions: ***(If this Section HH (FICA Replacement Plan) is elected, check and complete each box that applies. Otherwise, do not complete)***:

i. ☐ The Employer shall make an annual contribution to each Participant's account equal to____ percent of such Participant's Compensation.

ii. ☐ Each Participant is required to make an annual contribution of____ percent of Compensation.

(NOTE: The total percentage of b.i and b.ii must equal at least 7.5%.)

In the event that this Plan is a retirement system providing FICA replacement retirement benefits as described above, all references in the Plan Document to in-service distributions for hardship withdrawals, loans, and age 59½ shall be null and void. In addition, any part-time employee included under HH.2.a. shall be fully vested at all times. In the event F.2 "Automatic Enrollment" is selected, a Participant may not change his or her deferral election to an amount less than the Participant required annual contribution, if any, in HH.2.b above.

II. MANDATORY SALARY REDUCTION CONTRIBUTIONS. ***(Check box 1 OR box 2.)*** This Participating Employer Agreement as adopted:

1. ☑ does not provide for Mandatory Salary Reduction Contributions. ***(If checked continue to JJ below.)***

2. ☐ provides "Mandatory Salary Reduction Contributions" to be paid by the Employer through a reduction of the Participant's salary for services rendered, in accordance with Code § 414(h). These contributions are required as a condition of employment. Mandatory Salary Reduction Contributions are treated as Employer Contributions for federal income tax purposes, but are considered

"wages" for purposes of FICA and FUTA. Such contributions shall be made as of each payroll period and allocated to the Mandatory Employee Contribution Account of the Participant on whose behalf they were made and shall be 100% vested at all times.

By the adoption of this Participating Employer Agreement, the Employer specifies that the mandatory employee salary reduction contributions, although designated as employee contributions, are being paid via salary reduction by the Employer as provided in Code § 414(h)(2) and Revenue Ruling 2006-43 or subsequent guidance. For this purpose, the adoption of this Participating Employer Agreement constitutes formal action to provide that the contributions on behalf of a specific class of Employees as defined in Section E, although designated as employee contributions, will be paid by the employing unit in lieu of employee contributions.

a. The Participant shall make Mandatory Salary Reduction Contributions to the Plan equal to ___________ % (must be a fixed percentage and expressed only in whole and tenths of a percent) of the Participant's Compensation.

The contribution percentage above may be revised no more frequently than annually by the Employer, the new rate to become effective on the January 1 following the execution of an amendment to this Participating Employer Agreement. An amendment that changes the contribution percentage, at the Employer's election: ***(Complete box i or box ii below)***:

i. ☐ shall apply only to Employees who become Participants on or after the effective date;

ii. ☐ shall apply to all Employees.

b. Mandatory Salary Reduction Contributions: ***(Complete box i or ii below)***:

i. ☐ are

ii. ☐ are not

counted as Compensation for all Contribution purposes. However, Mandatory Salary Reduction Contributions are counted as for determining Annual Additions under Plan Section 6.06.

JJ. ADMINISTRATIVE INFORMATION.

The Participating Employer further understands and acknowledges that:

- This Participating Employer Agreement has not been approved by the Internal Revenue Service. Obtaining such approval, if desired by the Employer, is solely the responsibility of the Employer.

- The Chair of the Tennessee Consolidated Retirement System ("Chair") and the Participating Employers are not responsible for providing tax or legal advice to Participants.

- The Participating Employer has consulted, to the extent necessary, with its own legal and tax advisors.

- All capitalized terms which are used herein but not defined herein shall have the meanings set forth in the Plan Document.

- The Participating Employer will electronically remit in a timely manner, all employee and employer contributions to the Plan in a manner acceptable with the Plan's Third Party Administrator. The Employer's payroll administrator is responsible for reconciliation of all contributions to the Plan and shall provide the Plan Administrator with required contribution reconciliation reports. Each Employer is required to use the Plan Service Center to administer their employee contributions, indicative data, and enrollment information. If the Participating Employer fails to remit the requisite contributions in a timely manner, the Chair reserves the right, at the Chair's sole discretion, to terminate the Employer's participation in the Plan. In such event, the Chair shall notify the Employer of the effective termination date, and the Employer shall immediately notify all its Employees participating in the Plan of the termination and the effective date thereof. Notwithstanding the foregoing, the Employer acknowledges that it is the sole responsibility of the Employer to remit the requisite reports and contributions to the Plan and that neither the State, the Chair, the Trustees, its employees or agents shall have any responsibility or liability for ensuring or otherwise monitoring that this is done.

- Participating Employers are required to use the investment options made available under the Plan. From time to time those investment options may be changed. If an investment option is eliminated, the Administrator may automatically reinvest the money in the eliminated investment option into a new investment option. After any appropriate black-out period, the affected Participants may re-direct money in the new investment option to any other available investment option. The Participants shall have no right to require the Administrator to select or retain any investment option. Any change with respect to investment options made by the Plan (on the Plan level) or a Participant (on the individual level), however, shall be subject to the terms and conditions (including any rules or procedural requirements) of the affected investment options.

This Participating Employer Agreement is duly executed on behalf of the Participating Employer by the undersigned authorized signatories.

PARTICIPATING EMPLOYER'S AUTHORIZED SIGNATORIES:

By: ______________________________ By: ______________________________________

Title: ______________________________ Title: ____________________________________

Date: ______________________________ Date: ____________________________________

ACCEPTANCE OF PARTICIPATING EMPLOYER'S PARTICIPATION IN THE STATE OF TENNESSEE DEFERRED COMPENSATION PLAN II BY THE TREASURER, STATE OF TENNESSEE, CHAIR OF THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM.

By: ____
David H. Lillard, Jr.

Title: Treasurer, State of Tennessee, Chair of the Tennessee Consolidated Retirement System

Date: ____

SCHEDULE 1

STATE OF TENNESSEE

DEFERRED COMPENSATION PLAN II - 401(k)

PARTICIPATING EMPLOYER AGREEMENT

Participating Employer Name: City of Ridgetop

Classes of Eligible Employees	Contribution Amount

DRAFT

Ridgetop

Wastewater Rate Study

Fiscal Year 2027

Revised 8-14-26

Prepared By:

RateStudies

Water | Wastewater

City of Ridgetop
2027 Wastewater Rate Study

Executive Summary

Purpose

The purpose of this report is to present a comprehensive wastewater rate study for the City of Ridgetop (City) as it relates to the City's plans for:

- Providing sufficient revenue to meet all wastewater expenses, including depreciation,
- Providing enough cash to fund the City's Five-Year Wastewater Capital Improvement Plan and
- Compliance with TCA § 7-82-703 (included at the end of this report).

Significant Events

- The City's customer base declined by 11 in Fiscal Year (FY) 2026 and is projected to grow by about two customers per year, plus 60 customers in each of FY 2028 and FY 2029 from the Barwood sewer extension.
- The City's Wastewater Capital Improvement Plan includes seven significant projects totaling $4,628,953, financed with $585,000 in cash, a $3,200,000 loan, and $843,953 in grants.
- The wastewater general expenses increased by 3% in FY 2026 and are projected to increase by 25% in FY 2027, due primarily to increases in salaries and employee benefits.
- Without rate increases, City revenue is projected to grow about 5% per year — largely from the Barwood development — while general expenses are projected to grow about 11% per year, and new annual debt service of $179,480 begins in FY 2030.

Methodology

This report presents a comprehensive financial analysis of the City's wastewater system, including a historical six-year view and a four-year projection of revenue and expenses. A Five-Year Wastewater Capital Improvement Plan and the impact on depreciation are included. The City's Mayor, City Recorder, wastewater superintendent, and consulting engineer helped collect historical data and develop the Capital Improvement Plan, growth projections, financial projections, and final recommendations.

This study uses a Cash Flow Analysis and a Change in Net Position Analysis to determine the need for rate increases. Each indicates the financial stability of the City's wastewater system. Such information is compiled into Excel spreadsheets designed to function as financial models. Graphs and charts give a visual presentation of each analysis. The results of the Cash Flow Analysis and Change in Net Position Analysis determine the amount of rate increase needed.

The Cash Flow Analysis methodology used by RateStudies is based on the *American Water Works Association (AWWA) M54 Manual - Developing Rates for Small Systems.* The Change in Net Position Analysis is based on the "Statement of Revenues, Expenses, and Changes in Net Position" in the City's annual audit report. Although rate studies are not an exact science, this report's financial models can be a valuable tool for making financial decisions and setting rates. Considerations are made to simplify the rate study process to be understandable by utility officials, managers, staff, and customers.

Recommendation

Rate Increases

The following rate increases are recommended to (1) provide revenue to meet all wastewater operating expenses, including depreciation, (2) generate enough cash to fund the City's Wastewater Five-Year Capital Improvement Plan, and (3) comply with the Tennessee Comptroller's requirements regarding Change in Net Position. It is recommended to monitor and verify the projections presented in this report annually, react to unforeseen financial changes, and make corrections as necessary. The recommended rates are shown in **Figure 1**.

Proposed Annual Rate Increases				
	2027	2028	2029	2030
Wastewater	15%	3%	3%	15%

Figure 1

Price elasticity is a measurement of how buyers respond to changes in price. Generally, as the price of a product increases, buyers will buy less of the product. The City may experience price elasticity with some of its customers. Since bills are based on water usage, some customers may request separate water meters for their irrigation system to reduce their bills. This report does not include a price elasticity analysis, nor does it anticipate customers requesting meters for irrigation purposes.

Customer Growth and Revenue Projections

Overview

The City depends on revenue from residential, commercial, and multi-unit apartment complex customers to pay for all wastewater system needs, including operation costs, maintenance, and construction projects. Projecting revenue over the next four years is critical for determining the sufficiency of current rates and the need for future rate increases. A review and analysis of the previous six years of records (FY 2021-2026) provides a reasonable basis for making projections concerning customer growth and revenue over the next four years (FY 2027-2030).

Customer Growth

The City's customer base grew from 514 in FY 2021 to 616 in FY 2025 before declining by eleven customers in FY 2026. Over the next four years, new customers are projected to grow at about two customers per year, plus 60 customers in each of FY 2028 and FY 2029 as the Barwood development comes online.

Revenue Projections

Figure 2 shows the number of wastewater customers and the amount of revenue for the past six and the next four years.

Customers & Revenue (No Rate Increases)										
	2021	2022	2023	2024	2025	**2026**	**2027**	**2028**	**2029**	**2030**
Customers	514	519	564	600	616	**616**	**618**	**680**	**742**	**744**
New Customers	8	5	45	36	16	0	**2**	**2**	**2**	**2**
Barwood								**60**	**60**	
Avg Monthly Res Bill	$71.11	$73.08	$67.27	$79.65	$80.84	$82.43	**$82.43**	**$82.43**	**$82.43**	**$82.43**
Revenue	$438,591	$455,164	$455,283	$573,510	$597,565	**$609,335**	**$611,314**	**$672,643**	**$733,972**	**$735,950**
Percent Change	2.1%	3.8%	0.0%	26.0%	4.2%	**2.0%**	**0.3%**	**10.0%**	**9.1%**	**0.3%**

Figure 2

Figure 2a is a graphical representation of customer growth, and **Figure 2b** shows past and present revenue growth.

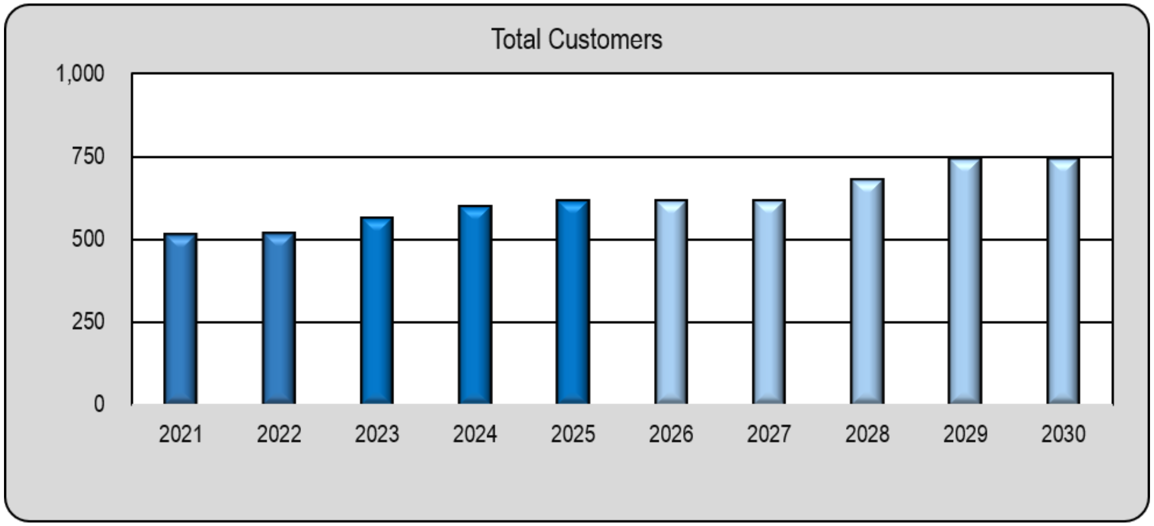

Figure 2a

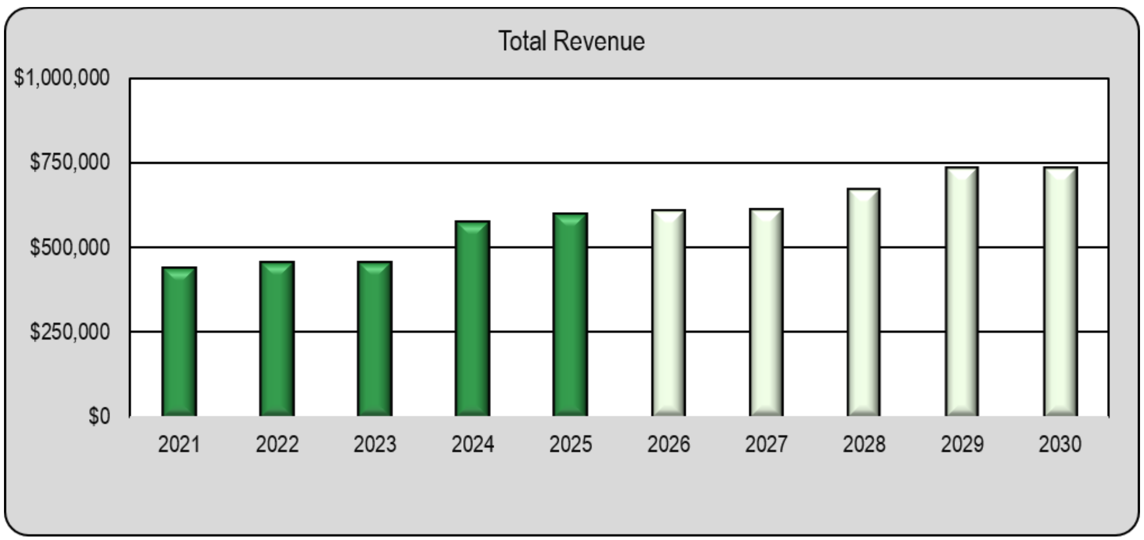

Figure 2b

Other Income

Figure 3 shows the City's wastewater system's income other than revenues. Tap fees will vary according to the number of new customers added to the system. Interest income decreased in FY 2026 as federal interest rates eased. Barwood tap fees are projected to add $60,000 in each of FY 2028 and FY 2029.

Other Income										
	2021	2022	2023	2024	2025	**2026**	**2027**	**2028**	**2029**	**2030**
Tap Fees	6,021	5,352	14,049	3,300	9,310	**3,300**	**3,465**	**3,638**	**3,820**	**4,011**
Barwood Tap Fee								**60,000**	**60,000**	
Miscellaneous Income	76,091	28,450	4,715	1,297	2,344	**9,189**	**9,649**	**10,131**	**10,638**	**11,170**
Interest Income	845	1,961	45,257	50,189	55,034	**41,868**	**43,961**	**46,159**	**48,467**	**50,891**
Total Other Income	82,957	35,763	64,021	54,786	66,688	**54,357**	**57,075**	**119,929**	**122,925**	**66,071**

Figure 3

Capital Improvement Plan

Overview
A Capital Improvement Plan (CIP) is typically an unaudited planning document used to identify needed capital improvements and other assets, financing methods, and annual depreciation calculation. Capital assets are defined as assets costing $5,000 or more and have an estimated life of over three years. The City's Capital assets are recorded at either historical cost or estimated historical cost. Donated assets are valued at their estimated fair market value on the date donated. Major additions and betterments are capitalized, while expenditures for maintenance and repairs that do not add value to the purchase or materially extend asset lives are charged to operations as incurred.

Anticipated Projects
Figure 4 shows the estimated cost, financing method, and anticipated year(s) of expenditure.

Other Considerations
The CIP can serve as a planning document to be reviewed and updated annually. The plan should cover at least five years and include significant purchases. The CIP can also be used in annual budgets that include depreciation as an expense.

Capital Improvement Plan (CIP)									
Project	Estimated Total Cost	Financed via:			Cost Incurred by Fiscal Year				
		Cash	Loan	Grant	**2026**	**2027**	**2028**	**2029**	**2030**
Barwood Sewer Extension	4,000,000		3,200,000	800,000			500,000	2,700,000	800,000
Sewer Collection Zone Metering	125,000	125,000					125,000		
Sewer Rehabilitation	320,000	320,000				40,000	80,000	80,000	80,000
Infiltration/Inflow Project	34,128			34,128	34,128				
ARPA Admin	9,825			9,825	9,825				
Vehicles and Equipment								40,000	
Miscellaneous	140,000	140,000				35,000	35,000	35,000	35,000
Total	4,628,953	585,000	3,200,000	843,953	43,953	75,000	740,000	2,855,000	915,000

Figure 4

Depreciation

Overview

Depreciation is a noncash operating expense that allocates the cost of a capital asset over its estimated useful life. Although depreciation does not itself create or restrict cash, establishing rates sufficient to recover depreciation can allow the City to accumulate cash to help fund future rehabilitation, replacement, and capital improvement needs.

Tennessee state law requires that all utility systems depreciate capital assets. The Governmental Accounting Standards Board (GASB) requires depreciation in the "Statement of Revenues, Expenses, and Change in Net Position" section of the audit to be reported as an operating expense. Therefore, the utility must provide sufficient revenue to "fund" the depreciation expense.

Calculating the Costs

Although there are several methods of determining depreciation, the "straight line" method is used. This calculation divides the cost of an asset by its estimated useful life, which may range from 5 to 50 years. The depreciation schedule lists all assets, their original costs, the years they entered service, and their useful lives. From that, the annual depreciation, the accumulated depreciation, and the book value are determined. When the accumulated depreciation of an item equals the original cost, the book value goes to zero, and the annual depreciation goes to zero. The yearly depreciation will stay the same or eventually go to zero unless new assets are added.

Other Considerations

Depreciable capital assets are depreciated regardless of the method of financing, including assets acquired with grants or contributed by developers.
An asset begins to depreciate when placed into service, not when bought or under construction.

Figure 5 is a simplified schedule of depreciation showing the past six years and projections for the next four.

Depreciation										
	2021	2022	2023	2024	2025	**2026**	**2027**	**2028**	**2029**	**2030**
Scheduled Depreciation	113,506	114,272	108,951	111,354	122,396	**122,396**	**122,396**	**121,427**	**121,427**	**121,427**
New Depreciation						**549**	**3,349**	**11,474**	**28,099**	**133,599**
Total Depreciation	113,506	114,272	108,951	111,354	122,396	**122,946**	**125,745**	**132,901**	**149,526**	**255,026**

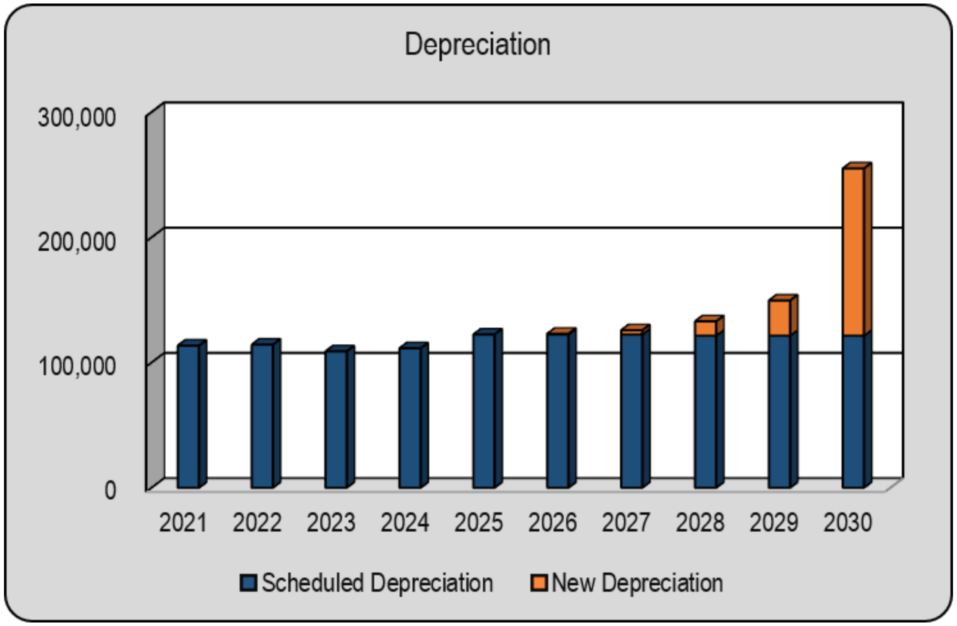

Figure 5

General Expenses

Methodology

A work session was held with the City's Mayor, City Recorder, wastewater superintendent, and engineering consultant to make projections of each line item in the general expenses. **Figure 6** presents a summary and graphical representation of general expenses.

General Expenses										
	2021	2022	2023	2024	2025	**2026**	**2027**	**2028**	**2029**	**2030**
Salaries	54,895	69,639	98,284	81,444	87,755	**109,773**	**156,946**	**172,641**	**189,905**	**208,895**
Employee Benefits	8,052	17,334	14,065	11,146	13,222	**22,689**	**38,374**	**42,211**	**46,433**	**51,076**
Utilities	401	1,212	990	1,518	1,310	**1,009**	**5,200**	**5,460**	**5,733**	**6,020**
Maintenance & Supplies	78,292	93,772	96,793	96,523	103,854	**100,612**	**105,643**	**110,925**	**116,471**	**122,295**
Uniforms		855	482	824	185	**494**	**519**	**545**	**572**	**600**
Office Expense	4,518	3,942	4,783	5,499	6,587	**6,482**	**6,806**	**7,146**	**7,504**	**7,879**
Vehicle Expense	513	4,058	2,998	2,916	6,231	**4,377**	**6,700**	**7,370**	**8,107**	**8,918**
Insurance	7,726	6,834	17,114	12,379	8,503	**1,366**	**4,000**	**4,200**	**4,410**	**4,631**
Metro & Goodlettsville	73,608	71,751	69,203	77,749	88,330	**74,416**	**85,000**	**89,250**	**93,713**	**98,398**
Treatment additive	10,486	23,968	19,226	17,480	19,228	**17,680**	**25,000**	**18,000**	**18,900**	**19,845**
Professional services	51,032	23,355	34,435	35,610	42,299	**49,492**	**51,967**	**54,565**	**57,293**	**60,158**
Rent	2,400	3,815	2,400	2,400	2,400	**2,400**	**2,400**	**2,400**	**2,400**	**2,400**
Miscellaneous	154	403	500	323	678	**600**	**630**	**662**	**695**	**729**
Total	292,077	320,938	361,273	345,811	380,582	**391,390**	**489,184**	**515,374**	**552,134**	**591,843**
Percent Change	*-19%*	*10%*	*13%*	*-4%*	*10%*	***3%***	***25%***	***5%***	***7%***	***7%***

Figure 6

Figure 7 is a graphical representation of how expenses changed over the last six years and are projected to increase by about five to seven percent per year after FY 2027.

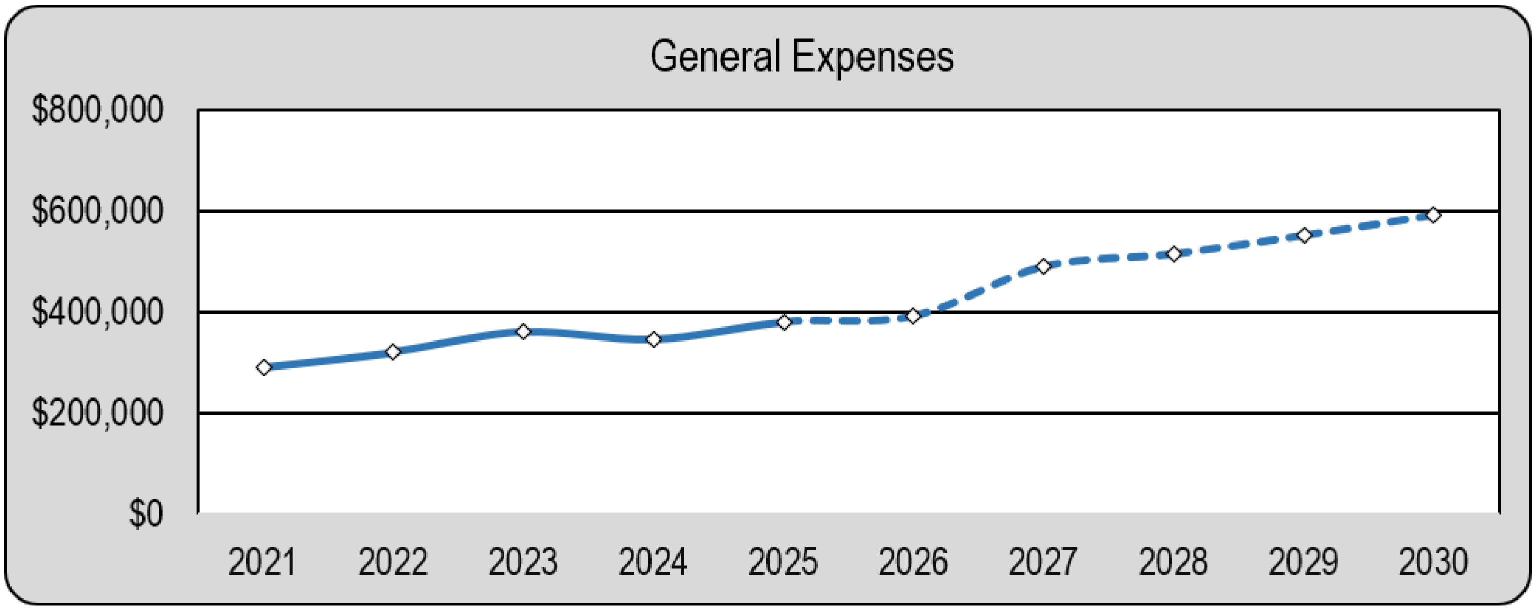

Figure 7

Other Considerations

General expenses can vary from year to year. A significant repair and maintenance item or a need to buy large quantities of materials and supplies can make a big difference in accounting for general expenses, impacting Cash Flow and the Change in Net Position.

Cash Flow Analysis

Overview

It is essential for the City to know the amount of cash on hand and if cash reserves are growing or depleting. Cash is necessary for the utility's operational and maintenance needs and capital expenses to preserve its infrastructure, retain its staff, deliver customer services, and maintain a healthy cash reserve. Therefore, it is essential to predict anticipated expenditures and how much cash the utility expects to receive from its customers and other sources. Such an examination is called a Cash Flow Analysis. If the projected cash flow is detrimental to the City's wastewater and/or operations, rate increase(s) are needed.

Methodology

The Cash Flow Analysis is configured like a budget showing the amount of cash at the beginning of the fiscal year, the amount of income (including customer charges and other revenue sources), and general expenses. Adding income, subtracting expenses, and adding developer contributions provide the cash available for capital expenses or adding to the cash reserves. The City operates on an accrual accounting basis, so a reconciliation line is included. Still, it isn’t easy to project the accrual adjustment (reconciliation of operating income and expenses) for future years, which is not included in the projected years. The cash at the end of one year becomes the amount of cash at the beginning of the following year.

Other Considerations

A better understanding of cash flow can help in developing a multi-year capital improvement plan and financing future projects.

Cash Flow – with No Rate Increase

Figure 8 shows the projected Cash Flow Analysis with no rate increases. This analysis indicates that the City's income is insufficient to pay operating expenses, including debt during FY 2030, when the payment of the Barwood Sewer Extension loan begins. However, the City will maintain a strong cash balance with help from the $800,000 of grant money.

Cash Flow with No Rate Increases										
	2021	2022	2023	2024	2025	**2026**	**2027**	**2028**	**2029**	**2030**
Cash Beginning Jul 1	674,391	572,242	970,141	1,406,103	955,176	**1,033,180**	**1,241,694**	**1,337,021**	**1,365,342**	**1,506,228**
Revenue / Income										
Revenue	438,591	455,164	455,283	573,510	597,565	**609,335**	**611,314**	**672,643**	**733,972**	**735,950**
Other Income	82,957	35,763	64,021	54,786	66,688	**54,357**	**57,075**	**119,929**	**122,925**	**66,071**
Total Income	521,548	490,927	519,304	628,296	664,253	**663,692**	**668,389**	**792,572**	**856,897**	**802,022**
Expenses										
General Expenses	292,077	320,938	361,273	345,811	380,582	**402,349**	**489,184**	**515,374**	**552,134**	**591,843**
In Lieu of Tax	9,453	8,350	10,377	8,577	8,877	**8,877**	**8,877**	**8,877**	**8,877**	**8,877**
Debt	126,075									**179,480**
Total Expenses	427,605	329,288	371,650	354,388	389,459	**411,226**	**498,061**	**524,251**	**561,011**	**780,200**
Income Less Expenses	93,943	161,639	147,654	273,908	274,794	**252,466**	**170,328**	**268,320**	**295,886**	**21,822**
Capital Financing										
Grants				352,776						**800,000**
Loans								**500,000**	**2,700,000**	
				352,776				**500,000**	**2,700,000**	**800,000**
Capital Expenses										
Capital Expenses	171,790	100,555	54,266	715,890	581,603	**43,953**	**75,000**	**740,000**	**2,855,000**	**915,000**
Annual Gain - (Loss)	(77,847)	61,084	93,388	(89,206)	(306,809)	**208,513**	**95,328**	**28,320**	**140,886**	**(93,178)**
Accrual Adjustment	(24,302)	336,815	342,574	(361,721)	384,813					
Cash Ending Jun 30	572,242	970,141	1,406,103	955,176	1,033,180	**1,241,694**	**1,337,021**	**1,365,342**	**1,506,228**	**1,413,050**

Figure 8

Figure 8a is a graphical representation showing the past and projected Cash Flow.

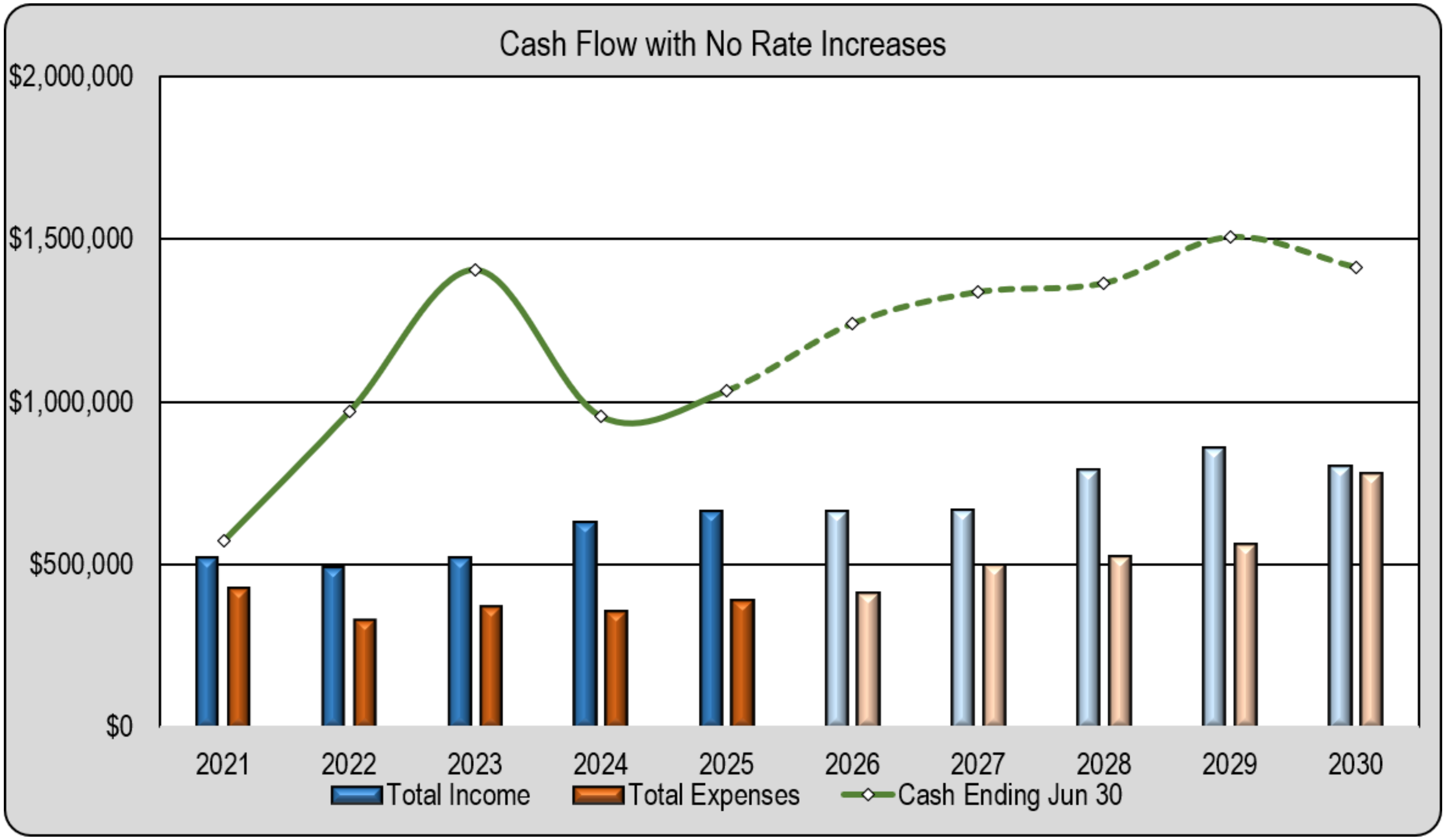

Figure 8a

Change in Net Position Analysis

Overview
Net position is generally defined as assets less liabilities. The City's wastewater assets include all cash (unrestricted and restricted), land, and the "net value" of everything owned, such as pipes in the ground, tanks, pumps, buildings, furniture, vehicles, and other purchases that are necessary to the operation of the utility. The net value is defined as the original cost of a capital asset less its accumulated depreciation. Each year, the Change in Net Position (CNP) varies because the amount of cash varies due to revenue and general expenses changing. Also, the net capital asset value changes because new capital assets are purchased and depreciated, and possibly some are totally depreciated. The CNP is calculated in a section of the City's audit report called "Statement of Revenues, Expenses, and Changes in the Net Position." The CNP Analysis in this report contains the same data and information in that section of the audit report.

Methodology
The CNP Analysis differs from the Cash Flow Analysis in that it includes depreciation as an operating expense but does not include capital expenses or principal debt payments. Also, for purposes of financial statement review by the Tennessee Comptroller of the Treasury's Tennessee Board of Utility Regulation (TBOUR), Tennessee law requires transfers, grants, and contributions to be excluded (subtracted) from a utility's "Financial" CNP to arrive at the "Statutory" CNP.

Requirement
The CNP line item in the CNP Analysis is essential because, according to TCA § 7-82-703 (included at the end of this report), the City would be subject to actions by the TBOUR if the "Statutory" CNP is negative for two consecutive years. The City had three consecutive years of negative CNP in FY 2020-2022 and received an order from the WWFB to correct the violation of State Law. The Change in Net Position has been positive in each year since FY 2023.

Without any future rate increases, the Change in Net Position becomes very low in FY 2027 at $7,184 and is projected to be negative in FY 2030 at -$216,020.

Other Considerations
The CNP Analysis generally controls the rate increase amount if needed.

Change in Net Position – with No Rate Increase

Figure 9 shows the projected CNP with no rate increases.

Change in Net Position with No Rate Increases										
	2021	2022	2023	2024	2025	**2026**	**2027**	**2028**	**2029**	**2030**
Revenue / Income										
Revenue	438,591	455,164	455,283	573,510	597,565	**609,335**	**611,314**	**672,643**	**733,972**	**735,950**
Other Income	82,957	35,763	64,021	54,786	66,688	**54,357**	**57,075**	**119,929**	**122,925**	**66,071**
Total Income	521,548	490,927	519,304	628,296	664,253	**663,692**	**668,389**	**792,572**	**856,897**	**802,022**
Expenses										
General Expenses	292,077	320,938	361,273	345,811	380,582	**402,349**	**489,184**	**515,374**	**552,134**	**591,843**
Depreciation	113,506	114,272	108,951	111,354	122,396	**122,946**	**125,745**	**132,901**	**149,526**	**255,026**
In Lieu of Tax	9,453	8,350	10,377	8,577	8,877	**8,877**	**8,877**	**8,877**	**8,877**	**8,877**
Interest Expense										**120,000**
Total Expenses	415,036	443,560	480,601	465,742	511,855	**534,172**	**623,806**	**657,152**	**710,537**	**975,746**
Income Less Expenses	106,512	47,367	38,703	162,554	152,398	**129,521**	**44,583**	**135,419**	**146,360**	**(173,724)**
Change in Net Position										
Change in Net Position	106,512	47,367	38,703	162,554	152,398	**129,521**	**44,583**	**135,419**	**146,360**	**(173,724)**

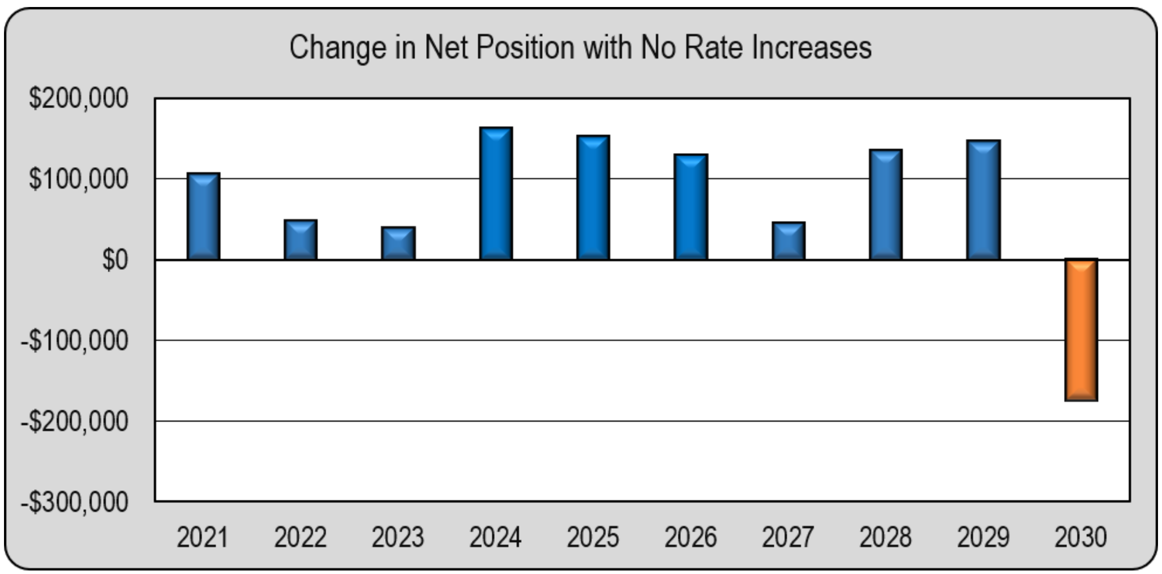

Figure 9

Rate Increase Recommendation

Overview

The determination of the rate increase needed is based on a review of the two analyses presented in this report: the Cash Flow Analysis and the Change in Net Position Analysis. Although the Cash Flow Analysis (**Figure 8**) shows future cash balances as positive, the CNP Analysis (**Figure 9**) projects a nearly break-even CNP in FY 2027 and a negative CNP in FY 2030. As such, there is a need for rate increases.

Cash Flow Analysis – with Rate Increases in FY 2027-2030

Figure 10 shows the projected Cash Flow reflecting the impact of the recommended rate increases of 15% in FY 2027, 3% in FY 2028, 3% in FY 2029, and 15% in FY 2030.

Cash Flow with Rate Increases										
	2021	2022	2023	2024	2025	**2026**	**2027**	**2028**	**2029**	**2030**
Cash Beginning Jul 1	674,391	572,242	970,141	1,406,103	955,176	**1,033,180**	**1,241,694**	**1,377,701**	**1,472,304**	**1,709,705**
Revenue / Income										
Revenue	438,591	455,164	455,283	573,510	597,565	**609,335**	**651,993**	**738,925**	**830,487**	**957,634**
Rate increase							**15%**	**3%**	**3%**	**15%**
Other Income	82,957	35,763	64,021	54,786	66,688	**54,357**	**57,075**	**119,929**	**122,925**	**66,071**
Total Income	521,548	490,927	519,304	628,296	664,253	**663,692**	**709,068**	**858,854**	**953,412**	**1,023,706**
Expenses										
General Expenses	292,077	320,938	361,273	345,811	380,582	**402,349**	**489,184**	**515,374**	**552,134**	**591,843**
In Lieu of Tax	9,453	8,350	10,377	8,577	8,877	**8,877**	**8,877**	**8,877**	**8,877**	**8,877**
Debt	126,075									**179,480**
Total Expenses	427,605	329,288	371,650	354,388	389,459	**411,226**	**498,061**	**524,251**	**561,011**	**780,200**
Income Less Expenses	93,943	161,639	147,654	273,908	274,794	**252,466**	**211,007**	**334,603**	**392,401**	**243,506**
Capital Financing										
Grants				352,776						**800,000**
Loans								**500,000**	**2,700,000**	
Total Financing				352,776				**500,000**	**2,700,000**	**800,000**
Capital Expenses										
Capital Expenses	171,790	100,555	54,266	715,890	581,603	**43,953**	**75,000**	**740,000**	**2,855,000**	**915,000**
Annual Gain - (Loss)	(77,847)	61,084	93,388	(89,206)	(306,809)	**208,513**	**136,007**	**94,603**	**237,401**	**128,506**
Accrual Adjustment	(24,302)	336,815	342,574	(361,721)	384,813					
Cash Ending Jun 30	572,242	970,141	1,406,103	955,176	1,033,180	**1,241,694**	**1,377,701**	**1,472,304**	**1,709,705**	**1,838,211**

Figure 10

Figure 10a is a graphical representation of the Cash Flow with the recommended rate increases.

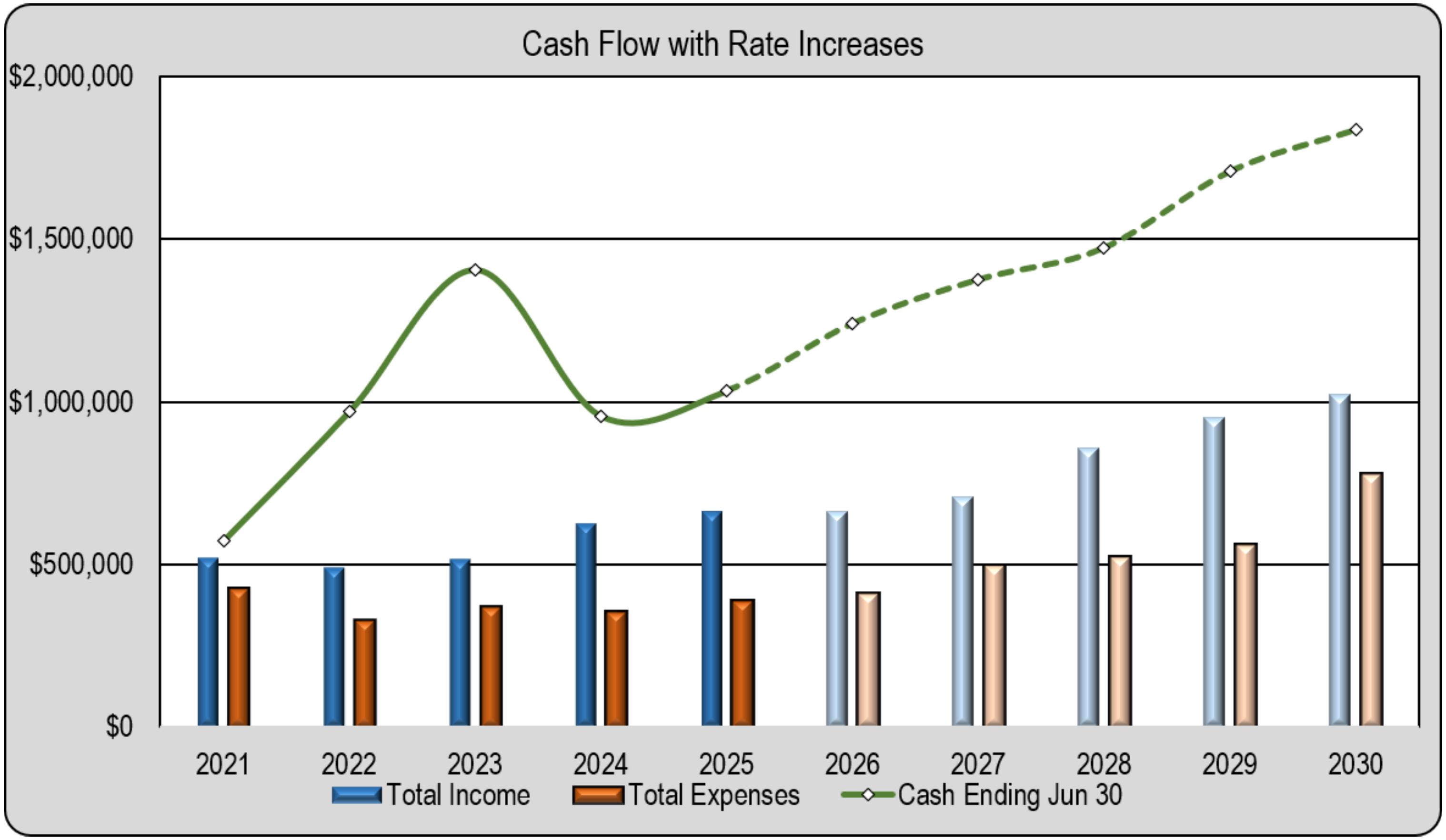

Figure 10a

Change in Net Position Analysis – with Rate Increases

Figure 11 shows the projected CNP reflecting the impact of the recommended rate increases.

Change in Net Position with Rate Increases										
	2021	2022	2023	2024	2025	**2026**	**2027**	**2028**	**2029**	**2030**
Revenue / Income										
Revenue	438,591	455,164	455,283	573,510	597,565	**609,335**	**651,993**	**738,925**	**830,487**	**957,634**
Other Income	82,957	35,763	64,021	54,786	66,688	**54,357**	**57,075**	**119,929**	**122,925**	**66,071**
Total Income	521,548	490,927	519,304	628,296	664,253	**663,692**	**709,068**	**858,854**	**953,412**	**1,023,706**
Expenses										
General Expenses	292,077	320,938	361,273	345,811	380,582	**402,349**	**489,184**	**515,374**	**552,134**	**591,843**
Depreciation	113,506	114,272	108,951	111,354	122,396	**122,946**	**125,745**	**132,901**	**149,526**	**255,026**
In Lieu of Tax	9,453	8,350	10,377	8,577	8,877	**8,877**	**8,877**	**8,877**	**8,877**	**8,877**
Interest Expense										**120,000**
Total Expenses	415,036	443,560	480,601	465,742	511,855	**534,172**	**623,806**	**657,152**	**710,537**	**975,746**
Income Less Expenses	106,512	47,367	38,703	162,554	152,398	**129,521**	**85,262**	**201,702**	**242,875**	**47,959**
Change in Net Position										
Change in Net Position	106,512	47,367	38,703	162,554	152,398	**129,521**	**85,262**	**201,702**	**242,875**	**47,959**

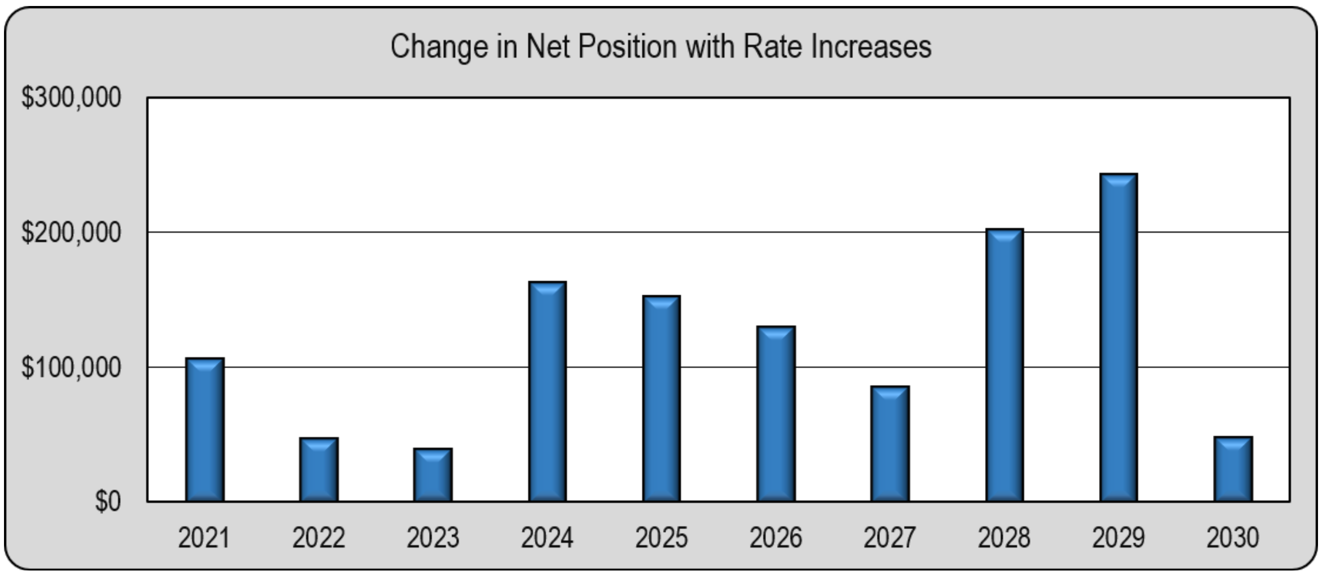

Figure 11

Sample Monthly Wastewater Bills

Figure 12 shows monthly bills for Inside City Residential rates impacted by the recommended rates by presenting the Monthly Charges for varying usage levels.

Rate Schedule							
Current 2026 Rates		FY 2027 Rates (Starting Oct 2026)			FY 2028 Rates (Starting Jul 2027)		
				% Inc.			% Inc.
Customer Charge	$45.61	Customer Charge	$52.45	15%	Customer Charge	$54.03	3%
	Per 1,000 gal.		Per 1,000 gal.			Per 1,000 gal.	
	$7.41		$8.52	15%		$8.78	3%
Water Sold (Gallons)	Monthly Charge	Monthly Charge	Difference	Percent Increase	Monthly Charge	Difference	Percent Increase
2,000	$60.43	$69.49	$9.06	15.0%	$71.58	$2.08	3.0%
5,000	$82.66	$95.06	$12.40	15.0%	$97.91	$2.85	3.0%
7,000	$97.48	$112.10	$14.62	15.0%	$115.47	$3.36	3.0%
10,000	$119.71	$137.67	$17.96	15.0%	$141.80	$4.13	3.0%
15,000	$156.76	$180.27	$23.51	15.0%	$185.68	$5.41	3.0%
20,000	$193.81	$222.88	$29.07	15.0%	$229.57	$6.69	3.0%

Figure 12

Tenn. Code Ann. § 7-82-703

7-82-703. Financially distressed utility districts — Audited annual financial reports — Adoption of prescribed rate structures.

(a) The comptroller of the treasury shall file with the Tennessee board of utility regulation a copy of the audited annual financial report of any financially distressed utility system within sixty (60) days from the date that the audit is filed with the comptroller of the treasury, for administrative review by the board.

(b) A utility system is financially distressed when it has a deficit total net position in any one (1) year, has a deficit unrestricted net position in any one (1) year, has a negative change in net position for two (2) consecutive years without regard to any grants or capital contributions, or is currently in default on any of its debt instruments.

(c)

(1) The comptroller of the treasury shall refer a utility system to the board if the utility system:

(A) Fails to complete and submit to the comptroller for administrative review an audited annual financial report for two (2) consecutive years;

(B) Is found to have used utility funds to pay non-utility expenses, used non-utility funds to pay utility expenses, or transferred utility funds to any other non-utility fund or account, unless the use or transfer is allowed by law; or

(C) Is found to have made an illegal payment or transfer of funds.

(2) The board is authorized to take one (1) or more remedial actions as described under § 7-82-706(b) for a financially distressed utility system.

(d) After reviewing the audited annual financial report and operations of the financially distressed utility system, and after holding a public hearing, which may be held as part of a regularly scheduled or specially called board meeting, the board may prescribe a rate structure to be adopted by the financially distressed utility system to:

(1) Eliminate the utility system's negative changes in net position;

(2) Liquidate any deficit total net position, in an orderly fashion; or

(3) Cure a default on any indebtedness of the utility system.

(e) In the event the governing body of the financially distressed utility system fails to adopt the prescribed rate structure described in accordance with subsection (d), the board shall petition the chancery court in a jurisdiction in which the utility system is operating or in the chancery court of Davidson County to require the adoption of the rate structure prescribed by the board. The court may also order other remedies that, in the court's discretion, may be required to cause the utility system to operate in accordance with state law and in a financially self-sufficient manner.

(f) Notwithstanding any other law to the contrary, this section does not preclude a public utility system from operating water and wastewater systems as individual or combined entities.

(g) Notwithstanding any other law to the contrary, a government joint venture that supplies or treats water or wastewater for wholesale use only to other governments does not fall under the jurisdiction of the board for the purpose of reporting negative change in net position annually; provided, however, that the government joint venture must be referred to the board if the government joint venture is in a deficit or default position as described under this section.

(h) As used in this section, “change in net position” means total revenues less all grants, capital contributions, and expenses.