

**MEMORANDUM OF UNDERSTANDING**

**KNOX COUNTY**

**AND**

**INNOVATION VALLEY, INC.**

The following Memorandum of Understanding (MOU) is effective the 1st day of July, 2009 by and between **KNOX COUNTY**, hereinafter referred to as the "**COUNTY**" and **INNOVATION VALLEY, INC.**, 17 Market Square, #201, Knoxville, Tennessee 37902, hereinafter referred to as the "**AGENCY**."

**WITNESSETH:**

**WHEREAS**, it is in Knox County's best interest for the Agency to enhance the overall economic prosperity for Knox County through Innovation Valley, Inc., a collation of economic development agencies that will coordinate and execute an overall economic development strategy focused on six areas: technology and entrepreneurship, education and workforce development, business retention, resources for living, public policy, and global marketing.

**WHEREAS**, the Agency has the capability to perform the services required by Knox County and agrees to engage in the activities set forth below.

**WHEREAS**, the Knox County Commission approved Knox County's 2010 Budget on May 26, 2009, effective date July 1, 2009 and thereby included funding as described herein.

**NOW, THEREFORE**, and in consideration of the premises and mutual promises and covenants stated herein, the parties agree as follows:

**ARTICLE I. SCOPE OF SERVICES.**

The Agency economic development initiative officially launched July 1, 2008. This is a follow-up comprehensive five-year work plan to the previous five-year initiative Jobs Now. The Agency in conjunction with the Knoxville Chamber will implement an economic development work plan with specific strategies for 6 key program areas:

- Education and Workforce Development
- Entrepreneurship and Technology
- Global Marketing
- Business Retention and Expansion
- Public Policy
- Resources for Living

*Education and Workforce Development:* The crux of this program is to ensure that this region does not lose its most competitive advantage – a highly educated and skilled workforce. Maintaining and further developing a highly educated and skilled workforce begins at the K-12 level, continues through higher education and is ongoing as students and others enter the workforce.

*Technology and Entrepreneurship* – This region hosts one of the greatest concentrations of per capita high-technology expertise in the world. It is home to Oak Ridge National Laboratory, Y-12 National Security Complex, The University of Tennessee, Technology 2020, and other world-class technology assets. In order for the region to truly become the Innovation Valley, it must continue its focus on technology growth and develop additional programs that support entrepreneurship.

The *Global Marketing* component of the Blueprint is focused on developing activities to promote Knox County both to internal and external audiences by employing several strategies including public relations, direct marketing and internal/external communications.

*Business Retention and Expansion* - Retention and expansion efforts provide significant benefits with compared to strategies based on attracting new business development. It is typically less costly and time-intensive to retain an existing business than it is to recruit a new one. In addition, the success of existing businesses helps demonstrate the overall economic viability of Knox County.

*Public Policy* - The fact that several counties in the region are designated as non-attainment areas could have an effect on attracting certain industry. Also, for Knox County to be most successful in targeting technology-related companies, policy changes requiring legislative action related to incentive programs will need to take place at the state and possibly the local level.

*Resources for Living* – Knox County and the surrounding area clearly has an abundance of resources for living – some of which can be created and developed (college town atmosphere, low cost of living, strong economy) and some which fortunately happen naturally (temperate climate, abundant natural resources, beautiful terrain).

The following are five-year performance metrics of the Agency:

<i>Overall (Recruitment and Expansion):</i>	<b>FIVE-YEAR Target</b>
Total Number of All Jobs Created (Direct & Indirect)	<b>30,000</b>
Total New and Expansion Project Capital Investment	<b>\$3.125 B</b>
Average Annual Wage	<b>\$43,740</b>

## **ARTICLE II. REPORTING**

The Agency will provide the County a **QUARTERLY PERFORMANCE INDICATORS REPORT** indicating the status of each of the anticipated outcomes and performance indicators attached to this MOU as "Appendix A" by the 1st of the month following each quarter – October 1, January 1, April 1, and July 1.

## **ARTICLE III. TERM.**

The term of this MOU shall commence on **July 1, 2009** and shall terminate on **June 30, 2010**, unless terminated earlier pursuant to Article VI herein.

**ARTICLE IV. PAYMENT TERMS AND CONDITIONS.**

Maximum Liability. In no event shall the maximum liability of the County under this MOU exceed three hundred fifty thousand dollars (\$350,000). The County will compensate the Agency on a quarterly term and the payment for each quarter shall not exceed \$87,500. The Agency shall submit an invoice for payment October 1, 2009; January 1, 2010; April 1, 2010; and June 30, 2010. All required quarterly reports must be submitted before payment is requested.

**ARTICLE V. MONITORING AND RECORDKEEPING**

The County or any of their authorized representatives shall have access to any books, documents, papers, and records of the Agency that are directly pertinent to this MOU for the purpose of making audit, examination, excerpts, and transactions. The Agency must provide the requested information and/or make the necessary modifications to the information presented to comply with the County's requirements and allow as many site visits by County's representative as are deemed necessary to establish and validate results/outcomes of Performance Indicators. The Agency must retain all records relevant to the MOU for a period of at least six (6) years.

**ARTICLE VI. TERMINATION.**

If the Agency shall fail to fulfill, in a timely and proper manner, their obligations under this MOU, or if the Agency shall violate any of the covenants or stipulations of this MOU, the County shall thereupon have the right to terminate this MOU by giving five (5) calendar days written notice to the Agency of such termination and specifying the effective date thereof.

**ARTICLE VII. INDEPENDENT CONTRACTOR.**

The Agency shall render all services as an independent contractor and shall not be considered an officer, agent or employee of the County or entitled to any benefits, insurance, pension, worker's compensation, or any other benefit as that of an employee of the County.

**ARTICLE VIII. PROPRIETARY INFORMATION.**

The Agency shall not use or duplicate, in any way or by any means, any proprietary information, including trade secrets belonging to or supplied or otherwise made available except in the performance of work or the rendering of services for the County or at the direction of the County.

**ARTICLE IX. APPROPRIATIONS**

In the event no funds are appropriated by Knox County for the Services described herein in any fiscal year or insufficient funds exists to provide the services, then the MOU shall expire upon the expenditure of previously appropriated funds or the end of the current fiscal year, whichever occurs first, with no obligations owed to or by either party. This provision shall survive the termination of this MOU.

**ARTICLE X. INDEMNIFICATION.**

The Agency shall indemnify, defend, save and hold harmless the County, its officers, agents and employees from all suits, claims, actions or damages of any nature brought because of, arising out of, or due to breach of the Contract by the Agency, their subcontractors, agents or employees or due to any negligent act, occurrence, omission, commission of the Agency, their subcontractors, agents or employees.

**ARTICLE XI. POLITICAL ACTIVITY**

Neither the Agency's program nor the funds provided therefore, nor the personnel employed in the administration of the program shall be in any way or to any extent engaged in the conduct of political activities.

**ARTICLE XII. FEDERAL, STATE AND COUNTY REQUIREMENTS.**

The Agency shall comply with all local, state and federal requirements including all applicable provisions of the Health Insurance Portability Act of 1996 (HIPAA) necessary to the execution of the Agency performance under their Agreement. Neither the County nor the Contractor shall assign, sublet, or transfer its interest in their Agreement to any other party without the prior written approval of the other party. The Agency shall not issue a subcontract for the duties or services set forth above without prior approval of the County. Furthermore, the Agency warrants to the County that it is familiar with the requirements of HIPAA and its accompanying regulations, and will comply with all applicable HIPAA requirements in the course of their contract. The Agency warrants that it will cooperate with the County in the course of performance of the contract so that both parties will be in compliance with HIPAA, including cooperation and coordination with County privacy officials and other compliance officers required by HIPAA and its regulations. The Agency will sign any documents that are reasonably necessary to keep the County and the Agency in compliance with HIPAA, including but not limited to business associate agreements.

**ARTICLE XIII. GOVERNING LAW.**

Their agreement shall be interpreted, construed and governed according to the laws of the State of Tennessee and Knox County.

**ARTICLE XIV. ENTIRE AGREEMENT IN DOCUMENT.**

This instrument embodies the entire agreement between the parties and no prior representations, terms, conditions, promises, agreements, oral or otherwise, between the parties other than contained herein, shall have any force or effect.

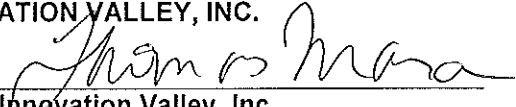
**IN WITNESS WHEREOF**, the parties have executed their Memorandum of Understanding as of the date first written above.

**KNOX COUNTY**

BY:   
Mike Ragsdale, County Mayor

DATE: 7-29-09

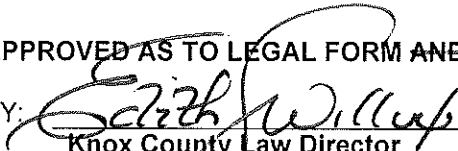
**INNOVATION VALLEY, INC.**

BY:   
Innovation Valley, Inc.

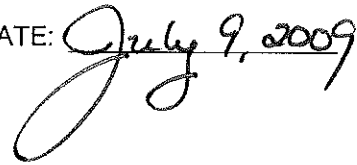
DATE: 8-6-09

APPROVED AS TO LEGAL FORM AND CORRECTNESS:

BY:

  
Knox County Law Director  
Contract #: 09-319

DATE:



**Appendix A**

**Outcomes and Performance Indicators**

#	Outcome	Performance Indicator
1	In one year, there will be 6,000 net new direct and indirect jobs created within Innovation Valley	Net new jobs as reported by US Bureau of Labor Statistics
2	Increased brand awareness of the Knoxville Oak Ridge Innovation Valley	Number of marketing/recruitment trips, trade shows, and conferences attended by IVI staff
3	Business location prospect activity is increased	Total number of active projects being worked by IVI staff
4	Relationships with site selection consultants is maintained and enhanced	% of active projects currently being worked which were generated by a site selection consultant
5	Continuation of award winning focused existing business retention and expansion program	Number of existing industry visits conducted
6	Outreach of existing industry program to companies never before reached	% of first time existing industry visits
7	Regional technological asset awareness has been raised	Number of Technology Mining & Matching visits conducted
8	High School graduation rates are enhanced	High School Graduation Rate
9	Raise awareness for need to enhance public education standards in Knox Co. school system	Number of citizens who have viewed "1 in 100" video and participated in facilitated discussion

## *Quarterly Success Indicators Report*

AGENCY: Knoxville Chamber Federal Tax I.D. 62-0262640

PROJECT: Innovation Valley Inc

Period Covered:  1<sup>st</sup> Qtr. July-Sept 2009 Report Submission Date: October, 2010

2<sup>nd</sup> Qtr. Oct.-Dec. 2009

3<sup>rd</sup> Qtr. Jan-Mar. 2010

4<sup>th</sup> Qtr. Apr-June 2010 - Final Report – Fiscal Year 2009/10

#	<u>Outcome Indicator</u>	DCBD *	1 <sup>st</sup> Qtr	2 <sup>nd</sup> Qtr	3 <sup>rd</sup> Qtr	4 <sup>th</sup> Qtr	Y-T-D	Goal
1	Ratio of % of time expired (in months) to the % of five year goal reached - as reported by U.S. Bureau of Labor Statistics	7/1/2008	25:00	30:00	35:00	40:00		30,000 jobs
2	Percent of change in number of recruiting trips, trade shows and conferences attended by KACP ED Staff.	7/1/2009	-45%	-13%	+43%	-66%	23	
3	% of active projects that came to KACP as a direct result of recruiting trips, trade shows, and conferences	7/1/2009	13%	10%	8%	12%	10.72%	
4	% of active projects currently being worked which were generated by a site selection consultant	7/1/2009	30%	21%	22%	23%	24.2%	
5	a. Percent of change in number of visits made to existing industries in Knoxville/Knox County	7/1/2009	-47%	-68%	-64%	-47%	54 total	
	b. Percent of industries visited that are being helped for the first time	7/1/2009	45%	100%	50%	71%	35 total	
6	% of existing industry visits that have had a tangible follow-up need which was completed by KACP.	7/1/2009	63%	46%	58%	57%	56%	
7	a. % of visits that result in increased interest in/use of technological resources by existing companies	7/1/2009	97%	94%	90%	85%	210 Total	
	b. % of visits that result in relocation to Knoxville/Knox County of potential new recruits. Goal is 5%	7/1/2009	0%	0%	0%	0%		
	7c. % of total visits broken down by existing company or potential new recruit	7/1/2009	96% existing	100% existing	100% existing	100% existin g		