

**Knoxville Utilities Board  
Board Meeting  
Minutes  
Thursday, December 15, 2022 Noon**

**Call to Order**

The Knoxville Utilities Board met in regular session in the Larry A. Fleming Board Room at 445 S. Gay Street, on Thursday, December 15, 2022, pursuant to the public notice published in the January 4, 2022, edition of the *News Sentinel*. Chair Jerry Askew called the meeting to order at 12:00 p.m.

**Roll Call**

Commissioners Present: Jerry Askew, Claudia Caballero, Ron Feinbaum, Kathy Hamilton, Adrienne Simpson-Brown, and Tyvi Small.

Commissioner Absent: Celeste Herbert

**Approval of Minutes**

Upon a motion by Commissioner Small and a second by Commissioner Feinbaum, the November 17, 2022 Board Meeting minutes were approved by a roll call vote. The following Commissioners voted "aye": Askew, Caballero, Feinbaum, Hamilton, Simpson-Brown, and Small. No Commissioner voted "nay".

**Old Business**

None.

**New Business**

**Resolution 1469, A Resolution Requesting the City Council of the City of Knoxville to Adopt a Resolution Setting the Tax Equivalent Payments for the Electric, Gas and Fiber Systems for the Fiscal Year Beginning July 1, 2022, and Providing for the Allocation and Distribution of Such Payments to the Affected Taxing Jurisdictions**

President Gabriel Bolas recognized Chris Hood, Director of Finance, who reviewed the proposed tax equivalent payments and distribution of payments for the electric, gas, and fiber systems for fiscal year 2023. He advised that state law requires that City Council adopt a resolution setting the amount of the electric, gas, and fiber payments and providing for their distribution. Mr. Hood noted that the proposed electric, gas, and fiber payments were the maximum amounts permitted by state law. Mr. Hood also reviewed the water and wastewater systems in lieu of tax payments for fiscal year 2023.

December 15, 2022

Upon a motion by Commissioner Caballero and a second by Commissioner Hamilton, Resolution 1469 (*Attachment 1*) was adopted by a roll call vote on first and final reading. The following Commissioners voted “aye”: Askew, Caballero, Feinbaum, Hamilton, Simpson-Brown, and Small. No Commissioner voted “nay”.

**Resolution 1470, A Resolution Authorizing the Condemnation and the Taking of a Permanent Utility Easement on one Certain Property Located at 1600 Henrietta Avenue, Knoxville, Knox County, Tennessee**

President Bolas recognized Brooke Sinclair, Director of Engineering, to review the easement acquisition process and provide details of the condemnation request.

Upon a motion by Commissioner Hamilton and a second by Commissioner Caballero, Resolution 1470 (*Attachment 2*) was adopted by a roll call vote on first and final reading. The following Commissioners voted “aye”: Askew, Caballero, Feinbaum, Hamilton, Simpson-Brown, and Small. No Commissioner voted “nay”.

**President’s Report**

**Bond Sale Results**

President Bolas recognized Mark Walker, Senior Vice President and Chief Financial Officer, for an update on KUB’s recent sale of electric and wastewater bonds on November 30, 2022.

**TVA EnergyRight Awards**

President Bolas welcomed the TVA representatives attending the Board meeting. He recognized Ruby Mathai, TVA Senior Manager, EnergyRight for Business & Industry. Ms. Mathai presented the Top Performer 2021 and North Star Award 2021 to Chair Askew on behalf of KUB. Mr. Bolas also recognized Robbie Ansary, TVA Customer Relations Manager, Katie Rievley, Customer Service Engineer - Regional Relations, and Adam Borden, Energy Services Consultant.

**Employee Excellence Award**

President Bolas recognized Elba Marshall, Director of Corporate Services and Diversity, who provided an overview of the Employee Excellence Awards program. She presented the Board Chair Award to employees Kyle Amsden and James Day. Chair Askew and President Bolas shared their appreciation as well.

December 15, 2022

### **Center for Energy Workforce Development Impact Award**

President Bolas advised Commissioners KUB recently received the Impact Award for our TeenWork Program from the Center for Energy Workforce Development, honoring excellence for leadership in workforce development initiatives.

### **Other Business**

Commissioner Ron Feinbaum announced the Nominating Committee met on December 12, 2022 and voted to nominate the following slate of officers for 2023; Adrienne Simpson-Brown, Chair; Tyvi Small, Vice-Chair; and Mark Walker, Secretary. He also announced that the election of officers would be conducted in January 2023, as required by the Charter.

### **New Business**

#### **Resolution 1471, A Resolution of the Knoxville Utilities Board Honoring Jerry Askew, who is Concluding Service as a Commissioner**

President Bolas offered Resolution 1471 for the Board's consideration recognizing Jerry Askew for his service to the KUB Board of Commissioners. Bill Coley, Board's General Counsel, read Resolution 1471.

Upon a motion by Commissioner Feinbaum and a second by Commissioner Small, Resolution 1471 (*Attachment 3*) was adopted by a roll call vote on first and final reading. The following Commissioners voted "aye": Caballero, Feinbaum, Hamilton, Simpson-Brown, and Small. No Commissioner voted "nay".

Commissioner Askew thanked the Board and KUB staff and expressed his appreciation for all KUB employees.


### **Public Comment**

None

December 15, 2022

**Adjournment**

There being nothing further to come before the Board, Chair Askew declared the Board meeting adjourned at 12:55 p.m.



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Adrienne Simpson-Brown, Chair



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Mark Walker, Board Secretary

**Attachments**

		<b><u>Page(s)</u></b>
Attachment 1	Recommendation Letter and Resolution 1469 – A Resolution Requesting the City Council of the City of Knoxville to Adopt a Resolution Setting the Tax Equivalent Payments for the Electric, Gas and Fiber Systems for the Fiscal Year Beginning July 1, 2022, and Providing for the Allocation and Distribution of Such Payments to the Affected Taxing Jurisdictions	11855 – 11862
Attachment 2	Resolution 1470 – A Resolution Authorizing the Condemnation and the Taking of a Permanent Utility Easement on one Certain Property Located at 1600 Henrietta Avenue, Knoxville, Knox County, Tennessee	11863 – 11864
Attachment 3	Resolution 1471 – A Resolution of the Knoxville Utilities Board Honoring Jerry Askew, who is Concluding Service as a Commissioner	11865 – 11866



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December 9, 2022

Knoxville Utilities Board  
445 S. Gay Street  
Knoxville, Tennessee 37902-1109

Commissioners:

The December 15 Board meeting agenda includes consideration of two official action items, including tax equivalent payments for fiscal year 2023 for KUB's electric, gas and fiber systems, and condemnation authority for a single parcel of property related to the relocation of electric system facilities to accommodate the construction of the new downtown multi-use stadium.

An overview of each resolution is provided below.

**Resolution 1469**

State law requires City Council, as the municipality's governing body, to pass a resolution setting the in lieu of tax payments for KUB's electric, gas, and fiber systems each fiscal year and providing for their distribution to the appropriate taxing jurisdictions.

Tax equivalents for the three systems for fiscal year 2023 total \$24,307,800, including \$17,175,635 for the electric system, \$7,131,007 for the gas system, and \$1,158 for the fiber system. The fiber system amount is small given the relatively low value of fiber system assets in place. The electric, gas and fiber tax equivalent payments are the maximum amounts provided for under state law. These payments will be made to the respective taxing jurisdictions on the last business day of June.

A summary of all tax equivalent payments for fiscal year 2023 is enclosed for your information. Although it doesn't require official action by the Board or City Council, our presentation will also cover the in lieu of tax payments for the water and wastewater systems.

Resolution 1469, enclosed for your information, requests the City Council of Knoxville to set the in lieu of tax payments for KUB's electric, gas and fiber systems and to establish the allocation of payments to the various taxing jurisdictions for the fiscal year ending June 30, 2023. I recommend its adoption on first and final reading.

**Resolution 1470**

Resolution 1470 authorizes the condemnation and taking of a permanent utility easement for a single parcel of property located at 1600 Henrietta Avenue in the downtown area.

This authority is needed for vegetation clearance and the installation of one new electric pole with associated electric conductors as part of the relocation of an electric transmission line to accommodate the construction of the new multi-use stadium in downtown Knoxville.

Completion of this electric system project has been hindered by the inability to negotiate a permanent easement. The owner of the property is deceased, and there is not clear authority among the heirs to agree to a negotiated easement. Staff is requesting condemnation authority given the need to move forward with this project.

Resolution 1470 is enclosed for your information. I recommend its adoption on first and final reading.

Respectfully submitted,



Gabriel J. Bolas II  
President and CEO

## RESOLUTION NO. 1469

### **A Resolution Requesting the City Council of the City of Knoxville to Adopt a Resolution Setting the Tax Equivalent Payments for the Electric, Gas and Fiber Systems for the Fiscal Year Beginning July 1, 2022, and Providing for the Allocation and Distribution of Such Payments to the Affected Taxing Jurisdictions**

**Whereas**, in accordance with Section 1101 of the Charter of the City of Knoxville, the purchase, sale, and distribution of electric and gas services by the City of Knoxville are under the jurisdiction, control, and management of the Knoxville Utilities Board (“KUB”); and

**Whereas**, the state of Tennessee adopted electric and gas tax equivalent statutes in 1987 (TCA Sections 7-52-301 et seq. and Sections 7-39-401 et seq.) in order to gain uniformity with respect to payments in lieu of taxes on the property and operations of all electric and gas systems owned and operated by incorporated cities or towns, by counties, and by metropolitan governments in the state of Tennessee; and

**Whereas**, the state of Tennessee adopted a tax equivalent statute in 1999 (TCA Section 7-52-606) in order to provide the method for calculation of payments in lieu of taxes on the property and operations of all internet (fiber) or other like systems owned and operated by municipalities in the state of Tennessee; and

**Whereas**, the statutes provide that every municipality may cause an amount to be paid from its electric and/or gas and/or fiber system revenues for tax equivalents which, in the judgment of the municipality’s governing body (i.e. City Council of Knoxville), after consultation with the supervisory body (i.e. KUB), represents the fair share cost of government to be borne by the electric system and/or gas and/or fiber systems; and

**Whereas**, the statutes include formulas which establish the maximum annual tax equivalent payment for electric, gas and fiber systems; and

**Whereas**, the statutes provide the basis for the allocation and distribution of tax equivalent payments to the various taxing jurisdictions, except to the extent any such payments were allocated and distributed under established arrangements in existence immediately prior to the adoption of the statutes; and

**Whereas**, KUB had an established arrangement for the allocation and distribution of electric and gas system tax equivalent payments, as defined by the statutes, in existence immediately prior to the adoption of said statutes; and



**Whereas**, TCA Section 7-52-606 provides that a municipality providing internet (fiber) services shall make payments in the same manner established for its electric system, except as provided in the statute; and

**Whereas**, KUB has prepared a proposed resolution for passage by the City Council of Knoxville, a copy of which resolution is attached hereto and made a part hereof (hereinafter referred to as the "Proposed Resolution").

**Now, Therefore, Be It Hereby Resolved by the Board of Commissioners of the Knoxville Utilities Board:**

**Section 1.** That the KUB Board of Commissioners (the "Board"), after due consideration, finds that it is in the best interest of KUB and the City of Knoxville to make electric, gas and fiber tax equivalent payments for the fiscal year beginning July 1, 2022, totaling \$17,175,635 for the electric system and \$7,131,007 for the gas system and \$1,158 for the fiber system (hereinafter referred to as "Tax Equivalents"), with the aforesaid Tax Equivalents being the maximum amounts permitted by law.

**Section 2.** That this Board, after due consideration, finds that the following allocation and distribution of the aforesaid Tax Equivalents to the following taxing jurisdictions is required under the applicable statutes:

	<u>Electric</u>	<u>Gas</u>	<u>Fiber</u>	<u>Total Tax Equivalents</u>
City of Knoxville	\$ 9,461,144	\$4,306,443	\$485	\$13,768,072
Knox County	6,667,955	2,821,168	673	9,489,796
Union County	365,563			365,563
Sevier County	373,558			373,558
Grainger County	196,136			196,136
Jefferson County	92,020			92,020
Blount County	9,069			9,069
Anderson County	10,190	2,055		12,245
Loudon County		<u>1,341</u>		<u>1,341</u>
<b>Total</b>	<b>\$17,175,635</b>	<b>\$7,131,007</b>	<b>\$1,158</b>	<b>\$24,307,800</b>

**Section 3.** That this Board hereby formally requests City Council to pass the Proposed Resolution, and this Board does hereby adopt, ratify, approve, consent and agree to each and every recital and provision contained in the Proposed Resolution.

**Section 4.** That this Board finds that the statutory obligation for consultation with the supervisory body (KUB) will be fulfilled by the delivery of this resolution to City Council.

**Section 5.** That upon City Council's passage of the Proposed Resolution, the President and Chief Executive Officer, or the Chief Financial Officer, is hereby authorized and directed to distribute the Tax Equivalents to the respective taxing jurisdictions in accordance with the Proposed Resolution; provided, however, that the amount of such Tax Equivalents to be paid to any taxing jurisdiction specified in the Proposed Resolution shall be appropriately reduced by the aggregate amount of any qualified state, county, city and other local taxes or charges imposed for such fiscal year by or for the benefit of such taxing jurisdiction, said reduction being required by the statutes.

**Section 6.** That the President and Chief Executive Officer is authorized to deliver copies of this Resolution to the Mayor and City Council as formal evidence of this Board's action in connection therewith.

**Section 7.** BE IT FURTHER RESOLVED that this Resolution shall take effect from and after its passage.

\_\_\_\_\_  
Jerry Askew/s  
Jerry Askew, Chair

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Mark Walker/s  
Mark Walker, Board Secretary

APPROVED ON 1<sup>st</sup>  
& FINAL READING: 12-15-22  
EFFECTIVE DATE: 12-15-22  
MINUTE BOOK 45 PAGE 11857-11862

## RESOLUTION

### **A Resolution of the Council of the City of Knoxville Setting the In Lieu of Tax Payments for the Electric, Gas and Fiber Systems of the Knoxville Utilities Board for the Fiscal Year Beginning July 1, 2022, and Providing for the Allocation and Distribution of Such Payments to the Affected Taxing Jurisdictions**

**Whereas**, under the state of Tennessee electric, gas and internet (fiber) tax equivalent statutes (TCA Section 7-52-301 et seq., Section 7-39-401 et seq. and TCA 7-52-606), the Council of the City of Knoxville, after consultation with the Knoxville Utilities Board (hereinafter referred to as "KUB"), may cause to be paid from KUB's Electric, Gas and Fiber Divisions an amount for payments in lieu of taxes (hereinafter referred to as "Tax Equivalents") on KUB's electric, gas and fiber systems and operations which, in the judgment of City Council, shall represent the fair cost of government properly to be borne thereby; and

**Whereas**, the amount of Tax Equivalents on KUB's electric and gas systems that may be set by City Council is to be in lieu of all state, county, city and other local taxes or charges imposed on KUB's Electric and Gas Divisions for the fiscal year by the various taxing jurisdictions in which the properties of the electric and gas systems are situated, said amount being subject to a maximum limitation that may be paid for a fiscal year; and

**Whereas**, the amount of Tax Equivalents on KUB's fiber system that may be set by City Council is to be in lieu of all state, county, city or other local taxes or charges imposed on KUB's Fiber Division for the fiscal year by the various taxing jurisdictions in which the properties of the fiber system are situated, except as specifically provided in Section 7-52-606; and

**Whereas**, the Tax Equivalents are to be distributed to the respective taxing jurisdictions in accordance with a mandatory distribution formula or under established arrangements with taxing jurisdictions in effect immediately prior to the adoption of the statutes, both as provided for in the statutes; and

**Whereas**, KUB had established arrangements in place with taxing jurisdictions for the allocation and distribution of in lieu of tax payments on KUB's electric and gas systems immediately prior to the adoption of the statutes; and

**Whereas**, TCA Section 7-52-606 provides that a municipality providing internet (fiber) services shall make payments in the same manner established for its electric system, except as provided in the statute; and

**Whereas**, KUB, by its passage of Resolution No. 1469 on December 15, 2022, and the delivery of same to City Council, has requested City Council pass a resolution setting the Tax Equivalents for the fiscal year beginning July 1, 2022, and providing for the allocation and distribution of the Tax Equivalents to the affected taxing jurisdictions (hereinafter referred to as “Proposed Resolution”); and

**Whereas**, City Council, having consulted with KUB regarding the setting of the Tax Equivalents and the allocation and distribution thereof to the affected taxing jurisdictions, hereby finds that KUB’s Proposed Resolution is in the best interests of the City of Knoxville and KUB.

**NOW THEREFORE BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF KNOXVILLE:**

**Section 1.** That pursuant to T.C.A. Sections 7-52-301 et seq., Sections 7-39-401 et seq., and Section 7-52-606, the Council of the City of Knoxville hereby sets the Tax Equivalents for KUB’s electric, gas and fiber systems for the fiscal year beginning July 1, 2022, at a total of \$24,307,800, representing \$17,175,635 in electric Tax Equivalents, \$7,131,007 in gas Tax Equivalents and \$1,158 in fiber Tax Equivalents, said amounts being the maximum amount of Tax Equivalents that may be paid from KUB’s Electric, Gas and Fiber Divisions under law.

**Section 2.** That the aforesaid Tax Equivalents be distributed in accordance with law to the following taxing jurisdictions in the amounts specified below:

	<u>Electric</u>	<u>Gas</u>	<u>Fiber</u>	<u>Total Tax Equivalents</u>
City of Knoxville	\$ 9,461,144	\$4,306,443	\$485	\$13,768,072
Knox County	6,667,955	2,821,168	673	9,489,796
Union County	365,563			365,563
Sevier County	373,558			373,558
Grainger County	196,136			196,136
Jefferson County	92,020			92,020
Blount County	9,069			9,069
Anderson County	10,190	2,055		12,245
Loudon County	<u>                    </u>	<u>1,341</u>	<u>                    </u>	<u>1,341</u>
<b>Total</b>	<b>\$17,175,635</b>	<b>\$7,131,007</b>	<b>\$1,158</b>	<b>\$24,307,800</b>

**Section 3.** That the statutory obligation for City Council to consult with the supervisory body (KUB) was satisfied by the delivery of KUB Resolution No. 1469 to City Council.

**Section 4.** That KUB be and hereby is authorized and directed to aforesaid amounts of Tax Equivalents to the respective taxing jurisdictions specified above; provided, however, that the amount of such Tax Equivalents to be paid to any taxing jurisdiction shall be appropriately reduced by the aggregate amount of any qualified state, county, city and other local taxes or charges imposed for such fiscal year by or for the benefit of such taxing jurisdiction, said reduction being required by law.

**Section 5.** That this resolution shall take effect immediately upon its passage, the public welfare requiring it, and a certified copy hereof shall be delivered to the President and Chief Executive Officer of KUB as formal evidence of this Council's action in connection therewith.

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Mayor

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City Recorder

## RESOLUTION NO. 1470

### **A Resolution Authorizing the Condemnation and the Taking of a Permanent Utility Easement on one Certain Property Located at 1600 Henrietta Avenue, Knoxville, Knox County, Tennessee**

**Whereas**, supplying the public need and demand for electric service makes it necessary and desirable for KUB to construct electric system facilities (the "Facilities") on a portion of certain property located at 1600 Henrietta Avenue in the downtown area of Knoxville, Knox County, Tennessee, and being more particularly described on Knox County Tax Maps as CLT 95 Parcel 8; and

**Whereas**, a permanent utility easement across the aforesaid property must be obtained for vegetation clearance and the installation of one new electric pole and associated equipment as part of the relocation of an electric transmission line to accommodate the construction of the new multi-use stadium in downtown Knoxville; and

**Whereas**, in the opinion of the KUB Board of Commissioners (the "Board"), the easement for the property described in this Resolution best meets the needs and requirements of the public for the location of the Facilities; and

**Whereas**, time is of the essence in constructing the Facilities and it is advantageous for KUB officials to be authorized to condemn and acquire the necessary easement in the event that it cannot be acquired by negotiation.

**Now, Therefore, Be it Hereby Resolved by the Board of Commissioners of the Knoxville Utilities Board:**

**Section 1.** That this Board finds and declares:

- (a) That public convenience and necessity require the installation of the Facilities in the Easement for the property described herein, so as to provide adequate utility service to the public, including the present and prospective customers of KUB's electric system.
- (b) That the cost of the Easement, as mentioned in the preceding paragraph, shall be paid from appropriations heretofore made by this Board for the operation and construction program of the Electric Division.
- (c) That for the purpose of placing, constructing, repairing, maintaining, rehabilitating, improving and replacing the Facilities on the property described herein, there shall be condemned such permanent utility easement across the aforementioned property, as may be determined to be necessary by the President and CEO or his designee.

**Section 2.** That the President and CEO and the General Counsel for KUB, are hereby authorized and directed to take all action and do all things necessary or desirable for the acquisition of said easement described in Section 1 of this Resolution, by condemnation or otherwise, including, without limitation, the institution of a suit in the name of KUB against any and all persons having any interest in the affected property, for the condemnation thereof, and the determination of the amount of any deposit to be made in connection with any such suit.

**Section 3.** That this Resolution shall take effect upon its passage.

Jerry Askew/s  
Jerry Askew, Chair

Mark Walker/s  
Mark Walker, Board Secretary

APPROVED ON 1<sup>st</sup>  
& FINAL READING: 12-15-22  
EFFECTIVE DATE: 12-15-22  
MINUTE BOOK 45 PAGE 11863-11864

## RESOLUTION 1471

### **A Resolution of the Knoxville Utilities Board Honoring Jerry Askew, who is Concluding Service as a Commissioner**

**Whereas**, Jerry Askew became a member of this Board in January 2016 and has now served faithfully for seven years; and

**Whereas**, Commissioner Askew's expertise in corporate and non-profit leadership, as well as his background as the Archdeacon of the Episcopal Diocese of East Tennessee, have informed his tenure on the board and provided helpful guidance for the staff; and

**Whereas**, Commissioner Askew has helped KUB manage the unprecedented circumstances of the COVID-19 global pandemic and its impact on customers, supporting programs to serve those facing hardships due to the pandemic; and

**Whereas**, Commissioner Askew's commitment to assisting customers in need has been demonstrated through his support for programs like the COVID Utility Relief Effort fund, Round It Up, and home weatherization programs which have served thousands of customers; and

**Whereas**, Commissioner Askew has also demonstrated leadership by serving as the Chair of the Board for the past two years; and

**Whereas**, as Chair, Commissioner Askew helped lead the historic effort to create KUB's Fiber Division to provide municipal high-speed broadband services for KUB's customers, which will result in positive impacts on quality of life, economic growth, and student performance, especially for underserved and unserved communities and customers, for many years to come; and

**Whereas**, during his tenure as a Commissioner and as Chair, KUB has made significant progress in its operations, its customer focus, its environmental stewardship, and its community impact, winning numerous awards and recognitions; and

**Whereas**, during his tenure as a Commissioner the Board established a Community Advisory Panel to seek input from customers about its programs and services, and to help better communicate important utility issues to the community; and

**Whereas**, Commissioner Askew's engagement in the community extends beyond his tenure on the KUB Board and is reflected through his service to countless nonprofit organizations including the Episcopal School of Knoxville, the Meaningful Life Center and Families First Community Advisory Boards; the Johnson University Greater Knoxville Advisory Board, All Souls Foundation, and the Knoxville Leadership Foundation.



**Now, Therefore, Be It Hereby Resolved by the Board of Commissioners of the Knoxville Utilities Board:**

**Section 1.** That this Board hereby gratefully acknowledges and commends Jerry Askew for his dedicated service to KUB, its employees, customers, and our community.

**Section 2.** That the Board recognizes Commissioner Askew's meaningful and effective service and genuinely regrets that his time on the KUB Board of Commissioners has concluded.

**Section 3.** That this Resolution shall take effect from and after its passage and that a copy shall be provided to Commissioner Askew.

Claudia Caballero/s  
Claudia Caballero, Commissioner

Ron Feinbaum/s  
Ron Feinbaum, Commissioner

Kathy Hamilton/s  
Kathy Hamilton, Commissioner

Celeste Herbert/s  
Celeste Herbert, Commissioner

Tyvi Small/s  
Tyvi Small, Commissioner

Adrienne Simpson-Brown/s  
Adrienne Simpson-Brown, Vice Chair

APPROVED ON 1<sup>st</sup>  
& FINAL READING: 12-15-22  
EFFECTIVE DATE: 12-15-22  
MINUTE BOOK 45 PAGE 11865-11866

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