



**Board Meeting Agenda
Thursday, February 16, 2017
Noon**

Call to Order

Roll Call

Approval of Minutes

Official Action

Resolution 1356 – Requesting the City Council of the City of Knoxville to Pass a Resolution Setting the Tax Equivalent Payments for the Electric and Gas Systems for the Fiscal Year Beginning July 1, 2016 and Providing for the Allocation and Distribution of Such Payments to the Affected Taxing Jurisdictions

Resolution 1357 – Authorizing the Condemnation and the Taking of Utility Easements as may be Necessary in Support of the Tennessee Department of Transportation's (TDOT's) Chapman Highway Improvements Project

President's Report

Other Business

Public Comments

Adjournment



Knoxville Utilities Board

February 10, 2017

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

Commissioners:

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

Tax equivalents for the electric system for fiscal year 2017 are \$14,828,556. Tax equivalents for the gas system for fiscal year 2017 are \$6,987,365. Both electric and gas tax equivalent payments are the maximum amounts provided for under state law. Electric and gas tax equivalent payments will be made to the respective taxing jurisdictions on the last business day of June. An overview of all tax equivalent payments for fiscal year 2017 is attached for your information.

I recommend adoption of Resolution 1356, requesting the City Council of Knoxville to set the in lieu of tax payments for KUB's electric and gas systems and to establish the allocation of payments to the various taxing jurisdictions for the fiscal year ending June 30, 2017.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Mintha E. Roach'.

Mintha E. Roach
President and CEO

Summary of FY 2017 Tax Equivalent Payments

KUB is required under state law and the City Charter to make in lieu of tax payments (tax equivalents) to the taxing jurisdictions in which its utility systems are located. State law sets forth the basis for electric and gas system tax equivalents, while the City Charter addresses tax equivalents for the water and wastewater systems.

Under state law, the City Council of Knoxville is required to pass a resolution setting the annual tax equivalent amounts for the electric and gas systems, and the allocation of such payments to the respective taxing jurisdictions (i.e. City of Knoxville, Knox County, etc.). The basis for the allocation of payments is also set forth in state law. Since state law is silent on water and wastewater tax equivalents, the KUB Board sets these amounts in a manner prescribed by the City Charter. Water and wastewater payments are made to the City of Knoxville.

Total tax equivalents for FY 2017 are \$29,127,961, representing an increase of \$1,723,741 or 6.3 percent over last fiscal year, as set forth below.

	FY 17	FY 16	Increase	% Increase
Electric Division	\$ 14,828,556	\$ 13,900,176	\$ 928,380	6.68%
Gas Division	\$ 6,987,365	\$ 6,737,649	\$ 249,716	3.71%
Water Division	\$ 3,294,652	\$ 2,976,406	\$ 318,246	10.69%
Wastewater Division	\$ 4,017,388	\$ 3,789,989	\$ 227,399	6.00%
	\$ 29,127,961	\$ 27,404,220	\$ 1,723,741	6.29%

The increase in tax equivalent payments compared to last fiscal year is primarily the product of utility plant additions for KUB's utility systems.

Total payments to the City of Knoxville for FY 2017 will be \$18,524,684. Total payments to Knox County will be \$9,742,580. Total payments to other taxing jurisdictions will be \$860,697.

Water and wastewater payments will be paid to the City on February 28, 2017. Electric and gas payments will be paid to the respective taxing jurisdictions on June 30, 2017.

RESOLUTION NO. 1356**A Resolution Requesting the City Council of the City of Knoxville to Pass a Resolution Setting the Tax Equivalent Payments for the Electric and Gas Systems for the Fiscal Year Beginning July 1, 2016 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 statutes provide that every municipality may cause an amount to be paid from its electric and/or gas 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 system; and

Whereas, the statutes include formulas which establish the maximum annual tax equivalent payment for electric and gas 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, 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 and gas tax equivalent payments for the fiscal year beginning July 1, 2016, totaling \$14,828,556 for the electric system and \$6,987,365 for the gas 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 Tax Equivalents</u>	<u>Gas Tax Equivalents</u>	<u>Total Tax Equivalents</u>
City of Knoxville	\$ 7,472,820	\$3,739,824	\$11,212,644
Knox County	6,499,444	3,243,136	9,742,580
Union County	337,775		337,775
Sevier County	324,143		324,143
Grainger County	133,658		133,658
Jefferson County	39,253		39,253
Blount County	13,276		13,276
Anderson County	8,187	2,846	11,033
Loudon County	<u> </u>	<u>1,559</u>	<u>1,559</u>
Total	\$14,828,556	\$6,987,365	\$21,815,921

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.

Celeste Herbert, Chair

Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: _____
EFFECTIVE DATE: _____
MINUTE BOOK ___ PAGE _____

RESOLUTION

A Resolution of the Council of the City of Knoxville Setting the In Lieu of Tax Payments for the Electric and Gas Systems of the Knoxville Utilities Board for the Fiscal Year Beginning July 1, 2016 and Providing for the Allocation and Distribution of Such Payments to the Affected Taxing Jurisdictions

Whereas, under the state of Tennessee electric and gas tax equivalent statutes (TCA Section 7-52-301 et seq. and Section 7-39-401 et seq.), 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 and Gas Divisions an amount for payments in lieu of taxes (hereinafter referred to as "Tax Equivalents") on KUB's electric and gas 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 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 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, KUB, by its passage of Resolution No. 1356 on February 16, 2017, 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, 2016, 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. and Sections 7-39-401 et seq., the Council of the City of Knoxville hereby sets the Tax Equivalents for KUB's electric and gas systems for the fiscal year beginning July 1, 2016, at a total of \$21,815,921, representing \$14,828,556 in electric Tax Equivalents and \$6,987,365 in gas Tax Equivalents, said amounts being the maximum amount of Tax Equivalents that may be paid from KUB's Electric and Gas 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 Tax Equivalents</u>	<u>Gas Tax Equivalents</u>	<u>Total Tax Equivalents</u>
City of Knoxville	\$ 7,472,820	\$3,739,824	\$11,212,644
Knox County	6,499,444	3,243,136	9,742,580
Union County	337,775		337,775
Sevier County	324,143		324,143
Grainger County	133,658		133,658
Jefferson County	39,253		39,253
Blount County	13,276		13,276
Anderson County	8,187	2,846	11,033
Loudon County	<u> </u>	<u>1,559</u>	<u>1,559</u>
Total	\$14,828,556	\$6,987,365	\$21,815,921

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. 1356 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.

Mayor

City Recorder



Knoxville Utilities Board

February 10, 2017

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

Commissioners:

KUB is required to relocate its electric utilities based on a reprioritization of roadway improvements which impacted the scheduling of TDOT's Chapman Highway project. After being notified in December of 2016, KUB completed the design and associated easement documents. TDOT is currently planning to bid the project on June 23 of this year, and all easements must be acquired by that date to meet TDOT's schedule. Staff is requesting condemnation authority to cover the required easements for this project. While we will work with property owners to acquire the easements on mutually agreeable terms, the requested authority will ensure that the project is not delayed in the rare events where actual condemnation is required.

Resolution 1357 provides that the Board will receive at least 10 days' notice of any proposed condemnation. If any Commissioner notifies the President and CEO prior to the date of condemnation, no action will be taken until it is considered at the next Board meeting.

A draft of Resolution 1357 and a list of property owners where easements will be necessary are enclosed for your review.

I recommend adoption of Resolution 1357.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Mintha E. Roach'.

Mintha E. Roach
President and CEO

RESOLUTION NO. 1357**A Resolution Authorizing the Condemnation and the Taking of Utility Easements as may be Necessary in Support of the Tennessee Department of Transportation's (TDOT's) Chapman Highway Improvements Project**

Whereas, meeting TDOT's schedule for the Chapman Hwy Improvements Project ("Project") requires KUB to acquire easements for Electric utility improvements by June 2017 for its affected electric facilities (the "Facilities"); and

Whereas, portions of the utility construction ("The Work") will be performed inside utility easements located within KUB's service territory; and

Whereas, acquisition of the aforesaid easements must be obtained for the construction of the Facilities in a timely manner to ensure compliance with TDOT's construction schedule; and

Whereas, KUB's engineering staff, in conjunction with its engineering consultant, has designed the utility relocations required for the Project; and

Whereas, in the opinion of the KUB Board of Commissioners ("Board"), the acquisition of easements described in this Resolution for the Project best meets the needs and requirements of the public for the location, relocation, and improvements of the Facilities; and

Whereas, time is of the essence in constructing the Facilities and it is advantageous for KUB officials to be granted authority to condemn and acquire any necessary Project easements in the event they cannot be acquired by negotiations.

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

Section 1. That the Board finds and declares:

- (a) That public convenience and necessity require that certain improvements be made to the Facilities within the KUB service territory and that KUB acquire easements within which to perform such improvements.
- (b) That for the purpose of constructing the Facilities within the KUB service territory as described herein, there shall be condemned such permanent utility and access easements and such temporary construction easements for the Project as may be determined to be necessary by the President and CEO or her designee.

Section 2. That the President and Chief Executive Officer, the Senior Vice President/Chief Engineer, 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 easements described in 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 easement properties, 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 each Board member shall be notified via email at least 10 business days before any condemnation authorized by this resolution is filed. Said notice shall include a description of the easement and an explanation of why the condemnation is required. Further, the proposed condemnation will not be filed if any Commissioner, prior to the proposed date of the condemnation, notifies the President and CEO of their desire to have the matter reviewed at the next Board meeting.

Section 4. That this resolution shall take effect upon its passage.

Celeste Herbert, Chair

Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: _____
EFFECTIVE DATE: _____
MINUTE BOOK ___ PAGE _____

**Knoxville Utilities Board
Board Meeting
Minutes
Thursday, January 19, 2017, 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, January 19, 2017, pursuant to the public notice published in the January 7, 2017, edition of the *News Sentinel*. Chair Thompson called the meeting to order at 12:00 p.m.

Roll Call

Commissioners Present: Kathy Hamilton, Celeste Herbert, Nikitia Thompson, and John Worden

Commissioners Absent: Jerry Askew and Sara Pinnell

Approval of Minutes

The Minutes of the December 15, 2016, Board Meeting were approved as distributed upon a motion by Commissioner Worden and seconded by Commissioner Herbert.

Old Business

None

New Business

Chair Thompson recognized Tammi Small, spouse of Commissioner-elect Tyvi Small, and thanked her for attending.

Oath of Office for Tyvi Small

Chair Thompson welcomed Tyvi Small and asked Bill Coley, Board's General Counsel, to administer the Oath of Office to Mr. Small.

January 19, 2017

Election of 2017 Officers

Mr. Coley stated that the Nominating Committee met on December 15, 2016, and recommended the following slate of officers for 2017: Celeste Herbert, Chair; John Worden, Vice Chair; and Senior Vice President and CFO Mark Walker as Board Secretary. He asked for other nominations, hearing none, Commissioner Hamilton seconded the Nominating Committee's recommendation and the slate of officers nominated by the Nominating Committee was elected by unanimous voice vote.

Commissioner Thompson turned the meeting over to Chair Herbert who thanked Commissioner Thompson for her leadership as Board Chair for the past two years.

Resolution 1354, A Resolution Requesting the Council of the City of Knoxville, Tennessee to Provide for the Issuance of Not to Exceed Twenty-Six Million Five Hundred Thousand and No/100 Dollars (\$26,500,000) in Aggregate Principal Amount of Electric System Revenue Refunding Bonds, Series HH-2017; Issuance of Not to Exceed Nine Million Five Hundred Thousand and No/100 Dollars (\$9,500,000) in Aggregate Principal Amount of Gas System Revenue Refunding Bonds, Series W-2017; Issuance of Not to Exceed Six Million and No/100 Dollars (\$6,000,000) in Aggregate Principal Amount of Water System Revenue Refunding Bonds, Series FF-2017; and Issuance of Not to Exceed Thirteen Million Five Hundred Thousand and No/100 Dollars (\$13,500,000) in Aggregate Principal Amount of Wastewater System Revenue Refunding Bonds, Series 2017A

President Roach advised Commissioners that Staff has identified an opportunity to refinance certain outstanding bonds that were issued in 2015 at lower interest rates. As required by law, the resolution requests City Council approval to issue the refunding bonds. She recognized Mark Walker, Senior Vice President and Chief Financial Officer, to review the proposed bond issues. Mr. Walker advised the Board that staff had submitted a plan of refunding for each proposed series of bonds to the office of State and Local Finance, and that KUB had received a report on each plan of refunding from the Director of the Office of State and Local Finance. Mr. Walker noted that each plan of refunding and the corresponding report from the state had been provided to the Board in their agenda packets.

President Roach recommended adoption of Resolution 1354 on first and final reading. Her written recommendation is included in Attachment 1.

Upon a motion by Commissioner Thompson and a second by Commissioner Hamilton, Resolution 1354 (*Attachment 1*) was adopted by a roll call vote on first and final reading. The following Commissioners voted "aye": Hamilton, Herbert, Small, Thompson, and Worden. No Commissioner voted "nay".

January 19, 2017

Resolution 1355, A Resolution Authorizing and Approving the Transfer of Certain Surplus Real Property of the Electric Division of the Knoxville Utilities Board Located at 7616 Tazewell Pike to the County of Knox, Tennessee

President Roach advised Commissioners that several months ago Knox County staff approached KUB regarding the acquisition of a small parcel of KUB property adjacent to KUB's Gibbs Electric Substation on Tazewell Pike. The approximately one-half acre site is needed by the County to facilitate a road improvement project for the entrance to the new Gibbs Middle School. She recognized John Williams, Manager and Assistant to the CFO, to provide the details.

President Roach recommended adoption of Resolution 1355 on first and final reading. Her written recommendation is included in Attachment 2.

Upon a motion by Commissioner Worden and a second by Commissioner Small, Resolution 1355 (*Attachment 2*) was adopted by a roll call vote on first and final reading. The following Commissioners voted "aye": Hamilton, Herbert, Small, Thompson, and Worden. No Commissioner voted "nay".

President's Report

Status Update on Consent Decree

President Roach advised Commissioners that KUB entered into a Consent Decree with the EPA in 2005 agreeing to make improvements to the wastewater system, and after 12 years a significant portion of the work has been completed. She recognized Debbie Ailey, Manager of Regulatory Compliance and Billie Jo McCarley, Manager of Water Systems Engineering for a two-part presentation which demonstrated how committed KUB is to maintaining compliance and operating the wastewater system in an environmentally responsible way in the interest of the community.

2016 Apprentice Class

President Roach recognized Mike Bolin, Vice President of Construction, to provide a presentation on the Overhead Construction Lineworker Apprentice Program. Mr. Bolin recognized several members of the most recent apprentice class who were in attendance.

Project Help

President Roach recognized Leslye Hartsell, Manager of Communications and Community Relations, to provide an update on this year's Project Help campaign.

January 19, 2017

Other Business

None

Adjournment

There being nothing further to come before the Board, Chair Herbert declared the meeting adjourned at 12:52 p.m.

Celeste Herbert, Chair

Mark Walker, Board Secretary

Attachments

Attachment 1	Recommendation Letter and Resolution 1354, A Resolution Requesting the Council of the City of Knoxville, Tennessee to Provide for the Issuance of Not to Exceed Twenty-Six Million Five Hundred Thousand and No/100 Dollars (\$26,500,000) in Aggregate Principal Amount of Electric System Revenue Refunding Bonds, Series HH-2017; Issuance of Not to Exceed Nine Million Five Hundred Thousand and No/100 Dollars (\$9,500,000) in Aggregate Principal Amount of Gas System Revenue Refunding Bonds, Series W-2017; Issuance of Not to Exceed Six Million and No/100 Dollars (\$6,000,000) in Aggregate Principal Amount of Water System Revenue Refunding Bonds, Series FF-2017; and Issuance of Not to Exceed Thirteen Million Five Hundred Thousand and No/100 Dollars (\$13,500,000) in Aggregate Principal Amount of Wastewater System Revenue Refunding Bonds, Series 2017A	<u>Page(s)</u> 7726 - 7925
Attachment 2	Recommendation Letter and Resolution 1355, A Resolution Authorizing and Approving the Transfer of Certain Surplus Real Property of the Electric Division of the Knoxville Utilities Board Located at 7616 Tazewell Pike to the County of Knox, Tennessee	7926 - 7931



Knoxville Utilities Board

January 13, 2017

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

Commissioners:

Staff has identified an opportunity for refinancing outstanding bonds for all four utility systems at lower interest rates thus providing a savings in future debt service payments. The refunding candidates represent bonds sold by KUB in 2005.

Resolution 1354 authorizes the issuance of up to \$55.5 million in revenue refunding bonds, including \$26.5 million for the electric system, \$13.5 million for the wastewater system, \$9.5 million for the natural gas system, and \$6 million for the water system. The proceeds of the bonds will be used to retire the outstanding bonds, pay interest payments on the outstanding bonds prior to the call date of the bonds, pay the underwriters' discounts, and cover all issuance costs related to the sale of the refunding bonds. Resolution 1354 also requests City Council authorization to issue the bonds, as Council approval is required for any debt issuance with a final maturity in excess of five years.

Based on current bond market performance, refunding bonds could be sold at rates providing a total debt service savings of \$4.5 million over the life of the bonds, net of fees, including \$2.3 million for the electric system, \$1 million for the wastewater system, \$0.8 million for the natural gas system, and \$0.4 million for the water system. Costs related to the issuance of the refunding bonds, including fees for the financial advisor, bond counsel, rating agencies, and other expenses, are estimated to be approximately \$425,000.

As required by state law, KUB submitted a plan of refunding for each series of proposed refunding bonds to the Office of State and Local Finance. A copy of those refunding plans and the corresponding reports from the Director of State and Local Finance on the plans are attached for your information.

Resolution 1354 and the supporting City Council resolutions have also been attached for your review. A summary of the major provisions of the resolutions is also included for your information. I recommend approval of Resolution 1354 on first and final reading.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Mintha E. Roach'.

Mintha E. Roach
President and CEO

RESOLUTION NO. 1354

A Resolution Requesting the Council of the City of Knoxville, Tennessee to Provide for the Issuance of Not to Exceed Twenty-Six Million Five Hundred Thousand and No/100 Dollars (\$26,500,000) in Aggregate Principal Amount of Electric System Revenue Refunding Bonds, Series HH-2017; Issuance of Not to Exceed Nine Million Five Hundred Thousand and No/100 Dollars (\$9,500,000) in Aggregate Principal Amount of Gas System Revenue Refunding Bonds, Series W-2017; Issuance of Not to Exceed Six Million and No/100 Dollars (\$6,000,000) in Aggregate Principal Amount of Water System Revenue Refunding Bonds, Series FF-2017; and Issuance of Not to Exceed Thirteen Million Five Hundred Thousand and No/100 Dollars (\$13,500,000) in Aggregate Principal Amount of Wastewater System Revenue Refunding Bonds, Series 2017A

Whereas, by the provisions of the City Charter of the City of Knoxville, Tennessee (the "City"), the management and operation of the City's electrical power distribution system (the "Electric System"); the City's natural gas distribution system (the "Gas System"); the City's water system (the "Water System"); and the City's wastewater system (the "Wastewater System") have been placed under the jurisdiction of the Board of Commissioners (the "Board") of the Knoxville Utilities Board ("KUB"); and

Whereas, the Board, after due investigation and consideration, deems it in the best interest of the City for the City to issue and sell not to exceed \$26,500,000 in aggregate principal amount of Electric System Revenue Refunding Bonds, Series HH-2017 (the "Electric Bonds") for the purpose of providing funds to refinance the outstanding principal amount of the City's outstanding Electric System Revenue Refunding Bonds, Series W-2005, dated August 5, 2010, maturing July 1, 2018 through July 1, 2027, including the payment of legal, fiscal and administrative costs incident to the issuance and sale of the Electric Bonds; and

Whereas, the Board, after due investigation and consideration, deems it in the best interest of the City for the City to issue and sell not to exceed \$9,500,000 in aggregate principal amount of Gas System Revenue Refunding Bonds, Series W-2017 (the "Gas Bonds") for the purpose of providing funds to refinance the outstanding principal amount of the City's Gas System Revenue Refunding Bonds, Series L-2005, dated August 10, 2005, maturing March 1, 2018 through March 1, 2027, including the payment of legal, fiscal and administrative costs incident to the issuance and sale of the Gas Bonds; and

Whereas, the Board, after due investigation and consideration, deems it in the best interest of the City for the City to issue and sell not to exceed \$6,000,000 in aggregate principal amount of Water System Revenue Refunding Bonds, Series FF-2017 (the "Water Bonds") for the purpose of providing funds to refinance the outstanding principal amount of the City's outstanding Water System Revenue Refunding Bonds, Series S-2005, dated August 10, 2005, maturing March 1, 2018 through March 1, 2027, including the payment of legal, fiscal, and administrative costs incident to the issuance and sale of the Water Bonds; and

Whereas, the Board, after due investigation and consideration, deems it in the best interest of the City for the City to issue and sell not to exceed \$13,500,000 in aggregate principal amount of Wastewater System Revenue Refunding Bonds, Series 2017A (the "Wastewater Bonds") for the purpose of providing funds to refinance the outstanding principal amount of the City's outstanding Wastewater System Revenue Refunding Bonds, Series 2005B, dated August 10, 2005, maturing April 1, 2018 through April 1, 2027, including the payment of legal, fiscal, and administrative costs incident to the issuance and sale of the Wastewater Bonds; and

Whereas, the Board has had prepared for passage by the Council of the City a resolution authorizing the issuance of the Electric Bonds, a copy of which is attached hereto and made a part hereof (the "Electric Resolution"); a resolution authorizing the issuance of the Gas Bonds, a copy of which is attached hereto and made a part hereof (the "Gas Resolution"); a resolution authorizing the issuance of the Water Bonds, a copy of which is attached hereto and made a part hereof (the "Water Resolution"); and a resolution authorizing the issuance of the Wastewater Bonds, a copy of which is attached hereto and made a part hereof (the "Wastewater Resolution").

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

Section 1. The Board hereby determines and finds that it is in the best interest of the City that the Council of the City adopt the Electric Resolution, in substantially the form presented to this meeting with only such changes as the Chief Financial Officer of KUB shall deem necessary, and authorize the issuance and sale of the Electric Bonds pursuant thereto, the description of the Electric Bonds, the security therefor and the purposes for which said Bonds are to be issued, being more fully stated in the Electric Resolution.

Section 2. The Board hereby determines and finds that it is in the best interest of the City that the Council of the City adopt the Gas Resolution, in substantially the form presented to this meeting with only such changes as the Chief Financial Officer of KUB shall deem necessary, and authorize the issuance and sale of the Gas Bonds pursuant thereto, the description of the Gas Bonds, the security therefor and the purposes for which said Bonds are to be issued, being more fully stated in the Gas Resolution.

Section 3. The Board hereby determines and finds that it is in the best interest of the City that the Council of the City adopt the Water Resolution, in substantially the form presented to this meeting with only such changes as the Chief Financial Officer of KUB shall deem necessary, and authorize the issuance and sale of the Water Bonds pursuant thereto, the description of the Water Bonds, the security therefor and the purposes for which said Bonds are to be issued, being more fully stated in the Water Resolution.

Section 4. The Board hereby determines and finds that it is in the best interest of the City that the Council of the City adopt the Wastewater Resolution, in substantially the form presented to this meeting with only such changes as the Chief Financial Officer of KUB shall deem necessary, and authorize the issuance and sale of the Wastewater Bonds pursuant thereto, the description of the Wastewater Bonds, the security therefor and the purposes for which said Bonds are to be issued, being more fully stated in the Wastewater Resolution.

Section 5. As required by the State Funding Board of the State of Tennessee, the Board has heretofore adopted a KUB Debt Management Policy. The Board hereby finds the issuance of the Electric Bonds, Gas Bonds, Water Bonds, and Wastewater Bonds, as proposed herein, is consistent with the KUB Debt Management Policy.

Section 6. The Board hereby formally requests the Council of the City to pass the Electric Resolution, the Gas Resolution, the Water Resolution and the Wastewater Resolution, and the Board does hereby adopt, ratify, approve, consent and agree to each and every provision contained in the Electric Resolution, the Gas Resolution, the Water Resolution and the Wastewater Resolution upon adoption.

Section 7. The Board has elected and does hereby elect that the Electric Bonds be issued under the Electric Resolution, the Gas Bonds be issued under the Gas Resolution, the Water Bonds be issued under the Water Resolution and the Wastewater Bonds be issued under the Wastewater Resolution.

Section 8. The Secretary of the Board shall deliver a certified copy of this Resolution to the Mayor and the Council of the City as formal evidence of this Board's action in connection therewith.

Section 9. This Resolution shall take effect from and after its passage.

Celeste Herbert/s
Celeste Herbert, Chair

Mark Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: 1-19-17
EFFECTIVE DATE: 1-19-17
MINUTE BOOK 37 PAGE 7727 - 7925



Knoxville Utilities Board

January 13, 2017

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

Commissioners:

KUB has been approached by Knox County ("County") with a request to transfer a .509 acre tract to the County, for public use to widen the roadway to improve the entrance to Gibbs Middle School.

The .509 acre site is located at 7616 Tazewell Pike and is adjacent to KUB's Gibbs Electric Substation. KUB owns approximately 6 acres at this site, including the .509 acres desired by the County. The .509 acre site is along the roadway and is not needed for the operation of the electric system or any other KUB utility system. Pursuant to KUB's Procurement Guidelines, I have determined the 0.509 acre site is surplus real property.

Based on a recent appraisal of the property, the fair market value is \$24,500. The appraised value has been reviewed and approved by County staff. Pursuant to state law and the Procurement Guidelines, public advertisement and competitive bidding is not required for the transfer of the property.

Resolution 1355 authorizes the transfer of the 0.509 acres of property to Knox County for the appraised value of \$24,500. I recommend its approval on first and final reading.

Respectfully submitted,

A handwritten signature in cursive script that reads "Mintha E. Roach".

Mintha E. Roach
President and CEO

RESOLUTION NO. 1355

A Resolution Authorizing and Approving the Transfer of Certain Surplus Real Property of the Electric Division of the Knoxville Utilities Board Located at 7616 Tazewell Pike to the County of Knox, Tennessee

Whereas, the Electric Division of the Knoxville Utilities Board (“KUB”) holds title to certain real estate, located at 7616 Tazewell Pike, Knoxville, Tennessee, where KUB’s Gibbs Electric Substation is located, and being all of CLT Map 021, Parcel 75, as identified on the final plat of record, as prepared by Cannon & Cannon, Inc., recorded in the Knox County Register of Deed’s Office at Instrument No. 200707100003121, consisting of approximately 6 acres of land and appurtenances; and

Whereas, the County of Knox (the “County”) seeks to widen the roadway to improve the entrance to the Gibbs Middle School and has requested KUB transfer a portion of the Property, approximately .509 acres in size and outside the footprint of the Gibbs Electric Substation as shown on the drawing marked as Exhibit A and described in the legal description marked as Exhibit B (the “Property”) to the County to assist in improving roadway access; and

Whereas, KUB, pursuant to Article XI, sections 1106(D) and (T) of the Charter of the City of Knoxville and Section VII of the KUB Procurement Procedures, has the authority, subject to the applicable provisions of any bonds or contracts, to transfer title of real property or any right or interest in such property in connection with the operation of its electric system; and

Whereas, KUB, pursuant to T.C.A. § 7-52-103(a)(6), has the authority, subject to the applicable provisions of any bonds or contracts, to dispose of real property or any right or interest in such property in connection with the operation of its electric system; and

Whereas, pursuant to T.C.A. § 12-9-110, public advertising and competitive bidding is not required for the transfer of the surplus property where it will be used for a public purpose; and

Whereas, the County will pay KUB the appraised value of the Property in exchange for the transfer of the Property to the County; and

Whereas, the Property is not useful and necessary for the continued operation of the KUB electric utility substation substantially as it now exists, and has no potential use by any other KUB system; and

Whereas, pursuant to Section VII of the KUB Procurement Procedures, the President and CEO has determined that the Property is not needed by the electric system or any other KUB system; and

Whereas, the bond resolutions for the KUB Electric Division authorize the disposal of property of the electric system which the KUB Board of Commissioners (the "Board") determines to be no longer necessary and useful in the operation thereof.

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

Section 1. That the Property is not useful and necessary to the continued safe, efficient and economic operation of the KUB electric system, nor is it needed for the operation of any other KUB system.

Section 2. That it is in the best interest of KUB and the Electric Division to transfer the Surplus Property to the County.

Section 3. That the President and Chief Executive Officer or her authorized designee be, and hereby is, authorized and directed to transfer the Property to the County for the appraised value of \$24,500 and to execute any and all documents necessary to complete the transfer.

Section 4. That the proceeds of the transfer shall be placed into the accounts of the Electric Division.

Section 5. That this Resolution shall take effect upon its passage.

Celeste Herbert/s
Celeste Herbert, Chair

Mark Walker/s
Mark Walker, Board Secretary

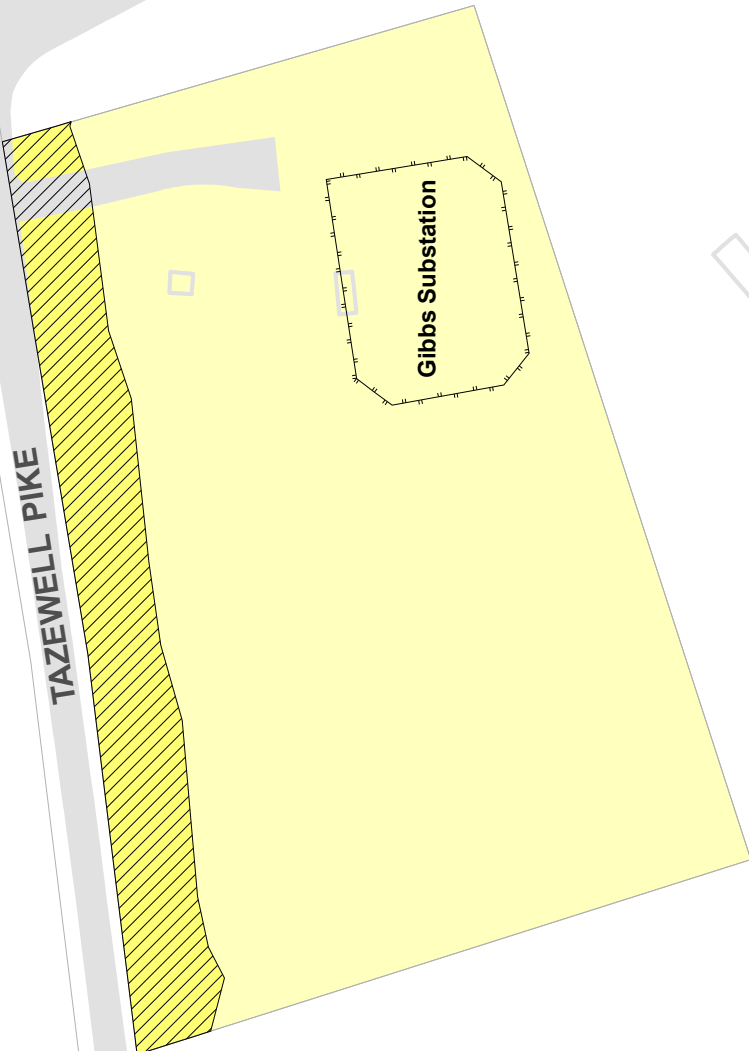
APPROVED ON 1st
& FINAL READING: 1-19-17
EFFECTIVE DATE: 1-19-17
MINUTE BOOK 37 PAGE 7927-7931



Proposed ROW/Easement



SCHOOL ACCESS



TAZEWELL PIKE

Gibbs Substation

SCHOOL ACCESS

7929

Resolution No. 1355
Exhibit B

Legal Description of Property to be Transferred to Knox County

Situated in District Number Eight of Knox County, Tennessee, without the corporate limits of the City of Knoxville and being a portion of Knox County Property Assessor's Parcel Identification CLT Map 021, Parcel 75 of record in Instrument No. 20070710003121 in the Knox County Register of Deeds Office, and being more particularly described as follows:

Beginning on a point at the existing eastern right-of-way line of S.R. 131, 6.83 feet left of Centerline Station 526+58.82;

Thence with the existing eastern right-of-way line of S.R. 131, the following four (4) calls:

North 05 deg. 39 min. 08 sec. West 48.28 feet to a point;
North 07 deg. 21 min. 43 sec. West 401.29 feet to a point;
North 09 deg. 01 min. 03 sec. West 209.47 feet to a point;
North 77 deg. 47 min. 22 sec. East 4.78 feet to a point; 17.26 feet right of Centerline Station 533+18.06, corner to Gibbs School;

Thence leaving the existing eastern right-of-way line of S.R. 131 and within the southern line of Gibbs School, N 77 deg. 47 min. 22 sec. East 37.74 feet to a point at the proposed eastern right -of-way line of S.R. 131, said point being located 55.00 feet right of Centerline Station 533+18.69;

Thence leaving the southern line of Gibbs School and with the proposed eastern right-of-way line of S.R 131, the following three (3) calls:

South 16 deg. 20 min. 37 sec. West 32.38 feet to a point;
South 10 deg. 07 min. 05 sec. East 361.22 feet to a point;
South 04 deg. 33 min. 21 sec. East 266.91 feet to a point in the northern line of Weddington, said point being located 22.00 feet right of Centerline Station 526+65.33;

Thence leaving the proposed eastern right-of-way line of S.R. 131 and with the northern line of Weddington, South 71 deg. 56 min. 12 sec. West 17.60 feet to a point at the existing eastern right-of-way line of S.R. 131, said point being located 4.84 feet right of Centerline Station 526+61.46;

Thence leaving the northern line of Weddington and with the existing eastern right-of-way line of S.R. 131, South 71 deg. 56 min. 12.sec West 11.96 feet to the point of BEGINNING.

Containing 22,172 square feet +/- or 0.5509 acres, more or less, according to the survey prepared by Robert G. Lusby, Cannon & Cannon, Inc., Tennessee License Number 1332, dated April 14, 2016, and bearing project number 00263-0079.

Being a portion of the same property conveyed to Knoxville Utilities Board by Quitclaim Deed from City of Knoxville dated May 1, 2007, of record in Instrument No. 20070710-0003121 in the Knox County Register of Deeds Office.

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