



Knoxville Utilities Board

**Board Meeting Agenda
Thursday, March 11, 2021
Noon**

Call to Order

Roll Call

Approval of Minutes

Official Action

Resolution 1432 – A Resolution Authorizing Participation in the Tennessee Valley Authority's Electric Vehicle Charging Power (EVC) Rate and Amending the Existing Rate Schedules of the Electric Division to Provide for an EVC Rate Schedule – 2nd Reading

Resolution 1433 – A Resolution Authorizing the Filing of a Fiber to the Home Business Plan with the Office of the Comptroller of the Treasury for the State of Tennessee

President's Report

Public Comments

Adjournment



Knoxville Utilities Board

March 5, 2021

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

Commissioners:

The March 11 Board meeting agenda includes two official action items, including the adoption of a new rate for electric vehicle (EV) charging stations, on second and final reading, and a resolution authorizing the filing of a business plan for providing broadband services within KUB's electric system territory to the Comptroller of the Treasury of the State of Tennessee for review. An overview of each resolution is provided below.

Resolution 1432 (Second and Final Reading)

As part of its goal to increase and facilitate the use of electric vehicle charging stations in the Tennessee Valley, the TVA Board recently adopted a wholesale rate for charging stations for EVs where the station's demand is greater than 50 kW. It is staff's recommendation that KUB adopt a companion retail rate, as KUB's current electric rates are not designed to accommodate the usage profile of EV charging stations.

Resolution 1432 and the proposed rate schedule are attached for your information. The Board adopted the new EV charging station rate on first reading at the February Board meeting. I recommend the adoption of Resolution 1432 on second and final reading.

Resolution 1433

As you will recall, some time ago Mayor Kincannon requested KUB assess the feasibility of directly providing broadband services (internet service, cable television and other related services) to customers located within its electric system territory. Over the course of the past year or so, KUB staff has performed a full assessment on the feasibility of providing broadband services. This assessment included a thorough examination of costs and potential funding, and individual meetings with local elected officials. We received an overwhelmingly positive response from these meetings. KUB also conducted a public survey of its customers, which indicated a desire for KUB to offer broadband services.

Staff has kept the Board apprised of progress along the way, including one-on-one conversations as well as presentations to the Board on the subject at the September 2020, November 2020, and January 2021 Board meetings. Staff has also prepared a business plan detailing funding requirements, revenue assumptions and other key elements of a new broadband division.

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March 5, 2021

The next step in assessing the viability of this business plan is to submit it for review by the Comptroller of the Treasury of the State of Tennessee.

Resolution 1433 authorizes filing the business plan with the Comptroller, the first step of many that would be required before KUB could enter this line of business. A draft of the resolution is also attached for your review. I recommend the adoption of Resolution 1433 on first and final reading.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gabriel Bolas". The signature is written in a cursive, flowing style.

Gabriel J. Bolas II
President and CEO

RESOLUTION NO. 1432

A Resolution Authorizing Participation in the Tennessee Valley Authority's Electric Vehicle Charging Power (EVC) Rate and Amending the Existing Rate Schedules of the Electric Division to Provide for an EVC Rate Schedule

Whereas, Knoxville Utilities Board ("KUB") purchases its full electric power requirements from the Tennessee Valley Authority ("TVA"); and

Whereas, KUB supports the environment through numerous programs such as home weatherization assistance, participation in TVA's Green Invest Program, and TVA's Green Switch and Green Switch Match programs; and

Whereas, KUB supports the adoption and utilization of electric vehicles through its participation in Drive Electric Tennessee, its first-in-the-Valley Electric Vehicle (EV) rebate program, and by offering Time of Use rates to support charging EV's at home; and

Whereas, TVA has developed a wholesale rate in support of electric vehicle charging stations which supports public stations as well as business fleets; and

Whereas, the EVC Rate is an optional rate for eligible KUB customers designed to encourage and support EV adoption throughout the Tennessee Valley; and

Whereas, KUB participates in other programs offered by TVA for the benefit of the environment and customer choice; and

Whereas, KUB customers have previously shown great support for electric vehicles as evidenced by their participation in the EV rebate program; and

Whereas, KUB desires to be one of the first local power companies in the Tennessee Valley to provide the EVC Rate to its customers; and

Whereas, the Board previously adopted Resolution 1060, as heretofore amended, providing rate schedules for the Electric Division of KUB; and

Whereas, the Board has determined, upon recommendation from KUB staff, that it is in the best interest of KUB, its customers, and the community to participate in TVA's EVC Rate; and

Whereas, in accordance with Section 1107(L) of the Charter, KUB has provided the required public notice of not less than five (5) days prior to a meeting of the Board when a rate change is to be considered.

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

Section 1. That the Board hereby authorizes KUB's participation in TVA's EVC Rate.

Section 2. That the President and CEO is hereby authorized on behalf of KUB to enter any agreements or take any actions reasonably necessary for KUB and its customers to participate in the EVC Rate.

Section 3. That the rate schedules of the Electric Division as set forth in section 1 of Resolution No. 1060, as heretofore amended, be amended to include a rate schedule for EVC, as set forth in Exhibit A to this Resolution, to be effective April 1, 2021.

Jerry Askew, Chair

Mark Walker, Board Secretary

APPROVED ON 1st
READING: 2-18-21
APPROVED ON 2nd
READING: _____
EFFECTIVE DATE _____
MINUTE BOOK 43 PAGE _____

**RESOLUTION 1432
EXHIBIT A
EVC RATE SCHEDULE OF THE ELECTRIC DIVISION
EFFECTIVE APRIL 1, 2021**

ELECTRIC VEHICLE CHARGING POWER RATE - SCHEDULE EVC

Availability

This rate shall exclusively apply to separately metered charging stations for electric vehicles where the charging station's demand is greater than 50 kW but not more than 5,000 kW.

All customers participating under this rate schedule shall agree to a full requirements service from KUB. In addition, customers must agree that the sole use of the electric service is for the purpose of charging electric vehicles used for transportation purposes only.

Unless otherwise provided for in a written agreement between TVA and KUB, the customer's "meter-reading time" shall be 0000 hours Central Standard Time (CST) or Central Daylight Time (CDT), whichever is currently effective, on the first day of the calendar month following the month for which a bill under this rate schedule is being calculated.

Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

Base Charges

Customer Charge: \$100 per delivery point per month

Energy Charge:

All Seasons:

Onpeak 14.225¢ per kWh per month for all metered onpeak kWh, plus

Offpeak 14.225¢ per kWh per month for all metered offpeak kWh, plus

Distribution Delivery Charge: 8.219¢ per total metered kWh per month

Adjustment

Charges under this rate schedule may be increased or decreased to reflect changes in purchased power costs as determined by any purchased power adjustment adopted by the Board.

Facilities Rental Charge

Where the charging station's demand is greater than 50 kW, but not more than 1,000 kW, there shall be no facilities rental charge under this rate schedule.

Where the charging station's demand is greater than 1,000 kW there shall be no facilities rental charge under this rate schedule for delivery at bulk transmission voltage levels of 161 kV or higher. For delivery at less than 161 kV, there shall be added to the customer's bill a facilities rental charge. This charge shall be 37¢ per kW per month except for delivery at voltages below 46 kV, in which case the charge shall be 97¢ per kW per month for the first 10,000 kW and 76¢ per kW per month for the excess over 10,000 kW. Such charge shall be applied to the higher of (1) the highest billing demand established during the latest 12-consecutive-month period or (2) the customer's currently effective onpeak or offpeak contract demand, whichever is higher, and shall be in addition to all other charges under this rate schedule, including minimum bill charges.

Reactive Demand Charges

If the reactive demand (in kVAR) is lagging during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's highest metered demand occurs, there shall be added to the customer's bill a reactive charge of \$1.46 per kVAR of the amount, if any, by which the reactive demand exceeds 33 percent of such metered demand. If the reactive demand (in kVAR) is leading during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's lowest metered demand (excluding any metered demands which are less than 25 percent of the highest metered demand) occurs, there shall be added to the customer's bill a reactive charge of \$1.14 per kVAR of the amount of reactive demand. Such charges shall be in addition to all other charges under this rate schedule, including minimum bill charges.

Determination of Seasonal Periods

Summer Period shall mean the June, July, August, and September billing months. Winter Period shall mean the December, January, February, and March billing months. Transition Period shall mean the April, May, October, and November billing months. The Seasonal Periods under this rate schedule are subject to change by KUB. In the event KUB determines that changed Seasonal Periods are appropriate, such decision shall be made at least 11 months prior to the effective date

of such changed periods, and KUB shall promptly notify customer.

Determination of Onpeak and Offpeak Hours

Except for Saturdays, Sundays, November 1, and the weekdays that are observed as Federal holidays for New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day, onpeak hours for each day shall for purposes of this rate schedule be from 1 p.m. to 7 p.m. during the months of April, May, June, July, August, September and October and from 4 a.m. to 10 a.m. during the months of January, February, March, November, and December. For all other hours of each day and all hours of such excepted days shall be offpeak hours. Such times shall be CST or CDT, whichever is then in effect. Said onpeak and offpeak hours are subject to change by KUB. In the event KUB determines that such changed onpeak and offpeak hours are appropriate, such decision shall be made at least 11 months prior to the effective date of such changed hours, and KUB shall promptly notify customer.

Determination of Onpeak and Offpeak Demands, Maximum Metered Demand, and Energy Amounts

The onpeak and offpeak kWh for any month shall be the energy amounts taken during the respective hours of the month designated under this rate schedule as onpeak and offpeak hours; provided, however, that notwithstanding the metered energy amount, the Distribution Delivery energy for any month shall in no case be less than the product of (1) the maximum billing demand as calculated in the paragraph below and (2) 37 hours (reflecting a 5 percent load factor applied to the average number of hours in a month).

KUB shall meter the onpeak and offpeak demands in kW of all customers taking service under this rate schedule. The onpeak metered demand and offpeak metered demand for any month shall be determined separately for the respective hours of the month designated under this rate schedule as onpeak and offpeak hours and, in each case, shall be the highest average during any 30-consecutive-minute period beginning or ending on a clock hour.

Except as provided below, (1) the onpeak billing demand shall be the highest onpeak metered demand in the month, (2) the offpeak billing demand shall be the highest offpeak metered demand in the month, and (3) the maximum billing demand shall be the higher of the onpeak billing demand or offpeak billing demand in the month.

The onpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW and (2) 40 percent of any kW in excess of 5,000 kW of the higher of the currently effective onpeak contract demand or the highest onpeak billing demand established during the preceding 12 months.

The offpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW and (2) 40 percent of any kW in excess of 5,000 kW of the higher of the currently effective offpeak contract demand or the highest offpeak billing demand established during the preceding 12 months.

Minimum Bill

The monthly bill under this rate schedule, excluding any facilities rental charges and any reactive charges, shall not be less than the sum of (1) the base customer charge, (2) the base onpeak energy charge, as adjusted, applied to the customer's onpeak energy takings, (3) the base offpeak energy charge, as adjusted, applied to the customer's offpeak energy takings, and (4) the base distribution delivery charge applied to the higher of the customer's total energy takings or the minimum energy takings amount provided for in the first paragraph of the section of this rate schedule entitled "Determination of Onpeak and Offpeak Demands, Maximum Metered Demand, and Energy Amounts."

KUB may require minimum bills higher than those stated above.

Contract Requirement

All customers shall be required to execute contracts and such contracts shall be for an initial term of at least 1 year. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and KUB shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. The customer is prohibited from using any power other than that supplied by KUB under this rate schedule. The contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as approved by the Board.

After having received service for at least 1 year under this rate schedule, the customer, subject to 90 days prior written notice and appropriate amendments in its power contract with KUB, may receive service under the General Power Rate - Schedule GSA. In such case the term of the power contract shall remain the same and the contract demand for service under the General Power Rate - Schedule GSA shall not be less than the contract demand in effect when service was taken under this rate schedule.

Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

Rules and Regulations

Service is subject to Rules and Regulations of KUB.

RESOLUTION NO. 1433

A Resolution Authorizing the Filing of a Fiber to the Home Business Plan with the Office of the Comptroller of the Treasury for the State of Tennessee

Whereas, Knoxville Utilities Board (“KUB”), a municipal utility created pursuant to the Charter of the City of Knoxville (“City”), provides electric, natural gas, water, and wastewater services to the greater Knoxville area and in parts of seven surrounding counties; and

Whereas, KUB has authority under the laws of the State of Tennessee and the Charter of the City to provide cable television, internet service, and other related services (collectively defined as “broadband services”) to its customers located within the boundaries of KUB’s electric system service territory; and

Whereas, the Mayor of the City previously requested KUB assess the feasibility of providing broadband services to its customers located within the boundaries of its electric system service territory; and

Whereas, KUB has completed a feasibility study, including a public survey of its customers, and prepared a business plan for offering broadband services; and

Whereas, KUB staff reviewed the business plan with the KUB Board of Commissioners at the Board’s meeting of March 11, 2021; and

Whereas, Tennessee Code Annotated, Title 7, Chapter 52, Part 6 requires broadband business plans be submitted to the Tennessee Comptroller of the Treasury for review prior to the provision of broadband services.

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

Section 1. The Fiber to the Home Business Plan dated March 12, 2021, attached hereto as an exhibit to this resolution, prepared by KUB management for the offering of cable service, two-way video transmission, video programming, Internet services, and other like service, is hereby approved for filing with the Tennessee Comptroller of the Treasury.

Section 2. The President and CEO, or his designee, is authorized and directed to submit the aforementioned Fiber to the Home Business Plan to the Tennessee Comptroller of the Treasury for review and analysis.

Section 3. That this resolution shall take effect immediately upon passage.

Jerry Askew, Chair

Mark Walker, Board Secretary

APPROVED ON 1st

READING: _____

EFFECTIVE DATE _____

MINUTE BOOK _____ PAGE _____



Knoxville Utilities Board

Fiber to the Home Business Plan

Submitted to Comptroller of the Treasury
for the State of Tennessee
March 12, 2021

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Introduction

Knoxville Utilities Board (KUB), an independent agency of the City of Knoxville, provides electric, natural gas, water, and wastewater services to more than 468,000 customers in Knoxville and parts of seven surrounding counties.

KUB's electric system spans more than 688 square miles and serves more than 210,000 customers each day. In order to meet the changing needs and expectations of its customers, KUB will need to make upgrades on its electric grid and implement innovative technologies that improve reliability and efficiency.

Many of the applications needed for these improvements depend on fast and reliable communication throughout the service territory that can be best provided by an extensive fiber system.

The future of KUB's electric grid depends upon fiber.

In addition to improving the KUB's electric system, the electric fiber network required for these systems would position KUB to be able to provide broadband services to meet the growing needs of its customers and community.

Since its inception, KUB has been committed to serving its customers and improving their quality of life by providing utility services that are safe, reliable, and affordable. In 2020, that mission became more important than ever. With the world facing a global pandemic, the necessity of vital utilities became much more apparent to utility providers, local and state governments, and customers.

The COVID-19 pandemic also highlighted the Knoxville community's reliance on high-speed broadband services. As the need for remote learning and work rose quickly, so did the demand for high-speed internet. The gaps in current services became evident, as that demand was not met in many households and entire communities, especially in rural areas. These needs and others generated interest in KUB's research from both local and state government officials.

In 2019, KUB recognized there was a potential need for expanded internet access in its community and decided to conduct a feasibility study to provide fiber-based internet, television, and voice services to customers in the electric service area. In July 2020, in the context of the pandemic, KUB conducted a Purchase Intent Survey to assess community needs for high-speed broadband, current satisfaction with existing providers, and potential success of KUB becoming a new entrant into the broadband service market.

The results of that survey (highlighted in detail in this report) emphasized that KUB's electric service territory has a need for increased internet access and that there is a desire for KUB to provide high-speed fiber internet. KUB is also uniquely positioned to provide these services due to recent or planned infrastructure upgrades.

It also became apparent through the survey that many customers, even those who live in densely populated areas, have access to only one provider. Many of those providers are unable to offer symmetrical upload and download speeds, meaning the upload speed is significantly slower than download speeds. This symmetry is something that KUB customers desire and something that KUB would be positioned to offer.

Customers have also recognized that both large and small municipalities across Tennessee offer broadband as a utility service and increasingly expect KUB to take the same position. They, like local government officials and interest groups, recognize the potential economic growth benefits experienced by similar-sized cities in East Tennessee and beyond who have chosen to provide this service.

KUB understands the issues facing our customers and understands their desire to have reliable, fast, and widely available internet service. KUB is also uniquely positioned to provide these services due to infrastructure upgrades that are planned or have already been implemented.

KUB's Grid Modernization: Positioned for Success

KUB's electric system serves a 688-square-mile service area and relies on 5,408 miles of service lines to serve approximately 210,000 customers.

In recent years, KUB's "Century II" capital program has focused on making proactive upgrades and repairs to infrastructure in each of its four utility systems. For the electric system, that means improvements to existing infrastructure and the addition of new technology to modernize the electric system and improve reliability.

In 2015, KUB launched a Grid Modernization effort that included the replacement of all KUB's electric, gas, and water meters with advanced meters. The deployment of advanced meters throughout KUB's service territory was completed in 2020 and is currently utilizing 150 miles of a planned 300 miles of high-speed fiber optic cable. This cable serves as a "backbone" for information sharing across the electric system and connects much of KUB's critical infrastructure, including all of KUB's 72 electric substations.

During the same period, KUB began a pilot of Fault Location Isolation and Restoration (FLISR) devices, a distributed automation technology, to improve electric reliability. The FLISR pilot has also proven successful, with an average improvement in reliability of 40 percent on circuits, reducing customer outage times by 1.8 million minutes in fiscal year 2020 where FLISR technology has been installed. Like the advanced meters, these devices depend on timely and reliable communication and utilize KUB's existing broadband infrastructure.

The success of the FLISR pilot has led to the expansion of the program, and KUB will have installed more than 80 devices on its electric system by the end of February 2021. KUB plans to continue to make improvements to its grid by expanding the reach of FLISR and other applications that improve efficiency and reliability, meeting its customers' needs and offering them more control over their utility experience.

The Future of KUB's Grid

The future of KUB's electric grid depends upon fiber.

Fiber infrastructure plays a critical role for future system applications that require low latency and high reliability communication to make real-time decisions for the electric grid.

Over the next several years, KUB plans to expand its FLISR program from 80 to 1,200 devices across the electric distribution system. These devices will be connected by fiber to create a self-healing, high reliability electric system. In FY 2021 alone, these investments are projected to reduce customer outage

time by 2.1 million minutes. KUB expects reliability to increase year-over-year with the installation of new devices and the expansion of the fiber network.

The reliability and speed offered by an expansive fiber network will position KUB to begin to pilot new applications enhancing operational, financial, and environmental benefits to the electric distribution system.

Fiber infrastructure plays a critical role for future system applications that require low latency and high reliability communication to make real-time decisions for the electric grid. It will eventually connect all KUB infrastructure and improve the reliability of KUB's Supervisory Control and Data Acquisition (SCADA) network.

The electric system will also use the fiber infrastructure to improve communications for Distributed Energy Resources (DER). Solar generating partners are the main provider of these resources today, but this infrastructure would also provide communications for future types of generation. These intelligent controllers will provide real-time visibility to distributed generation devices which would reduce peak demand loads on the electric grid. These devices would also provide an added level of safety to our crews by allowing remote disconnection of these DERs in restoration efforts.

The fiber system will also allow KUB to operate a more efficient electric system, saving energy and money, by allowing Volt/VAR Optimization applications to be deployed onto KUB's electric infrastructure. Based on the successes of other distributors within the TVA service territory, KUB plans to pilot Volt/VAR applications on its own electric system as the fiber network expands.

Finally, the fiber infrastructure will position KUB to implement Demand Response (DR) programs on the electric system and offer customers controllable thermostats, water heaters, and other heavy electric load devices within their homes. These devices reduce peak demand loads on the electric grid and can reduce peak power generation, which ultimately has environmental benefits.

The electric system will use the fiber infrastructure to provide options for our next generation Automated Metering Infrastructure (AMI). KUB has already implemented a wireless AMI solution, which will benefit from the fiber infrastructure. Each AMI base station will be equipped with reliable and low-latency connectivity, improving performance of this network. Having a fiber infrastructure in place provides ultimate flexibility for the next generation of AMI for KUB customers.

The electric fiber network required for these systems positions KUB to be able to provide improved broadband services to meet the growing needs of its customers and community. The Gigabit-speed internet and other broadband services that KUB plans to offer at competitive rates will deliver greater value to its customers, and at the same time will generate new revenues for KUB to help offset the cost of its infrastructure upgrades to the further benefit of its electric utility customers.

Management Statement

KUB has prepared a business plan to provide fiber optic high-speed broadband services within the electric service area, financially separate from the electric, natural gas, water, and wastewater systems. KUB plans to use a third-party voice over IP provider to deliver service through access of KUB's fiber system. In order to show the net financial benefits to KUB of allowing a third-party voice over IP provider to utilize KUB's network, the business plan reflects revenues, collected for and the pass through of voice over IP telephone service costs from a third-party voice over IP provider. The business

plan meets the statutory conditions of T.C. A. 7-52-601. If approved, KUB plans to establish a fifth utility division and establish sufficient control against cross-subsidization of revenues/expenses with the other four utility divisions. The new Fiber Division will adhere to the same organizational policies as other KUB divisions and provide its own audited financial statements.

- ✓ The proposed business plan does not serve any area where a privately held cable television operator is providing cable services over a cable system and in total serves 6,000 or fewer subscribers over one or more cable systems.
- ✓ The proposed business plan does not serve any area where there is an existing telephone cooperative that has been providing cable service for not less than ten (10) years under the authority of the Federal Communications Commission.

As per T.C.A. 7-52-602, KUB's Board of Commissioners provided approval through resolution for submittal of the business plan to the State of Tennessee Comptroller of the Treasury on March 11, 2021. A copy of the resolution can be found in the business plan's appendix.

Also included in the business plan's appendix, are KUB's most current audited consolidated financial statements for the year ended June 30, 2020.

Knoxville Utilities Board of Commissioners:

The Reverend Dr. Jerry Askew, Chair (jerry.askew@kub.org)
John Worden, Vice Chair (john.worden@kub.org)
Claudia Caballero (claudia.caballero@kub.org)
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Tiffany Martin, Vice President and Chief Customer Officer (martin@kub.org)
Mark Walker, Senior Vice President and Chief Financial Officer (walker@kub.org)
John Williams, Senior Vice President of Engineering and Construction (williams@kub.org)

KUB's Commissioners and Mr. Bolas can be contacted by mail at P.O. Box 59017, Knoxville, Tennessee 37950.

Product Offerings

KUB's Purchase Intent Survey of potential broadband customers highlighted that customer service, reliability, and speed were the main attributes upon which they valued their broadband service. Prices paid for existing service were on average \$76 while the median payment was \$60. A variety of download speeds are available in the market and most consumers have access to a maximum download speed of 400 Mbps. Most internet packages do not have symmetrical upload speeds and most do not exceed 20 Mbps.

Responses to the survey showed that more than 76 percent of responders were interested in KUB providing service and more than 50 percent of the responses stated they would consider switching to a KUB product at a similar price as their current provider.

Based upon this information, KUB has positioned a product lineup that provides superior speeds while maintaining a very competitive market value.

KUB's proposed residential internet services begin at 1 Gbps for both download and upload speeds. The price of \$64.99/month is below the average price of existing competitors and at the entry level of one gigabit speeds, well over the current market's maximum offerings. KUB also seeks to provide an enhanced customer experience with the managed router service that provides optimization of wi-fi service through local technical support.

KUB RESIDENTIAL INTERNET SERVICES	PRICING
RESIDENTIAL 1.0 GBPS	\$ 64.99 monthly
RESIDENTIAL 2.5 GBPS	\$149.99 monthly
RESIDENTIAL MANAGED ROUTER	\$ 14.99 monthly

KUB also plans to provide internet services to business customers ranging from a basic 500 Mbps data symmetrical service for small businesses to professional data services with managed routers beginning at \$899.99 monthly for 1 Gbps symmetrical service. Similar to KUB's residential products, KUB seeks to provide business internet services with superior speeds at a competitive market value. KUB also seeks to provide an enhanced customer experience with the managed router service that provides dedicated local technical support to business internet customers. Professional engineered internet services will include guaranteed service response times and custom solutions based on customer needs.

KUB BUSINESS INTERNET SERVICES	PRICING
BUSINESS 500 MBPS	\$ 84.99 monthly
BUSINESS 1.0 GBPS	\$149.99 monthly
BUSINESS MANAGED ROUTER	\$ 19.99 monthly
BUSINESS PROFESSIONAL 1.0 GBPS	\$899.99 monthly*

**starting rate*

The market for voice over IP and land line telephone has declined with the growth of cellular services over the last decade, especially in customers under the age of 65. Approximately 42 percent of KUB’s customers indicated they have a traditional home telephone. Most of those customers pay less than \$35 a month for phone services. Long distance (LD) services are widely varied in the Knoxville market among eligible providers. However, most do provide an unlimited LD package. KUB plans to contract with a third-party voice over IP provider that will utilize KUB’s broadband network to provide standard features including caller identification and call waiting as part of the phone service.

VOIP RESIDENTIAL PHONE SERVICES	PRICING
120 MIN LONG DISTANCE	\$30 monthly
UNLIMITED LONG DISTANCE	\$40 monthly

Surveyed KUB customers indicated that reliability and a variety of programming were important aspects of television service. Customers also indicated that pricing was a determinant for low customer satisfaction. The average monthly residential customer payment for television services is \$103. KUB’s business plan does not reflect any margin from sales of television services. The prices listed below are starting competitive rates and would reflect the flow through of changes in wholesale costs in future years. KUB acknowledges the likelihood that wholesale television costs increase at an average of 8 - 10% increase annually. Therefore, retail rates would likely also rise in response. For purposes of the business plan the retail rate and correlating cost of service are held flat due to the unknown potential increase in wholesale cost in the future.

KUB TELEVISION SERVICES	PRICING
BRONZE 22 CHANNELS	\$24 monthly
SILVER 95 CHANNELS	\$76 monthly
GOLD 155 CHANNELS	\$94 monthly

In KUB’s product model, any electric system customer that desires voice over IP or television services would be required to purchase internet services. However, electric system customers may choose to have internet services without any other product offering. Pricing for bundled services would be derived from aggregate pricing given that phone and television services can only be purchased with internet services.

Competitive Environment

While the majority of the KUB Electric service territory has access to broadband service, many consumers have only a single provider. For both internet and television services, Comcast/Xfinity is the leading provider in the Knoxville market followed by AT&T. This limited competition and the demand for choice was evident in the results of KUB's Purchase Intent Survey. More than half the customers surveyed indicated they purchased internet services from Comcast/Xfinity and a large majority of those customers would be interested in purchasing internet services from KUB if pricing was comparable. Nearly 80 percent of customers surveyed were interested in KUB becoming an option for providing broadband services.

Shown below are current residential retail rates from existing providers and proposed KUB products for comparison. These figures were gathered in the Winter of 2021 (promotional discounts and other fees and charges not reflected). Note that some providers only serve a small portion of KUB's overall electric service territory.

PROVIDER ORDER BY MARKET SHARE	300 MBPS INTERNET ONLY	1,000 MBPS INTERNET ONLY
KUB (PROPOSED)	N/A	\$64.99
COMCAST/XFINITY	\$96 (400 MBPS)	\$116
AT&T	\$65	\$80
WOW!	\$59.99 (500 MBPS)	\$79.99
SPECTRUM	\$69.99 (400 MBPS)	\$129.99
TDS	\$72.95	\$112.95

PROVIDER ORDER BY MARKET SHARE	300 MBPS INTERNET & AVERAGE TV	1,000 MBPS INTERNET & AVERAGE TV
KUB (PROPOSED)	N/A	\$140.99
COMCAST/XFINITY	\$146 (400 MBPS)	\$166
AT&T	\$168	\$183
WOW!	N/A	N/A
SPECTRUM	\$159.98 (400 MBPS)	\$219.98
TDS	\$127.95	\$167.95

PROVIDER ORDER BY MARKET SHARE	300 MBPS INTERNET, AVERAGE TV & PHONE	1,000 MBPS INTERNET, AVERAGE TV & PHONE
KUB (PROPOSED)	N/A	\$170.99
COMCAST/XFINITY	\$156 (400 MBPS)	\$176
AT&T	N/A	N/A
WOW!	N/A	N/A
SPECTRUM	\$169.98 (400 MBPS)	\$229.98
TDS	\$152.95	\$192.95

KUB believes that offering a high-speed internet service with symmetrical download and upload speeds with no limit on data usage will differentiate KUB's service from existing providers. Incumbent providers do not offer these attributes and, as such, KUB's products provide a distinct and unique choice for service in the Knoxville area. These product attributes, along with competitive pricing, position KUB's products well in the competitive environment.

Municipal providers of broadband services in the region have experienced take rates between 50 and 70 percent. In addition, KUB's survey results indicated that 80 percent of respondents are interested in KUB providing broadband services. More than 50 percent of survey responders indicated that with a similar price and product they would switch internet service to KUB. KUB anticipates up to a 50 percent take rate for electric system customers as fiber broadband services become available similar to our peers. KUB anticipates a competitive response to KUB broadband services. Thus, financial projections included in this business plan are based on a conservative 35 percent take rate.

Leading providers in the market often provide promotional discounts for the first year of service. While KUB does not anticipate promotional pricing, the retail rate listed above remains competitive with the market. In addition, many competitors have added costs such as equipment rental, broadcast and sports television fees, and taxes not reflected in the retail rates listed above. KUB anticipates the pass through of taxes only to the retail customer. As a result, the billed rates to customers are anticipated to be at or below the leading providers in the market.

There are areas in our service territory that do not have access to wired internet service because it is not currently economically feasible for the incumbent providers to extend their systems into those areas. There are several examples that have been reported to KUB through our research where the cost to serve individual residences is simply not feasible in the current competitive environment. Details presented in this business case position KUB to serve these customers.

Marketing Plan

KUB’s Communications Department, three planned full-time marketing employees, and senior management will execute a marketing plan building on KUB’s brand of reliable and affordable services. KUB will launch a marketing program in the fall of 2022 and has budgeted \$12 million over the seven year build out period to fund the program.

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
\$ 800,000	\$ 1,900,000	\$ 2,100,000	\$ 2,100,000	\$ 1,800,000	\$ 1,600,000	\$ 1,800,000

KUB will begin to build an awareness campaign in the months leading up to the onset of construction of the broadband system. Existing print and digital platforms – including KUB customer bills, KUB’s customer website, Facebook, Instagram, Twitter, and Nextdoor pages – will be used to promote the benefits of KUB fiber, including and not limited to highlighting the community and commercial benefits.

KUB will also work with community partners and utilize existing media partnerships to increase awareness and brand visibility in its electric service territory.

As the system is built, and fiber services become available, KUB will use targeted print and digital advertising to reach customers who are eligible to begin services. A series of concurrent campaigns will be used to focus on the areas where KUB fiber is available through targeted digital advertisements, paid and targeted social media placement, and print bill messaging.

KUB will also use traditional media, like local newspapers and broadcast networks, to advertise KUB broadband internet services. Well-designed print advertisements will be placed in local business journals and a variety of 30-second television commercials will be aired on stations in the Knoxville market, highlighting benefits to both commercial and residential customers.

Direct sales employees will contact newly eligible customers as the system grows to ensure each potential fiber customer understands the capability and benefits of the new product. In total, KUB anticipates the addition of 15 full-time sales employees during the peak of the build out period.

As the system is completed and becomes more universally available, KUB will run consistent campaigns on the previously mentioned platforms to highlight promotions and packages available to eligible customers. KUB will also expand campaign platforms to include billboards, signage, and partnerships that are visible to customers in the fiber service territory. Each message will include a call to action to visit KUB’s customer website where they can easily browse packages and sign up for services.

To supplement the newly hired marketing and sales teams, KUB customer service representatives and employees will be educated to share information about the benefits of KUB broadband services and to help promote the products at work and in the community.

Fiber to Home Business Plan

Cost Benefit Analysis

KUB's Fiber Division will provide internet service to both residential and commercial customers with voice over IP and television as optional additional services for residential customers. KUB plans to use a third-party provider for hosting of services. KUB has projected a 35 percent take rate among its electric system residential customers, but market analysis indicates that take rates approaching 50 percent are likely. Projected annual revenue for the Fiber Division is shown below:

Year	Revenue	Internet Customer Count
Year 1	\$4.4 million	6,150
Year 2	\$17.8 million	18,500
Year 3	\$36.4 million	32,000
Year 4	\$55.8 million	45,600
Year 5	\$73.7 million	57,350
Year 6	\$87.2 million	65,000
Year 7	\$96.3 million	70,700

Capital investment for the Fiber Division for communication components of the fiber network totaling \$18.3 million will be made over the seven year build out period. In addition, the Fiber Division will incur Operation and Maintenance (O&M) expenditures estimated at \$337.8 million over the same period which are explained in the sections below. Projections indicate that break even will occur in year eight as cumulative revenues exceed cumulative expenditures.

Cost Allocation

In addition to direct O&M expenditures, KUB's Fiber Division will pay Access and Electric Distribution System Utilization Fees to the Electric Division.

The access fee allocation is derived from the proportional share of fiber related depreciation, O&M expenses, tax equivalents, and cost of capital of the Electric Division based on customer count for each system. (Further detail can be found in the financial statement section)

Fiber Division Access Fee Calculation	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Total Expense to Allocate	\$ 4,502,621	\$ 10,274,028	\$ 17,683,086	\$ 24,933,190	\$ 31,825,810	\$ 37,933,881	\$ 44,599,813
Electric Portion of the Costs	4,277,627	8,888,196	13,968,316	18,145,484	21,752,058	24,997,903	28,691,830
Fiber Division Access Fees	224,993	1,385,832	3,714,771	6,787,705	10,073,752	12,935,977	15,907,982
	<u>\$ 4,502,621</u>	<u>\$ 10,274,028</u>	<u>\$ 17,683,086</u>	<u>\$ 24,933,190</u>	<u>\$ 31,825,810</u>	<u>\$ 37,933,881</u>	<u>\$ 44,599,813</u>

KUB's Electric Division will initially use fiber for services at the retail customer level to test and pilot various electric system applications utilizing the fiber network and for other electric system uses outlined in the Introduction section above. KUB's Fiber Division is initially projected to pay the Electric Division 100 percent of annual depreciation for services and the correlating tax equivalents as part of the access fee calculation. However, as the services are more fully utilized by metering or other applications in the future, the proportional shares to the Fiber Division and the Electric Division will be re-evaluated.

Fiber Division Access Fee Calculation	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
PILOTs Services	-	131,346	465,848	813,016	1,140,855	1,433,290	1,646,465
Annual Depreciation Services	237,600	850,813	1,507,863	2,152,370	2,754,827	3,234,465	3,798,941
Facilities Rent	27,094	27,094	27,094	27,094	27,094	27,094	27,094

The Electric Distribution System Utilization Fee is calculated at KUB’s current \$36 annual pole attachment rate for each fiber related attachment. The electric distribution system utilization rate is derived from the approved Tennessee Valley Authority methodology reflecting depreciation and maintenance expenses of KUB’s electric distribution system not related to wire, fiber, or conduit.

A projection of total fees paid to the Electric Division from the Fiber Division by fiscal year is shown below:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Electric Access Fee Revenue	\$ 489,687	\$ 2,395,084	\$ 5,715,576	\$ 9,780,185	\$ 13,996,527	\$ 17,630,826	\$ 21,380,482
EL Distribution System Utilization Fee	\$ 390,204	\$ 1,099,800	\$ 1,962,036	\$ 2,862,036	\$ 3,473,460	\$ 4,229,532	\$ 5,030,928

KUB’s Fiber Division will also pay its proportional share of shared expenses with KUB’s other four divisions as explained in detail in the General and Administrative section below. KUB’s Fiber Division will reflect the same allocation methodology of KUB’s other utility divisions as part of KUB’s existing financial controls and financial reporting requirements.

Operations

KUB will leverage experienced professionals and consultants to assist in guidance through the design and setup phase. KUB anticipates that early phases of plant construction will require heavy utilization of experienced third-party construction contractors with internal management oversight. As the build out continues into later phases, KUB will shift from relying heavily on third-party contractors to operations being primarily performed by KUB employees with supplemental support from third party contractors.

During the first year (phase 1), there will be four areas built to serve between 15,000 and 20,000 eligible customers. The infrastructure for the remaining 180,000 customers will be built over the next six years of deployment, which results in a seven-year deployment for our entire electric service territory.

Customer installations will be completed by an installation contractor through the seven-year deployment. Throughout the deployment, KUB will begin hiring KUB employee installation technicians that can install and troubleshoot customer issues. KUB seeks an appropriate balance of KUB employees and contractors that will support future installations and troubleshooting.

Upon the completion of the seven-year plant build, KUB anticipates that its electric system operations (including an expanded fiber network) would continue to be operationally managed and maintained with a combination of both employees and third-party hourly contract labor.

Staffing

With the establishment of the KUB Fiber Division, additional full-time positions in the areas of marketing, sales, technical support, field installations and information technology are planned. The fiber system will fund these new positions as they are directly related to service delivery to the fiber at home customer.

A summary of additional full-time positions to support the fiber system by fiscal year are listed below. A total of 111 full time positions are projected at full fiber deployment in year seven.

Fiber Staffing Plan	CY	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Marketing								
Manager		1						
Analyst		2						
Sales								
Supervisor			1					
Representative		3	7	1		-1		
Commercial Supervisor		1						
Commercial Representative		1	1	1				
Customer Service								
Supervisor		1						
Representative		1	2	3	2	1	1	2
Tech Support Supervisor		1		1				
Tech Support Rep		2	8	8	6	4	3	4
Enterprise Support Supervisor				1				
Enterprise Support Representative		1	2	3				
Field Installations & Repair								
Team Lead		1						
Supervisor			1	1	1			1
Technician		3	6	6	5	4	3	3
Information Technology								
Developer		2				-1		
Web Developer		1					-1	
Total	0	21	28	25	14	7	6	10
Cumulative Total	0	21	49	74	88	95	101	111

Sales

KUB plans to hire four experienced sales employees in the first year of system construction and increase the workforce through the first several years of service. The sales team will be responsible for customer outreach and engagement, building awareness, and adding customers to the KUB network.

The sales team will focus on both commercial and residential customers, supporting marketing efforts and ensuring customers are educated on their purchases, building lasting relationships. The team will use a combination of phone, digital, print, and personal outreach to promote residential and business packages.

The sales team will follow-up on leads generated by marketing campaigns and assist customers with service agreements. They will coordinate with construction team leads to have a detailed understanding of where new customers are being added, focusing their direct outreach in those areas.

General and Administrative

KUB's Fiber Division will participate in the allocation of shared expenditures for general and administrative services including accounting, information services, and human resources. The fiber system's proportional share will be derived from customer count annually until year eight where net assets and revenue from sales will also be a component of the allocation of shared expenses. Shown below are the projected proportional share of allocated expenditures for the Fiber Division by fiscal year.

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
\$ 557,310	\$ 2,287,200	\$ 4,104,030	\$ 5,407,020	\$ 7,383,241	\$ 8,186,882	\$ 9,019,503

The Fiber Division will also incur direct expenses to operate the system including installation of services inside the premise, customer operations, and sales. Reflected in the Fiber Division's direct expenses are salaries and benefits for approximately 107 full time employees at full build out in FY28. Shown below is the projected annual operation and maintenance expenditures for the fiber system by fiscal year (excluding cost of services for television and phone).

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
\$ 6,175,477	\$ 9,907,543	\$12,506,933	\$14,018,771	\$14,582,462	\$15,057,922	\$16,745,993

Network Construction

KUB anticipates more than 5,000 miles of fiber to be constructed by the Electric Division over the seven-year build out period. Most of the build will be aerial (80%) with a remainder of urban build out underground. Aerial construction costs include make ready and pole replacement expenditures for a small portion of the electric system. Capital investment for service installation will lag the build out of the fiber backbone in year one of the project.

Funding Proposal

The Fiber Division will invest \$18.3 million over the seven year build out period on communication equipment to enable fiber to home services.

The Fiber Division will incur approximately \$337.8 million in operating expenses over the seven year build out. Included in the operating expenses for the fiber system are access fee and electric distribution system utilization fees to the electric system annually that reflects its portion of depreciation, cost of capital, taxes, and distribution system maintenance. The fiber system will also contribute its proportional share of organizational shared expenses along with KUB's other divisions.

Taxes and tax equivalents are projected to be \$3.8 million for the fiber system over the seven year build out period. Reflected in projected taxes are Payment in Lieu of Taxes estimated at \$1.3 million over the same period.

Taxes and Equivalents	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
PILOTs on Net Plant	-	24,675	66,941	116,635	219,287	395,909	502,350

Franchise, excise, sales, and local privilege taxes will be paid by the Fiber Division similar to other providers of broadband services. KUB plans to directly flow through the cost for those taxes to the customer.

The Electric Division will provide \$35 million in loans to the Fiber Division over the first two years to fund capital and operational expenses with anticipated re-payment by full build out in year nine.

KUB's Fiber Division projected revenue is based on a 35 percent take rate for eligible electric system customers with all areas reached by the end of year seven. Combined projected customers by product service is shown below by fiscal year:

Video & Internet Services:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Residential Video	3,345	9,938	16,948	23,817	29,475	32,891	35,182
Residential Internet	6,000	18,000	31,000	44,000	55,000	62,000	67,000
Residential Phone	1,646	4,892	8,345	11,730	14,520	16,207	17,340
Business Professional	-	5	10	15	20	25	30
Business Internet	165	498	1,001	1,677	2,358	3,045	3,737
Total Fiber Division Customers	11,156	33,333	57,304	81,239	101,372	114,167	123,288

The associated projected revenue from sales for the Fiber Division is reflected below:

Video & Internet Services Revenue:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Residential Video Bronze 22CH	120,470	478,380	968,281	1,468,148	1,919,301	2,246,093	2,451,638
Residential Video Silver 95CH	839,036	3,331,765	6,743,771	10,225,182	13,367,317	15,643,325	17,074,880
Residential Video Gold 155CH	377,356	1,498,459	3,033,007	4,598,770	6,011,943	7,035,577	7,679,417
Total Video	\$ 1,336,863	\$ 5,308,604	\$ 10,745,059	\$ 16,292,100	\$ 21,298,561	\$ 24,924,996	\$ 27,205,935
Residential Internet 1.0 GBPS	2,292,847	9,171,389	18,724,919	28,660,590	37,831,979	44,710,520	49,296,215
Residential Internet 2.5 GBPS	107,993	431,971	881,941	1,349,910	1,781,881	2,105,860	2,321,845
Managed Router Service	269,820	1,079,280	2,203,530	3,372,750	4,452,030	5,261,490	5,801,130
Total Res Internet	\$ 2,670,660	\$ 10,682,640	\$ 21,810,390	\$ 33,383,250	\$ 44,065,890	\$ 52,077,870	\$ 57,419,190
Residential Phone LD120	74,088	588,492	1,191,384	1,806,804	2,362,536	2,765,412	3,019,176
Residential Phone Unlimited	197,568	784,656	1,588,512	2,409,072	3,150,048	3,687,216	4,025,568
Total Res Phone	\$ 271,656	\$ 1,373,148	\$ 2,779,896	\$ 4,215,876	\$ 5,512,584	\$ 6,452,628	\$ 7,044,744
Business Internet 500 MBPS	58,913	236,582	534,881	955,703	1,440,170	1,928,465	2,420,617
Business Internet 1.0 GBPS	44,558	178,937	404,552	722,838	1,089,260	1,458,577	1,830,812
Business Managed Router for 1 G	2,375	11,952	26,431	45,888	65,499	85,265	105,187
Business Internet Professional 1.0 GBPS	-	27,000	81,000	135,000	189,000	243,000	297,000
\$ 105,846	\$ 454,471	\$ 1,046,863	\$ 1,859,429	\$ 2,783,929	\$ 3,715,306	\$ 4,653,615	
\$ 4,385,025	\$ 17,818,863	\$ 36,382,208	\$ 55,750,654	\$ 73,660,964	\$ 87,170,800	\$ 96,323,484	

Loans to Fiber Division

The Electric Division will loan the Fiber Division \$35 million over the first two years.

Year 1 - \$20 million

Year 2 - \$15 million

Use of Proceeds

The Fiber Division will use the \$35 million loan proceeds to fund the purchase of capitalized communication equipment, direct and shared operating expenses, taxes, and access and electric distribution system utilization fees to the Electric Division. The Fiber Division will pay monthly interest to the Electric Division estimated at \$7.8 million over the life of the loan, which will be repaid by June 2030. An interest rate of 3.6 percent was used that reflects the FY20 weighted average cost of debt for the Electric Division.

Loan Payback Schedule

Projected net income and cash position indicates that the Fiber Division will become cash solvent by year seven and will re-pay the loans to the Electric Division in year nine.

Year 2 - \$750 thousand

Year 3 - \$1.56 million

Year 4 - \$1.75 million

Year 5 - \$1.75 million

Year 6 - \$1.75 million

Year 7 - \$8.24 million

Year 8 - \$15 million

Year 9 - \$4.2 million

A copy of the Loan Amortization Schedule is included in Appendix D.

Fiber Division Proforma Financial Statements

The Fiber Division cash position and funds flow statements are shown below and reflects a total of \$35 million in interdivisional loans from the Electric Division.

KUB Fiber Division

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Beginning Cash Balance	\$ -	\$ 13,425,435	\$ 20,331,548	\$ 14,898,898	\$ 11,913,647	\$ 10,242,621	\$ 15,880,346	\$ 17,764,919	\$ 14,815,008	\$ 24,995,531
Total Sales Revenue	\$ 4,385,025	\$ 17,818,863	\$ 36,382,208	\$ 55,750,654	\$ 73,660,964	\$ 87,170,800	\$ 96,323,484	\$ 102,586,385	\$ 105,677,359	\$ 106,611,495
Cash Loan and Repayment	\$ 20,000,000	\$ 14,250,000	\$ (1,562,500)	\$ (1,750,000)	\$ (1,750,000)	\$ (1,750,000)	\$ (8,237,500)	\$ (15,000,000)	\$ (4,200,000)	\$ -
Total Cash Expenditures	\$ (10,959,590)	\$ (25,162,750)	\$ (40,252,359)	\$ (56,985,905)	\$ (73,581,990)	\$ (79,783,075)	\$ (86,201,411)	\$ (90,536,297)	\$ (91,296,836)	\$ (103,060,825)
Net Annual Cash Change	\$ 13,425,435	\$ 6,906,113	\$ (5,432,650)	\$ (2,985,250)	\$ (1,671,026)	\$ 5,637,725	\$ 1,884,573	\$ (2,949,912)	\$ 10,180,524	\$ 3,550,669
Total Net Cash Position	\$ 13,425,435	\$ 20,331,548	\$ 14,898,898	\$ 11,913,647	\$ 10,242,621	\$ 15,880,346	\$ 17,764,919	\$ 14,815,008	\$ 24,995,531	\$ 28,546,201

Fiber Division Proforma Cash Flow Statement

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cash flows from operating activities										
Cash receipts from customers	\$ 4,385,025	\$ 17,818,863	\$ 36,382,208	\$ 55,750,654	\$ 73,660,964	\$ 87,170,800	\$ 96,323,484	\$ 102,586,385	\$ 105,677,359	\$ 106,611,495
Cash payments to suppliers	\$ (5,955,035)	\$ (13,747,023)	\$ (22,035,665)	\$ (29,622,473)	\$ (36,634,489)	\$ (41,378,248)	\$ (45,248,590)	\$ (49,071,304)	\$ (49,765,688)	\$ (50,099,471)
Cash payments to Electric Division (fees)	\$ (879,891)	\$ (3,494,884)	\$ (7,677,612)	\$ (12,642,221)	\$ (17,469,987)	\$ (21,860,358)	\$ (26,411,410)	\$ (28,192,287)	\$ (28,569,505)	\$ (28,862,614)
Cash payments to employees	\$ (2,223,277)	\$ (4,305,583)	\$ (6,154,326)	\$ (7,360,180)	\$ (8,007,921)	\$ (8,404,708)	\$ (9,272,685)	\$ (8,983,457)	\$ (9,137,070)	\$ (9,290,682)
Payment of taxes and in lieu of taxes	\$ (113,387)	\$ (251,500)	\$ (396,826)	\$ (516,575)	\$ (659,277)	\$ (863,585)	\$ (1,026,691)	\$ (1,064,903)	\$ (1,111,368)	\$ (1,156,722)
Net cash provided from operating activities	\$ (4,786,565)	\$ (3,980,127)	\$ 117,780	\$ 5,609,205	\$ 10,889,289	\$ 14,663,900	\$ 14,364,108	\$ 15,274,433	\$ 17,093,729	\$ 17,202,005
Cash flows from capital and related financing activities										
Net proceeds from interdivisional loan	\$ 20,000,000	\$ 15,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Principal payment on interdivisional loan	\$ -	\$ (750,000)	\$ (1,562,500)	\$ (1,750,000)	\$ (1,750,000)	\$ (1,750,000)	\$ (8,237,500)	\$ (15,000,000)	\$ (4,200,000)	\$ -
Interest payment on interdivisional loan	\$ (480,000)	\$ (1,071,000)	\$ (1,209,750)	\$ (1,147,875)	\$ (1,084,875)	\$ (1,021,875)	\$ (958,875)	\$ (662,325)	\$ (122,325)	\$ (0)
Acquisition and construction of fiber plant	\$ (1,308,000)	\$ (2,292,760)	\$ (2,778,180)	\$ (5,696,580)	\$ (9,725,440)	\$ (6,254,300)	\$ (3,283,160)	\$ (2,562,020)	\$ (2,590,880)	\$ (2,619,740)
Net cash used in capital and related financing activities	\$ 18,212,000	\$ 10,886,240	\$ (5,550,430)	\$ (8,594,455)	\$ (12,560,315)	\$ (9,026,175)	\$ (12,479,535)	\$ (18,224,345)	\$ (6,913,205)	\$ (2,619,740)
Cash flows from investing activities										
Purchase of investment securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,031,596)
Maturities of investment securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest received	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net cash provided by (used in) investing activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,031,596)
Net increase (decrease) in cash and cash equivalents	\$ 13,425,435	\$ 6,906,113	\$ (5,432,650)	\$ (2,985,250)	\$ (1,671,026)	\$ 5,637,725	\$ 1,884,573	\$ (2,949,912)	\$ 10,180,524	\$ 3,550,669
Cash and cash equivalents, beginning of year	\$ -	\$ 13,425,435	\$ 20,331,548	\$ 14,898,898	\$ 11,913,647	\$ 10,242,621	\$ 15,880,346	\$ 17,764,919	\$ 14,815,008	\$ 24,995,531
Cash and cash equivalents, end of year	\$ 13,425,435	\$ 20,331,548	\$ 14,898,898	\$ 11,913,647	\$ 10,242,621	\$ 15,880,346	\$ 17,764,919	\$ 14,815,008	\$ 24,995,531	\$ 28,546,201

KUB Fiber Division - Statement of Net Position

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Current Assets										
Cash	\$ 13,425,435	\$ 20,331,548	\$ 14,898,898	\$ 11,913,647	\$ 10,242,621	\$ 15,880,346	\$ 17,764,919	\$ 14,815,008	\$ 24,995,531	\$ 28,546,201
Operating Contingency Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,031,596
Capital Assets										
Plant in Service	\$ 1,308,000	\$ 3,600,760	\$ 6,378,940	\$ 12,075,520	\$ 21,800,960	\$ 28,055,260	\$ 31,338,420	\$ 33,900,440	\$ 36,491,320	\$ 39,111,060
Accumulated Depreciation	-	(52,320)	(196,350)	(451,508)	(814,529)	(1,426,567)	(2,228,778)	(3,162,314)	(4,198,332)	(5,337,985)
Total Assets	\$ 14,733,435	\$ 23,879,988	\$ 21,081,487	\$ 23,537,659	\$ 31,229,052	\$ 42,509,039	\$ 46,874,562	\$ 45,553,133	\$ 57,288,519	\$ 73,350,872
Other Liabilities										
Inter-divisional Loan	\$ 20,000,000	\$ 34,250,000	\$ 32,687,500	\$ 30,937,500	\$ 29,187,500	\$ 27,437,500	\$ 19,200,000	\$ 4,200,000	\$ 0	\$ 0
Total Liabilities	\$ 20,000,000	\$ 34,250,000	\$ 32,687,500	\$ 30,937,500	\$ 29,187,500	\$ 27,437,500	\$ 19,200,000	\$ 4,200,000	\$ 0	\$ 0
Net Position	\$ (5,266,565)	\$ (10,370,012)	\$ (11,606,013)	\$ (7,399,841)	\$ 2,041,552	\$ 15,071,539	\$ 27,674,561	\$ 41,353,133	\$ 57,288,519	\$ 73,350,872
Total liabilities and net position	\$ 14,733,435	\$ 23,879,988	\$ 21,081,487	\$ 23,537,659	\$ 31,229,052	\$ 42,509,039	\$ 46,874,562	\$ 45,553,133	\$ 57,288,519	\$ 73,350,872

Video & Internet Services Revenue:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Residential Video Bronze 22CH	120,470	478,380	968,281	1,468,148	1,919,301	2,246,093	2,451,638	2,577,259	2,617,009	2,610,132
Residential Video Silver 95CH	839,036	3,331,765	6,743,771	10,225,182	13,367,317	15,643,325	17,074,880	17,949,785	18,226,631	18,178,739
Residential Video Gold 155CH	377,356	1,498,459	3,033,007	4,598,770	6,011,943	7,035,577	7,679,417	8,072,906	8,197,417	8,175,878
Total Video	\$ 1,336,863	\$ 5,308,604	\$ 10,745,059	\$ 16,292,100	\$ 21,298,561	\$ 24,924,996	\$ 27,205,935	\$ 28,599,949	\$ 29,041,057	\$ 28,964,749
Residential Internet 1.0 GBPS	2,292,847	9,171,389	18,724,919	28,660,590	37,831,979	44,710,520	49,296,215	52,353,344	53,711,092	54,135,410
Residential Internet 2.5 GBPS	107,993	431,971	881,941	1,349,910	1,781,881	2,105,860	2,321,845	2,465,836	2,529,785	2,549,771
Managed Router Service	269,820	1,079,280	2,203,530	3,372,750	4,452,030	5,261,490	5,801,130	6,160,890	6,320,668	6,370,602
Total Res Internet	\$ 2,670,660	\$ 10,682,640	\$ 21,810,390	\$ 33,383,250	\$ 44,065,890	\$ 52,077,870	\$ 57,419,190	\$ 60,980,070	\$ 62,561,546	\$ 63,055,782
Residential Phone LD120	74,088	588,492	1,191,384	1,806,804	2,362,536	2,765,412	3,019,176	3,174,624	3,224,362	3,216,685
Residential Phone Unlimited	197,568	784,656	1,588,512	2,409,072	3,150,048	3,687,216	4,025,568	4,232,832	4,299,149	4,288,913
Total Res Phone	\$ 271,656	\$ 1,373,148	\$ 2,779,896	\$ 4,215,876	\$ 5,512,584	\$ 6,452,628	\$ 7,044,744	\$ 7,407,456	\$ 7,523,511	\$ 7,505,598
Business Internet 500 MBPS	58,913	236,582	534,881	955,703	1,440,170	1,928,465	2,420,617	2,916,657	3,416,615	3,688,996
Business Internet 1.0 GBPS	44,558	178,937	404,552	722,838	1,089,260	1,458,577	1,830,812	2,205,987	2,584,127	2,790,139
Business Managed Router for 1 G	2,375	11,952	26,431	45,888	65,499	85,265	105,187	125,266	145,504	147,231
Business Internet Professional 1.0 GBPS	-	27,000	81,000	135,000	189,000	243,000	297,000	351,000	405,000	459,000
Total Business	\$ 105,846	\$ 454,471	\$ 1,046,863	\$ 1,859,429	\$ 2,783,929	\$ 3,715,306	\$ 4,653,615	\$ 5,598,910	\$ 6,551,246	\$ 7,085,366
Total	\$ 4,385,025	\$ 17,818,863	\$ 36,382,208	\$ 55,750,654	\$ 73,660,964	\$ 87,170,800	\$ 96,323,484	\$ 102,586,385	\$ 105,677,359	\$ 106,611,495

The Fiber Division Use of Proceeds is reflected below which includes fees paid to the Electric Division for interest and principal loan repayment, access fees, and electric distribution system utilization fees.

Fiber Division Use of Proceeds

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Capital										
Internet Communication Components	1,308,000	2,292,760	2,778,180	2,696,580	2,725,440	3,254,300	3,283,160	2,562,020	2,590,880	2,619,740
Real Property and Facility				3,000,000	7,000,000	3,000,000				
Total Capital	\$ 1,308,000	\$ 2,292,760	\$ 2,778,180	\$ 5,696,580	\$ 9,725,440	\$ 6,254,300	\$ 3,283,160	\$ 2,562,020	\$ 2,590,880	\$ 2,619,740
O&M Expenses										
Access Fee paid to Electric Division	489,687	2,395,084	5,715,576	9,780,185	13,996,527	17,630,826	21,380,482	23,161,359	23,538,577	23,831,686
EL Distribution System Utilization Fee	390,204	1,099,800	1,962,036	2,862,036	3,473,460	4,229,532	5,030,928	5,030,928	5,030,928	5,030,928
Telephone Cost of Goods Sold	108,662	549,259	833,969	1,264,763	1,378,146	1,613,157	1,549,844	1,629,640	1,504,702	1,501,120
Television Cost of Goods Sold	1,336,863	5,308,604	10,745,059	16,292,100	21,298,561	24,924,996	27,205,935	28,599,949	29,041,057	28,964,749
Allocated Expenses	557,310	2,287,200	4,104,030	5,407,020	7,383,241	8,186,882	9,019,503	11,507,641	11,760,770	12,013,899
Interest Expense on Loan	480,000	1,071,000	1,209,750	1,147,875	1,084,875	1,021,875	958,875	662,325	122,325	0
Direct O&M	6,175,477	9,907,543	12,506,933	14,018,771	14,582,462	15,057,922	16,745,993	16,317,531	16,596,228	16,910,386
Total O&M	\$ 9,538,203	\$22,618,490	\$37,077,352	\$50,772,750	\$63,197,273	\$72,665,190	\$81,891,560	\$ 86,909,374	\$87,594,588	\$ 88,252,767
Taxes and Equivalents										
PILOTs on Net Plant	-	24,675	66,941	116,635	219,287	395,909	502,350	549,153	579,875	609,207
Employer Portion of Taxes	113,387	226,825	329,885	399,941	439,990	467,676	524,341	515,749	531,493	547,515
Total Taxes and Equivalents	\$ 113,387	\$ 251,500	\$ 396,826	\$ 516,575	\$ 659,277	\$ 863,585	\$ 1,026,691	\$ 1,064,903	\$ 1,111,368	\$ 1,156,722
Total Cash Expenditures	\$10,959,590	\$25,162,750	\$40,252,359	\$56,985,905	\$73,581,990	\$79,783,075	\$86,201,411	\$ 90,536,297	\$91,296,836	\$ 92,029,229
Cash Reserves										\$ 11,031,596
Repayment of Debt to Electric		750,000	1,562,500	1,750,000	1,750,000	1,750,000	8,237,500	15,000,000	4,200,000	-
Total Cash Disbursements	\$10,959,590	\$25,912,750	\$41,814,859	\$58,735,905	\$75,331,990	\$81,533,075	\$94,438,911	\$ 105,536,297	\$95,496,836	\$ 103,060,825

Included in the Use of Proceeds statement above are Access and Electric Distribution System Utilization fees paid by the Fiber Division to the Electric Division annually. Shown below is the calculation of the annual fees.

Fiber Division Access Fee Calculation	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total Gross Plant Fiber Services	7,200,000	25,782,200	45,692,823	65,223,320	83,479,598	98,014,095	115,119,423	119,514,473	123,057,114	126,674,151
Total Gross Plant EL Distribution System I	31,988,927	69,561,727	114,282,446	161,804,881	208,749,597	255,237,797	300,436,644	307,607,514	315,873,677	324,313,430
Total Accumulated Depreciation	972,714	3,103,084	7,393,416	14,117,083	23,344,105	34,928,554	48,937,007	64,898,451	81,263,636	98,078,830
Net Plant	\$ 38,216,213	\$ 92,240,843	\$ 152,581,853	\$ 212,911,118	\$ 268,885,090	\$ 318,323,338	\$ 366,619,059	\$ 362,223,536	\$ 357,667,156	\$ 352,908,751
Total CWIP	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Less: Capitalized interest	-	-	-	-	-	-	-	-	-	-
Net Value	\$ 39,216,213	\$ 93,240,843	\$ 153,581,853	\$ 213,911,118	\$ 269,885,090	\$ 319,323,338	\$ 367,619,059	\$ 363,223,536	\$ 358,667,156	\$ 353,908,751
Rate from Bond	0.04000	0.04000	0.04000	0.04000	0.04000	0.04000	0.04000	0.04000	0.04000	0.04000
Value of Money	\$ 1,568,649	\$ 3,729,634	\$ 6,143,274	\$ 8,556,445	\$ 10,795,404	\$ 12,772,934	\$ 14,704,762	\$ 14,528,941	\$ 14,346,686	\$ 14,156,350
EL O&M (Network Ops and Fiber Maint)	2,400,000	4,668,300	7,469,200	9,702,000	11,592,000	12,995,000	15,028,000	15,366,000	15,824,800	16,165,400
Annual Depreciation non Services	367,557	1,279,557	2,782,469	4,571,298	6,472,195	8,349,984	10,209,512	12,017,466	12,304,301	12,634,947
Property Tax Non Services	166,415	596,537	1,288,143	2,103,447	2,966,212	3,815,963	4,657,539	5,475,135	5,576,306	5,726,836
Total Expense to Allocate	\$ 4,502,621	\$ 10,274,028	\$ 17,683,086	\$ 24,933,190	\$ 31,825,810	\$ 37,933,881	\$ 44,599,813	\$ 47,387,542	\$ 48,052,093	\$ 48,683,533
Electric Portion of the Costs	4,277,627	8,888,196	13,968,316	18,145,484	21,752,058	24,997,903	28,691,830	30,094,744	30,507,494	30,955,411
Fiber Division Access Fees	224,993	1,385,832	3,714,771	6,787,705	10,073,752	12,935,977	15,907,982	17,292,798	17,544,599	17,728,122
	\$ 4,502,621	\$ 10,274,028	\$ 17,683,086	\$ 24,933,190	\$ 31,825,810	\$ 37,933,881	\$ 44,599,813	\$ 47,387,542	\$ 48,052,093	\$ 48,683,533
PILOTs Services	-	131,346	465,848	813,016	1,140,855	1,433,290	1,646,465	1,897,490	1,905,999	1,896,223
Annual Depreciation Services	237,600	850,813	1,507,863	2,152,370	2,754,827	3,234,465	3,798,941	3,943,978	4,060,885	4,180,247
Facilities Rent	27,094	27,094	27,094	27,094	27,094	27,094	27,094	27,094	27,094	27,094
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Electric Access Fee Revenue	\$ 489,687	\$ 2,395,084	\$ 5,715,576	\$ 9,780,185	\$ 13,996,527	\$ 17,630,826	\$ 21,380,482	\$ 23,161,359	\$ 23,538,577	\$ 23,831,686
EL Distribution System Utilization Fee	\$ 390,204	\$ 1,099,800	\$ 1,962,036	\$ 2,862,036	\$ 3,473,460	\$ 4,229,532	\$ 5,030,928	\$ 5,030,928	\$ 5,030,928	\$ 5,030,928
EL Reduction in O&M & CAP Expense	\$ 557,310	\$ 1,263,096	\$ 2,266,433	\$ 2,986,004	\$ 4,077,363	\$ 4,521,171	\$ 4,980,982	\$ 6,420,940	\$ 6,562,179	\$ 6,703,417
Total Cash Impact to Electric Division	\$ 1,437,201	\$ 4,757,981	\$ 9,944,045	\$ 15,628,225	\$ 21,547,351	\$ 26,381,529	\$ 31,392,392	\$ 34,613,227	\$ 35,131,684	\$ 35,566,031
Cash Paid to the Electric Division	\$ 879,891	\$ 3,494,884	\$ 7,677,612	\$ 12,642,221	\$ 17,469,987	\$ 21,860,358	\$ 26,411,410	\$ 28,192,287	\$ 28,569,505	\$ 28,862,614

Conclusion

KUB's proposed Fiber Division, with 35 percent market share, is projected to serve more than 70,000 homes and 4,500 businesses with internet, television, and voice services across the Knox County, Tennessee region and parts of seven surrounding counties. Full deployment is projected to be complete within seven years with a complete repayment of debt by year nine.

Benefits to KUB's electric system from the investment in fiber across its distribution system include enhanced fault location, improved reliability of services, and optimal position for the next generation of automated metering.

KUB is committed to serving the community and its customers with fiber optic technology that will enhance the operation and reliability of its electric service and make Gigabit-speed internet and broadband services available to all of its electric service territory customers.

Appendices

Appendix A – Purchase Intent Study Report

Appendix B – Resolution 1433 – Approval to submit business plan

Appendix C – FY 2020 Consolidated Audited Financial Statements

Appendix D – Loan Amortization Schedule

**Knoxville Utilities Board
Board Meeting
Minutes
Thursday, February 18, 2021
Noon**

Call to Order

The Knoxville Utilities Board met in regular session in the Mintha Roach Corporate Services Building at 4505 Middlebrook Pike, on Thursday, February 18, 2021, pursuant to the public notice published in the January 2, 2021, 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, Kathy Hamilton, Celeste Herbert, Adrienne Simpson-Brown, Tyvi Small, and John Worden.

Commissioners Absent: None

Approval of Minutes

The Minutes of the January 21, 2021 Board Meeting were approved as distributed upon a motion by Commissioner Herbert and seconded by Commissioner Worden.

Old Business

None

New Business

Resolution 1431, A Resolution Requesting the Council of the City of Knoxville, Tennessee to Provide for the Issuance of Not to Exceed Eighty-Seven Million Five Hundred Thousand and No/100 Dollars (\$87,500,000) in Aggregate Principal Amount of Electric System Revenue Refunding Bonds, Series LL-2021; the Issuance of Not to Exceed Forty-Nine Million Five Hundred Thousand and No/100 Dollars (\$49,500,000) in Aggregate Principal Amount of Gas System Revenue Refunding Bonds, Series AA-2021; the Issuance of Not to Exceed Forty-One Million Five Hundred Thousand and No/100 Dollars (\$41,500,000) in Aggregate Principal Amount of Water System Revenue Refunding Bonds, Series LL-2021; and the Issuance of Not to Exceed Two Hundred Forty-One Million and No/100 Dollars (\$241,000,000) in Aggregate Principal Amount of Wastewater System Revenue Refunding Bonds, Series 2021A

February 18, 2021

President Gabriel Bolas advised Commissioners that KUB has identified an opportunity to refinance outstanding bonds for all four utility systems at lower interest rates, providing a significant savings for KUB customers. He recognized Mark Walker, Senior Vice President and Chief Financial Officer, to provide the details.

President Bolas recommended adoption of Resolution 1431 on first and final reading. His written recommendation is included in Attachment 1.

Upon a motion by Commissioner Hamilton and a second by Commissioner Small, Resolution 1431 was adopted by a roll call vote on first and final reading. The following Commissioners voted “aye”: Askew, Caballero, Hamilton, Herbert, Simpson-Brown, Small, and Worden. No Commissioner voted “nay”.

Resolution 1432, A Resolution Authorizing Participation in the Tennessee Valley Authority’s Electric Vehicle Charging Power (EVC) Rate and Amending the Existing Rate Schedules of the Electric Division to Provide for an EVC Rate Schedule

President Bolas reminded Commissioners that last month Mike Bolin, Vice President of Utility Advancement, provided an update on valley electric vehicle promotion efforts, including a new TVA electric vehicle charger wholesale rate. Mr. Bolin provided the details of KUB’s companion retail Electric Vehicle Charging Power rate for consideration on first reading.

President Bolas recommended adoption of Resolution 1432 on first reading. His written recommendation is included in Attachment 2.

Upon a motion by Commissioner Herbert and a second by Commissioner Worden, Resolution 1432 was adopted by a roll call vote on first reading. The following Commissioners voted “aye”: Askew, Caballero, Hamilton, Herbert, Simpson-Brown, Small, and Worden. No Commissioner voted “nay”.

President’s Report

Water Supply Master Plan Update

President Bolas advised Commissioners that the Water Supply Master Plan reflects multi-year capital investment in KUB’s water treatment plant infrastructure. KUB is actively identifying and implementing improvements to ensure resiliency in the system, mitigate risk in the treatment process, and prepare for future needs and demands. He recognized Shane Bragg, Manager of Water Systems Engineering, to provide an update and additional information on the plan.

February 18, 2021

Project Help Update

President Bolas reminded Commissioners that Project Help is one of the programs used to support low and limited-income individuals and families in the community with utility bill assistance. This program has been especially important this year as many have been impacted financially by the pandemic. He recognized Anna Freshour, one of KUB's Customer Counselors, to provide an update on this year's Project Help campaign.

Other Business

None

Public Comment

Kent Minault – 311 Glenwood Avenue – Knoxville, TN 37917

Stefen White – 3418 Lansing Avenue, Knoxville, TN 37914

Sam Brown – 4401 Norwalk Avenue, Knoxville, TN 37914

Brady Watson – 229 Haywood Avenue, Knoxville, TN 37920

Adjournment

There being nothing further to come before the Board, Chair Askew declared the Board meeting adjourned at 1:10 p.m.

Jerry Askew, Chair

Mark Walker, Board Secretary

Attachments

Attachment 1	Recommendation Letter and Resolution 1431 – A Resolution Requesting the Council of the City of Knoxville, Tennessee to Provide for the Issuance of Not to Exceed Eighty-Seven Million Five Hundred Thousand and No/100 Dollars (\$87,500,000) in Aggregate Principal Amount of Electric System Revenue Refunding Bonds, Series LL-2021; the Issuance of Not to Exceed Forty-Nine Million Five Hundred Thousand and No/100 Dollars (\$49,500,000) in Aggregate Principal Amount of Gas System Revenue Refunding Bonds, Series AA-2021; the Issuance of Not to Exceed Forty-One Million Five Hundred Thousand and No/100 Dollars (\$41,500,000) in Aggregate Principal Amount of Water System Revenue Refunding Bonds, Series LL-2021; and the Issuance of Not to Exceed Two Hundred Forty-One Million and No/100 Dollars (\$241,000,000) in Aggregate Principal Amount of Wastewater System Revenue Refunding Bonds, Series 2021A	<u>Page(s)</u> 10363 – 10522
Attachment 2	Resolution 1432 – A Resolution Authorizing Participation in the Tennessee Valley Authority’s Electric Vehicle Charging Power (EVC) Rate and Amending the Existing Rate Schedules of the Electric Division to Provide for an EVC Rate Schedule	10523 – 10529



February 12, 2021

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

Commissioners:

The February 18 Board meeting agenda includes two official action items, including the proposed refinancing of outstanding bonds for all KUB systems, and the adoption of a new electric rate for electric vehicle (EV) charging stations. An overview of each resolution is provided below.

Resolution 1431

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 over the years 2010 through 2014.

Resolution 1431 authorizes the issuance of up to \$419.5 million in revenue refunding bonds, including \$241 million for the wastewater system, \$87.5 million for the electric system, \$49.5 million for the natural gas system, and \$41.5 million for the water system. The proceeds of the bonds will be used to retire the outstanding bonds, pay the underwriters' discounts, and cover all issuance costs related to the sale of the refunding bonds. The refunding bonds will not extend the life of the outstanding bonds to be refunded. Resolution 1431 also requests City Council authorization to issue the refunding 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 \$69.3 million over the life of the bonds, including \$40.6 million for the wastewater system, \$11.4 million for electric system, \$9.9 million for the water system, and \$7.4 million for the natural gas 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 \$1,090,000.

Resolution 1431 and the supporting City Council resolutions have 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 1431 on first and final reading.

Resolution 1432 (First Reading)

At the January Board meeting, staff introduced a proposed rate for electric vehicle (EV) charging stations. The TVA Board recently adopted a wholesale rate for charging stations for EVs where the station's demand is greater than 50 kW. It is staff's recommendation that KUB adopt a companion retail rate, as KUB's current electric rates are not designed to accommodate the usage profile of EV charging stations.

Resolution 1432 and the proposed rate schedule are attached for your information. I recommend the adoption of Resolution 1432 on first reading. If approved by the Board, we expect second reading on the new EV charging station rate to occur at the March Board meeting.

Respectfully submitted,



Gabriel J. Bolas II
President and CEO

RESOLUTION NO. 1431

A Resolution Requesting the Council of the City of Knoxville, Tennessee to Provide for the Issuance of Not to Exceed Eighty-Seven Million Five Hundred Thousand and No/100 Dollars (\$87,500,000) in Aggregate Principal Amount of Electric System Revenue Refunding Bonds, Series LL-2021; the Issuance of Not to Exceed Forty-Nine Million Five Hundred Thousand and No/100 Dollars (\$49,500,000) in Aggregate Principal Amount of Gas System Revenue Refunding Bonds, Series AA-2021; the Issuance of Not to Exceed Forty-One Million Five Hundred Thousand and No/100 Dollars (\$41,500,000) in Aggregate Principal Amount of Water System Revenue Refunding Bonds, Series LL-2021; and the Issuance of Not to Exceed Two Hundred Forty-One Million and No/100 Dollars (\$241,000,000) in Aggregate Principal Amount of Wastewater System Revenue Refunding Bonds, Series 2021A

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 distribution and treatment 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 \$87,500,000 in aggregate principal amount of Electric System Revenue Refunding Bonds, Series LL-2021 (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 AA-2012, dated April 20, 2012, maturing July 1, 2022 through July 1, 2029, its outstanding Electric System Revenue Bonds, Series BB-2012, dated December 18, 2012, maturing July 1, 2022 through July 1, 2042, its outstanding Electric System Revenue Refunding Bonds, Series CC-2013, dated March 15, 2013, maturing July 1, 2022 through July 1, 2031, and its outstanding Electric System Revenue Bonds, Series DD-2014, dated September 18, 2014, maturing July 1, 2022 through July 1, 2044, 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 \$49,500,000 in aggregate principal amount of Gas System Revenue Refunding Bonds, Series AA-2021 (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 Q-2012, dated April 20, 2012, maturing March 1, 2022 through March 1, 2029, its outstanding Gas System Revenue Bonds, Series R-2012, dated December 18, 2012, maturing March 1, 2022 through March 1, 2033, its outstanding Gas System Revenue Refunding

Bonds, Series S-2013, dated March 15, 2013, maturing March 1, 2022 through March 1, 2031 and its outstanding Gas System Revenue Bonds, Series T-2013, dated October 1, 2013, maturing March 1, 2022 through March 1, 2035, 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 \$41,500,000 in aggregate principal amount of Water System Revenue Refunding Bonds, Series LL-2021 (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 X-2012, dated April 20, 2012, maturing March 1, 2022 through March 1, 2029, its outstanding Water System Revenue Refunding Bonds, Series Y-2013, dated March 15, 2013, maturing March 1, 2022 through March 1, 2030, its outstanding Water System Revenue Bonds, Series Z-2013, dated October 1, 2013, maturing March 1, 2022 through March 1, 2044, and its outstanding Water System Revenue Bonds, Series AA-2014, dated September 18, 2014, maturing March 1, 2022 through March 1, 2044, 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 \$241,000,000 in aggregate principal amount of Wastewater System Revenue Refunding Bonds, Series 2021A (the "Wastewater Bonds") for the purpose of providing funds to refinance the outstanding principal amount of the City's outstanding Wastewater System Revenue Bonds, Series 2010C (Federally Taxable Build America Bonds), dated December 8, 2010, maturing April 1, 2022 through April 1, 2035, its outstanding Wastewater System Revenue Refunding Bonds, Series 2012A, dated April 20, 2012, maturing April 1, 2022 through April 1, 2029, its outstanding Wastewater System Revenue Bonds, Series 2012B, dated December 18, 2012, maturing April 1, 2022 through April 1, 2047, its outstanding Wastewater System Revenue Refunding Bonds, Series 2013A, dated March 15, 2013, maturing April 1, 2022 through April 1, 2037, and its outstanding Wastewater System Revenue Bonds, Series 2014A, dated September 18, 2014, maturing April 1, 2022 through April 1, 2049, 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.

Jerry Askew/s
Jerry Askew, Chair

Mark Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: 2-18-21
EFFECTIVE DATE: 2-18-21
MINUTE BOOK 43 PAGE 10365-10522

A RESOLUTION SUPPLEMENTING RESOLUTION NO. 1644 ADOPTED BY THE CITY COUNCIL OF THE CITY OF KNOXVILLE, TENNESSEE ON JANUARY 4, 1949 ENTITLED "A RESOLUTION PROVIDING FOR THE ISSUANCE OF ELECTRIC SYSTEM REVENUE REFUNDING BONDS" SO AS TO PROVIDE FOR THE ISSUANCE OF NOT TO EXCEED EIGHTY-SEVEN MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$87,500,000) OF ELECTRIC SYSTEM REVENUE REFUNDING BONDS, SERIES LL-2021.

RESOLUTION NO: _____

REQUESTED BY: _____

PREPARED BY: _____

APPROVED AS TO FORM

CORRECTNESS: _____

Law Director

FINANCIAL IMPACT STATEMENT:

Director of Finance

APPROVED: _____

APPROVED AS AN
EMERGENCY MEASURE: _____

MINUTE BOOK _____ PAGE _____

WHEREAS, the City of Knoxville (the "City"), pursuant to a resolution entitled "A Resolution Providing for the Issuance of Electric System Revenue Bonds," being Resolution No. 1644 of the City Council adopted January 4, 1949 (which resolution as heretofore amended is hereinafter sometimes referred to as the "1949 Resolution"), authorized an issue of Electric System Revenue Bonds; and

WHEREAS, pursuant to the 1949 Resolution, and for the purpose of financing the cost of the extensions and improvements of the City's electrical power distribution system (hereinafter sometimes referred to as the "System") and the refinancing of indebtedness issued for that purpose, the City issued Electric System Revenue Bonds, the series of which, the amount issued, and the amount outstanding as of March 1, 2021, are as follows:

<u>Series</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
AA-2012	\$36,815,000	\$19,780,000
BB-2012	\$35,000,000	\$29,575,000
CC-2013	\$ 9,660,000	\$ 7,070,000
DD-2014	\$40,000,000	\$35,500,000
EE-2015	\$28,550,000	\$23,765,000
FF-2015	\$35,000,000	\$31,375,000
GG-2016	\$40,000,000	\$36,650,000
HH-2017	\$23,445,000	\$17,420,000
II-2017	\$40,000,000	\$37,730,000
JJ-2018	\$39,995,000	\$38,405,000
KK-2020	\$14,380,000	\$14,380,000

WHEREAS, it is desirable that an additional series of bonds be issued to refinance the outstanding principal amount of the City's outstanding Electric System Revenue Refunding Bonds, Series AA-2012, dated April 20, 2012, maturing July 1, 2022 through July 1, 2029 (the "Series AA-2012 Bonds"), its outstanding Electric System Revenue Bonds, Series BB-2012, dated December 18, 2012, maturing July 1, 2022 through July 1, 2042 (the "BB-2012 Bonds"), its outstanding Electric System Revenue Refunding Bonds, Series CC-2013, dated March 15, 2013, maturing July 1, 2022 through July 1, 2031 (the "CC-2013 Bonds"), and its outstanding Electric System Revenue Bonds, Series DD-2014, dated September 18, 2014, maturing July 1, 2022 through July 1, 2044 (the "DD-2014 Bonds" and together with the AA-2012 Bonds, the BB-2012 Bonds and the CC-2013 Bonds, the "Refunded Bonds"), including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the bonds, pursuant to the authority of the 1949 Resolution and pursuant to the authority of this resolution; and

WHEREAS, the Board of Commissioners (the "Board") of the Knoxville Utilities Board ("KUB") has duly adopted a resolution requesting the City Council of the City to adopt this resolution authorizing the issuance of bonds for the purposes and in the manner hereinafter more fully stated; and

WHEREAS, the plan of refunding for the Refunded Bonds has been submitted to the State Director of the Division of Local Government Finance (the "State Director") as required by Section 9-21-903, Tennessee Code Annotated, as amended, and she has acknowledged receipt thereof to the City and KUB and submitted her report thereon to the City and KUB, and such report has been provided to members of the City Council of the City; and

WHEREAS, it is the intention of the City Council of the City to adopt this resolution for the purpose of authorizing not to exceed \$87,500,000 in aggregate principal amount of electric system revenue refunding bonds for the purposes described above, establishing the terms of such bonds, providing for the issuance, sale and payment of the bonds and disposition of proceeds therefrom, and collection of revenues from the System and the application thereof to the payment of principal of, premium, if any, and interest on said bonds.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Knoxville, Tennessee, as follows:

Section 1. Authority. The bonds authorized by this resolution are issued pursuant to Sections 7-34-101 et seq. and 9-21-101 et seq., Tennessee Code Annotated, and other applicable provisions of law.

Section 2. Definitions. Capitalized terms used herein and not defined in this Section 2 shall have the meanings ascribed to them in the 1949 Resolution (as hereinbelow defined). The following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise.

- (a) "Board" shall mean the Board of Commissioners of the Knoxville Utilities Board;
- (b) "Bond Purchase Agreement" means a Bond Purchase Agreement, dated as of the sale of the Series LL-2021 Bonds, entered into by and between KUB and the Underwriter, in substantially the form of the document attached hereto as Exhibit A, subject to such changes as permitted by Section 10 hereof, as approved by the President and Chief Executive Officer of KUB, consistent with the terms of this resolution;
- (c) "Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which physical Bond certificates in fully registered form are issued to a Depository, or to its nominee as Registered Owner, with the certificated Bonds being held by and "immobilized" in the custody of such Depository, and under which records maintained by persons, other than the City, KUB or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial "book-entry" interests in those Bonds;
- (d) "City" shall mean the City of Knoxville, Tennessee;
- (e) "Code" shall mean the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated or proposed thereunder;
- (f) "Depository" means any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-Entry System, including, but not limited to, DTC;
- (g) "DTC" means the Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns;
- (h) "DTC Participant(s)" means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC system;
- (i) "Governing Body" shall mean the City Council of the City;
- (j) "KUB shall mean the Knoxville Utilities Board;
- (k) "1949 Resolution" shall mean Resolution No. 1644 of the Governing Body, adopted January 4, 1949, as amended and supplemented by Resolution No. 2171, Resolution No. 3491, Resolution No. R-317-90, Resolution No. R-422-98, Resolution No. R-149-01, Resolution No. R-332-2010 and Resolution R-230-2018 and as otherwise supplemented prior to the date hereof;
- (l) "Outstanding Bonds" shall mean the City's outstanding Electric System Revenue Refunding Bonds, Series AA-2012, dated April 20, 2012, maturing July 1, 2021 and thereafter to the extent,

if any, not refunded with the proceeds of the Series LL-2021 Bonds, the City's outstanding Electric System Revenue Bonds, Series BB-2012, dated December 18, 2012, maturing July 1, 2021 and thereafter to the extent, if any, not refunded with the proceeds of the Series LL-2021 Bonds, the City's outstanding Electric System Revenue Refunding Bonds, Series CC-2013, dated March 15, 2013, maturing July 1, 2021 and thereafter to the extent, if any, not refunded with the proceeds of the Series LL-2021 Bonds, the City's outstanding Electric System Revenue Bonds, Series DD-2014, dated September 18, 2014, maturing July 1, 2021 and thereafter to the extent, if any, not refunded with the proceeds of the Series LL-2021 Bonds, the City's outstanding Electric System Revenue Refunding Bonds, Series EE-2015, dated May 1, 2015, maturing July 1, 2021 and thereafter, the City's outstanding Electric System Revenue Bonds, Series FF-2015, dated May 20, 2015, maturing July 1, 2021 and thereafter, the City's outstanding Electric System Revenue Bonds, Series GG-2016, dated August 5, 2016, maturing July 1, 2021 and thereafter, the City's outstanding Electric System Revenue Refunding Bonds, Series HH-2017, dated April 7, 2017, maturing July 1, 2021 and thereafter, the City's outstanding Electric System Revenue Bonds, Series II-2017, dated September 15, 2017, maturing July 1, 2021 and thereafter, the City's outstanding Electric System Revenue Bonds, Series JJ-2018, dated September 14, 2018, maturing July 1, 2021 and thereafter, and the City's outstanding Electric System Revenue Refunding Bonds, Series KK-2020, dated May 22, 2020, maturing July 1, 2021 and thereafter.

(m) "Parity Bonds" shall mean any bonds issued on a parity with the Series LL-2021 Bonds and the Outstanding Bonds pursuant to the 1949 Resolution;

(n) "Refunded Bonds" shall mean those portions of the City's outstanding Electric System Revenue Refunding Bonds, Series AA-2012, dated April 20, 2012, maturing July 1, 2022 through July 1, 2029 (the "Series AA-2012 Bonds"), its outstanding Electric System Revenue Bonds, Series BB-2012, dated December 18, 2012, maturing July 1, 2022 through July 1, 2042 (the "BB-2012 Bonds"), its outstanding Electric System Revenue Refunding Bonds, Series CC-2013, dated March 15, 2013, maturing July 1, 2022 through July 1, 2031 (the "CC-2013 Bonds"), and its outstanding Electric System Revenue Bonds, Series DD-2014, dated September 18, 2014, maturing July 1, 2022 through July 1, 2044 that are selected for refunding pursuant to Section 10 hereof;

(o) "Refunding Escrow Agent" shall mean the refunding escrow agent under the Refunding Escrow Agreement as shall be designated by the President and Chief Executive Officer of KUB, or any successor thereunder pursuant to the terms thereof;

(p) "Refunding Escrow Agreement" shall mean the Refunding Escrow Agreement, dated as of the date of the Series LL-2021 Bonds that is authorized to be entered into by and between KUB and the Refunding Escrow Agent in substantially the form attached hereto as Exhibit B, subject to such changes therein as shall be permitted by Section 13 hereof;

(q) "Registration Agent" shall mean the registration and paying agent for the Series LL-2021 Bonds designated by the President and Chief Executive Officer of KUB, or any successor as designated by the Board;

(r) "Series LL-2021 Bonds" shall mean the City's Electric System Revenue Refunding Bonds, Series LL-2021, dated the date of their issuance or such other date as shall be determined by the Board pursuant to Section 10 hereof, authorized to be issued by the 1949 Resolution and this resolution in an aggregate principal amount not to exceed \$87,500,000;

(s) "State" shall mean the State of Tennessee; and

(t) "Underwriter" shall mean an investment banking firm qualified to underwrite bonds such as the Series LL-2021 Bonds in the State of Tennessee selected by the President and Chief Executive Officer of KUB.

Section 3. Declarations. It is hereby determined that all requirements of the 1949 Resolution have been or will have been met upon the issuance of the Series LL-2021 Bonds so that the Series LL-2021 Bonds will be issued as Parity Bonds.

Section 4. Findings of the Governing Body. It is hereby found and determined by the Governing Body as follows:

(a) The refunding of the Refunded Bonds as set forth herein through the issuance of the Series LL-2021 Bonds will result in a reduction in debt service payable by the City and KUB over the term of the Refunded Bonds, thereby effecting a cost savings to the System; and

(b) It is advantageous to the City and KUB to deposit a portion of the proceeds from the sale of the Series LL-2021 Bonds and other funds of KUB, if any, with the Refunding Escrow Agent pursuant to the Refunding Escrow Agreement which, together with investment income thereon, will be sufficient to pay principal of, premium, if any, and interest on the Refunded Bonds, provided, that KUB may dispense with the use of a Refunding Escrow Agreement to the extent permitted by Section 13 hereof.

Section 5. Authorization and Terms of the Series LL-2021 Bonds. (a) For the purpose of providing funds for the payment of principal of and premium and interest on the Refunded Bonds to the earliest practicable optional redemption date thereof, including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the Series LL-2021 Bonds as more fully set out in Section 10 hereof, there are hereby authorized to be issued revenue bonds of the City in the aggregate principal amount of not to exceed \$87,500,000. The Series LL-2021 Bonds shall be issued in fully registered form, without coupons, shall be known as "Electric System Revenue Refunding Bonds, Series LL-2021" and shall be dated the date of their issuance or such other date as shall be determined by the Board or the President and Chief Executive Officer of KUB as its designee pursuant to Section 10 hereof. The Series LL-2021 Bonds shall bear interest at a rate or rates not to exceed five percent (5.00%) per annum, payable semi-annually on January 1 and July 1 in each year, commencing January 1, 2022 or such later date as is permitted pursuant to Section 10 hereof. The Series LL-2021 Bonds shall be initially issued in \$5,000 denominations or integral multiples thereof as shall be requested by the purchaser thereof. The Series LL-2021 Bonds shall mature and be payable either serially or through mandatory redemption on each July 1 in such years as is established by the Board or the President and Chief Executive Officer of KUB as its designee pursuant to Section 10, provided that the final maturity date shall not be later than July 1, 2044. The final maturity schedule shall be established by the award resolution or certificate awarding the Series LL-2021 Bonds to the successful purchaser thereof or in the Bond Purchase Agreement provided for in Section 10 if the Series LL-2021 Bonds are sold by negotiated sale.

(b) Subject to adjustment pursuant to Section 10 hereof, the Series LL-2021 Bonds maturing on or before July 1, 2030 shall mature without option of prior redemption, and the Series LL-2021 Bonds maturing on July 1, 2031 and thereafter (if any) shall be subject to redemption prior to maturity at the option of the City, acting through the Board, on or after July 1, 2030, as a whole or in part at any time at a redemption price equal to the principal amount plus interest accrued to the redemption date.

If less than all the Series LL-2021 Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board in its discretion. If less than all the Series LL-2021 Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Series LL-2021 Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Series LL-2021 Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Series LL-2021 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series LL-2021 Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

(c) Pursuant to Section 10 hereof, KUB is authorized to sell the Series LL-2021 Bonds, or any maturities thereof, as term bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by KUB. In the event any or all the Series LL-2021 Bonds are sold as term bonds, KUB shall redeem such term bonds on redemption dates corresponding to the maturity dates set forth in the award resolution or certificate awarding the Series LL-2021 Bonds, in amounts so as to achieve an amortization of the indebtedness approved by the Board or the President and Chief Executive Officer of KUB as its designee. DTC, as Depository for the Series LL-2021 Bonds, or any successor Depository for the Series LL-2021 Bonds, shall determine the interest of each Participant in the Series LL-2021 Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as Depository for the Series LL-2021 Bonds, the Series LL-2021 Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, KUB may (i) deliver to the Registration Agent for cancellation Series LL-2021 Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Series LL-2021 Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Series LL-2021 Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of KUB on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Series LL-2021 Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. KUB shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

(d) Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series LL-2021 Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Series LL-2021 Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Series LL-2021 Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series LL-2021 Bonds, as and when above provided, and neither KUB, the City, nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices, in the case of term bonds with mandatory redemption requirements as and when provided herein and in the Series LL-2021 Bonds and, in the case of optional redemption, as and when directed by the Board pursuant to written instructions

from an authorized representative of the Board given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Series LL-2021 Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the City or KUB to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

(e) The Series LL-2021 Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the City with the manual or facsimile signature of the Chair of the Board and attested by the manual or facsimile signature of the Secretary of the Board.

(f) The City hereby authorizes and directs the Board to appoint a Registration Agent and paying agent for the Series LL-2021 Bonds, and the Registration Agent so appointed is authorized and directed to maintain Bond registration records with respect to the Series LL-2021 Bonds, to authenticate and deliver the Series LL-2021 Bonds as provided herein, either at original issuance, upon transfer, or as otherwise directed by the Board, to effect transfers of the Series LL-2021 Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Series LL-2021 Bonds as provided herein, to cancel and destroy Series LL-2021 Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish KUB at least annually a certificate of destruction with respect to Series LL-2021 Bonds canceled and destroyed, and to furnish KUB at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Series LL-2021 Bonds. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed. The Board hereby delegates to the President and Chief Executive Officer of KUB the authority to select and appoint the Registration Agent and any paying agents for the Series LL-2021 Bonds and to select and appoint the Refunding Escrow Agent (as well as any successors to any of the foregoing). The Chair of the Board is hereby authorized to execute and the Secretary of the Board is hereby authorized to attest such written agreement between KUB and the Registration Agent as they shall deem necessary or proper with respect to the obligations, duties and rights of the Registration Agent.

(g) The Series LL-2021 Bonds shall be payable, principal and interest, in lawful money of the United States of America at the designated trust office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds on each interest payment date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owners at their addresses shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Series LL-2021 Bonds, and all such payments shall discharge the obligations of KUB in respect of such Series LL-2021 Bonds to the extent of the payments so made. Payment of principal of the Series LL-2021 Bonds shall be made upon presentation and surrender of such Series LL-2021 Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. In the event the Series LL-2021 Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Series LL-2021 Bonds, payment of interest on such Series LL-2021 Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

(h) Any interest on any Series LL-2021 Bond which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to

be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid to the persons in whose names the Series LL-2021 Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: KUB shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Series LL-2021 Bond and the date of the proposed payment, and at the same time KUB shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify KUB of such Special Record Date and, in the name and at the expense of KUB, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Series LL-2021 Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of KUB to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Series LL-2021 Bonds when due.

(i) The Series LL-2021 Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Series LL-2021 Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Series LL-2021 Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Series LL-2021 Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Series LL-2021 Bond or Series LL-2021 Bonds to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Series LL-2021 Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Series LL-2021 Bond, nor to transfer or exchange any Series LL-2021 Bond after notice calling such Series LL-2021 Bond for redemption has been made, nor to transfer or exchange any Series LL-2021 Bond during the period following the receipt of instructions from KUB to call such Series LL-2021 Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Series LL-2021 Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Series LL-2021 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither KUB nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Series LL-2021 Bonds shall be overdue. Series LL-2021 Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Series LL-2021 Bonds of the same maturity in any authorized denomination or denominations. This subsection shall be applicable only if the Series LL-2021 Bonds are no longer held by a Depository, and as long as the Series LL-2021 Bonds are held by a Depository, transfers of ownership interests in the Series LL-2021 Bonds shall be governed by the rules of the Depository.

(j) Except as otherwise authorized herein, the Series LL-2021 Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as the Depository for the Series LL-2021 Bonds except as otherwise provided herein. References in this Section to a Series LL-2021 Bond or the Series LL-2021 Bonds shall be construed to mean the Series LL-2021 Bond or the Series LL-2021 Bonds that are held under the Book-Entry System. One Series LL-2021 Bond for each maturity of the Series LL-2021

Bonds shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Bond Registrar is a custodian and agent for DTC, and the Series LL-2021 Bond will be immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Series LL-2021 Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Series LL-2021 Bonds. Beneficial ownership interests in the Series LL-2021 Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Series LL-2021 Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Series LL-2021 Bonds. Transfers of ownership interests in the Series LL-2021 Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE SERIES LL-2021 BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE SERIES LL-2021 BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES LL-2021 BONDS, RECEIPT OF NOTICES, VOTING AND TAKING OR NOT TAKING, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Series LL-2021 Bonds, so long as DTC is the only owner of the Series LL-2021 Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co. as provided in the Letter of Representation relating to the Series LL-2021 Bonds from the City, acting by and through KUB, and the Registration Agent to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. Neither the City, KUB nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as Depository for the Series LL-2021 Bonds or (2) to the extent permitted by the rules of DTC, the Board determines to discontinue the Book-Entry System, the Book-Entry System with DTC shall be discontinued. If the Board fails to identify another qualified securities depository to replace DTC, the Board shall cause the Registration Agent to authenticate and deliver replacement Series LL-2021 Bonds in the form of fully registered Series LL-2021 Bonds to each Beneficial Owner.

NEITHER THE CITY, KUB NOR THE REGISTRATION AGENT SHALL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE SERIES LL-2021 BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES LL-2021 BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS, (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES LL-2021 BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

If the purchaser or Underwriter certifies that it intends to hold the Series LL-2021 Bonds for its own account, then the City may issue, acting by and through KUB, certificated Bonds without the utilization of DTC and the Book-Entry System.

(k) In case any Series LL-2021 Bond shall become mutilated, or be lost, stolen, or destroyed, the City, acting by and through KUB, in its discretion, shall issue, and the Registration Agent, upon written direction from KUB, shall authenticate and deliver, a new Series LL-2021 Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Series LL-2021 Bond, or in lieu of and in substitution for such lost, stolen or destroyed Series LL-2021 Bond, or if any such Series LL-2021 Bond shall have matured or shall be about to mature, instead of issuing a substituted Series LL-2021 Bond KUB may pay or authorize payment of such Series LL-2021 Bond without surrender thereof. In every case the applicant shall furnish evidence satisfactory to KUB and the Registration Agent of the destruction, theft or loss of such Series LL-2021 Bond, and indemnity satisfactory to KUB and the Registration Agent; and KUB may charge the applicant for the issue of such new Series LL-2021 Bond an amount sufficient to reimburse KUB for the expense incurred by it in the issue thereof.

(l) The Registration Agent is hereby authorized to authenticate and deliver the Series LL-2021 Bonds to DTC, on behalf of the initial purchaser thereof, or an agent of DTC, upon receipt by KUB of the proceeds of the sale thereof, subject to the rules of the depository, and to authenticate and deliver Series LL-2021 Bonds in exchange for Series LL-2021 Bonds of the same principal amount delivered for transfer upon receipt of the Series LL-2021 Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Series LL-2021 Bonds shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an authorized representative thereof on the certificate set forth herein on the Series LL-2021 Bond form.

(m) The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Series LL-2021 Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Series LL-2021 Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Series LL-2021 Bonds and provision of notices with respect to Series LL-2021 Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the Beneficial Owners of the Series LL-2021 Bonds, provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this section.

Section 6. Source of Payment. The Series LL-2021 Bonds shall be payable solely from and be secured by a pledge of the Net Revenues of the System as hereinafter provided and as provided in the 1949 Resolution on a parity and equality of lien with the Outstanding Bonds. The punctual payment of principal of and interest on the Series LL-2021 Bonds, the Outstanding Bonds and any Parity Bonds shall be secured equally and ratably by the Net Revenues of the System, without priority by reason of series, number or time of sale and delivery. The owners of the Series LL-2021 Bonds shall have no recourse to the power of taxation of the City.

Section 7. Form of Series LL-2021 Bonds. The Series LL-2021 Bonds shall be in substantially the following form, the omissions to be appropriately completed when the Series LL-2021 Bonds are prepared and delivered:

(Form of Series LL-2021 Bond)

REGISTERED
Number _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA

paid by DTC Participants to the Beneficial Owners, as defined in the Resolution. Neither the City, KUB, nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) to the extent permitted by the rules of DTC, the Board of Commissioners of KUB (the "Board") determines to discontinue the Book-Entry System, the Book-Entry System with DTC shall be discontinued. If the Board fails to identify another qualified securities depository to replace DTC, the Board shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. Neither the City, KUB nor the Registration Agent shall have any responsibility or obligations to any DTC Participant or any Beneficial Owner with respect to (i) the Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts of and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners, (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

The Bonds of the issue of which this Bond is one maturing on or before July 1, 2030 shall mature without option of prior redemption. The Bonds maturing on July 1, 2031 and thereafter shall be subject to redemption prior to maturity at the option of the City, acting through the Board, on or after July 1, 2030, as a whole or in part at any time at a redemption price equal to the principal amount plus interest accrued to the redemption date.

[If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

- (i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or
- (ii) if the Series Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.]

[Subject to the credit hereinafter provided, the City acting by and through KUB, shall redeem Bonds maturing on the redemption dates set forth below opposite such maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, as securities depository for the series of Bonds of which this Bond is one, or any successor Depository for the Bonds, shall determine the interest of each Participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as securities depository for the Bonds, the Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and amount of Bonds to be redeemed on said dates are as follows:

<u>Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds to be Redeemed</u>
-----------------	----------------------------	---

*final maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the City, acting through KUB, may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive credit in respect of its redemption obligation under the mandatory redemption provision for any Bonds to be redeemed which prior to said date have been purchased or redeemed (otherwise than by mandatory redemption) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under the mandatory redemption provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of KUB on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of the Bonds to be redeemed by operation of the mandatory redemption provision shall be accordingly reduced. KUB shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this paragraph are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

Notice of call for redemption, whether optional or mandatory shall be given by the Registration Agent on behalf of the City, but only upon direction of the Board, not fewer than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly given as set forth in the Resolution, as hereafter defined. In the case of a Conditional Redemption, the failure of the City or KUB to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.]

The Bonds of the issue of which this Bond is one are issuable only as fully registered Bonds, without coupons, in the denomination of Five Thousand Dollars (\$5,000) or any authorized integral multiple thereof. At the designated trust office of the Registration Agent, in the manner and subject to the limitations, conditions and charges provided in the Resolution, fully registered Bonds may be exchanged for an equal aggregate principal amount of fully registered Bonds of the same maturity, of authorized denominations, and bearing interest at the same rate. The Bonds shall be numbered consecutively from one upwards and will be made eligible for the Book-Entry System of DTC. Except as otherwise provided in this paragraph and the Resolution, as hereinafter defined, the Bonds shall be registered in the name of Cede & Co. as nominee of DTC. The Board may discontinue use of DTC for Bonds at any time upon determination by the Board that the use of DTC is no longer in the best interest of the beneficial owners of the Bonds. Upon such determination, registered ownership of the Bonds may be transferred on the registration books maintained by the Registration Agent, and the Bonds may be delivered in physical form to the following:

- i. any successor of DTC or its nominee;

ii. any substitute depository to which the Registration Agent does not unreasonably object, upon (a) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (b) a determination by the Board that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; or

iii. any person, upon (a) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository, or (b) termination by the Board of the use of DTC (or substitute depository or its successor).

In the event that this Bond is no longer held in a Book-Entry System by DTC, this Bond shall be transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the designated trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denomination or denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the City, KUB nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the Board to call such Bond for redemption.

This Bond is one of a total authorized issue aggregating \$87,500,000 and issued by the City, acting by and through KUB, for the purpose of providing funds to refinance the outstanding principal amount of the City's outstanding Electric System Revenue Refunding Bonds, Series AA-2012, dated April 20, 2012, maturing July 1, 2022 through July 1, 2029 (the "Series AA-2012 Bonds"), its outstanding Electric System Revenue Bonds, Series BB-2012, dated December 18, 2012, maturing July 1, 2022 through July 1, 2042 (the "BB-2012 Bonds"), its outstanding Electric System Revenue Refunding Bonds, Series CC-2013, dated March 15, 2013, maturing July 1, 2022 through July 1, 2031 (the "CC-2013 Bonds"), and its outstanding Electric System Revenue Bonds, Series DD-2014, dated September 18, 2014, maturing July 1, 2022 through July 1, 2044 (the "DD-2014 Bonds" and together with the AA-2012 Bonds, the BB-2012 Bonds and the CC-2013 Bonds, the "Refunded Bonds"), including the payment of legal, fiscal and administrative costs incident thereto and costs incident to the issuance of the Bonds, under and in full compliance with the Constitution and statutes of the State of Tennessee, including Sections 7-34-101 et seq. and Section 9-21-101 et seq., Tennessee Code Annotated, and pursuant to Resolution No. 1644 duly adopted by the City Council of the City on January 4, 1949, as supplemented and amended by Resolution No. 2171, Resolution No. 3491, Resolution No. R-317-90, Resolution No. R-422-98, Resolution No. R-149-01, Resolution No. R-332-2010 and Resolution R-230-2018, and as otherwise supplemented prior to the date hereof (as supplemented and amended, the "Resolution").

This Bond, and interest hereon, are payable solely from and secured by a pledge of the income and revenues to be derived from the operation of the electrical power distribution system of the City (the "System"), subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing, and insuring the System. The Bonds of the series of which this Bond is one shall enjoy complete parity and equality of lien with the City's outstanding Electric System Revenue Refunding Bonds, Series AA-2012, dated April 20, 2012, maturing July 1, 2021 and thereafter to the extent, if any, not refunded with

the proceeds of the Series LL-2021 Bonds, the City's outstanding Electric System Revenue Bonds, Series BB-2012, dated December 18, 2012, maturing July 1, 2021 and thereafter to the extent, if any, not refunded with the proceeds of the Series LL-2021 Bonds, the City's outstanding Electric System Revenue Refunding Bonds, Series CC-2013, dated March 15, 2013, maturing July 1, 2021 and thereafter to the extent, if any, not refunded with the proceeds of the Series LL-2021 Bonds, the City's outstanding Electric System Revenue Bonds, Series DD-2014, dated September 18, 2014, maturing July 1, 2021 and thereafter to the extent, if any, not refunded with the proceeds of the Series LL-2021 Bonds, the City's outstanding Electric System Revenue Refunding Bonds, Series EE-2015, dated May 1, 2015, maturing July 1, 2021 and thereafter, the City's outstanding Electric System Revenue Bonds, Series FF-2015, dated May 20, 2015, maturing July 1, 2021 and thereafter, the City's outstanding Electric System Revenue Bonds, Series GG-2016, dated August 5, 2016, maturing July 1, 2021 and thereafter, the City's outstanding Electric System Revenue Refunding Bonds, Series HH-2017, dated April 7, 2017, maturing July 1, 2021 and thereafter, the City's outstanding Electric System Revenue Bonds, Series II-2017, dated September 15, 2017, maturing July 1, 2021 and thereafter, the City's outstanding Electric System Revenue Bonds, Series JJ-2018, dated September 14, 2018, maturing July 1, 2021 and thereafter, and the City's outstanding Electric System Revenue Refunding Bonds, Series KK-2020, dated May 22, 2020, maturing July 1, 2021 and thereafter (collectively, the "Outstanding Bonds"). As provided in the Resolution, the punctual payment of principal of, premium, if any, and interest on the series of Bonds of which this Bond is one, the Outstanding Bonds, and any other bonds issued on a parity therewith pursuant to the terms of the Resolution shall be secured equally and ratably by said revenues without priority by reason of series, number or time of sale or delivery. The owner of this Bond shall have no recourse to the power of taxation of the City. The Board has covenanted that it will fix and impose such rates and charges for the services rendered by the System and will collect and account for sufficient revenues to pay promptly the principal of and interest on this Bond and the issue of which it is a part, as each payment becomes due. For a more complete statement of the revenues from which and conditions under which this Bond is payable, a statement of the conditions on which obligations may hereafter be issued on a parity with this Bond, the general covenants and provisions pursuant to which this Bond is issued and the terms upon which the Resolution may be modified, reference is hereby made to the Resolution.

Under existing law, this Bond and the income therefrom are exempt from all present state, county and municipal taxation in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on this Bond during the period such Bond is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of this Bond in the Tennessee franchise tax base or any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of either the City or KUB, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the City acting by and through the Board has caused this Bond to be signed by the Chair of the Board by his manual or facsimile signature and attested by the Secretary of the Board by his manual or facsimile signature, all as of the date hereinabove set forth.

CITY OF KNOXVILLE
by and through the
KNOXVILLE UTILITIES BOARD

By: _____
Chair

ATTESTED:

Secretary

Transferable and payable at the
designated trust office of: _____
_____, Tennessee

Date of Registration: _____

This Bond is one of the issue of Bonds issued pursuant to the Resolution hereinabove described.

Registration Agent

By: _____
Authorized Representative

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto _____, [Please insert Federal Tax Identification Number or Social Security Number of Assignee _____] whose address is _____, the within bond of the City of Knoxville, Tennessee, and does hereby irrevocably constitute and appoint _____, _____, Tennessee, attorney, to transfer the said bond on the records kept for registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of a Medallion Program acceptable to the Registration Agent.

Section 8. Equality of Lien; Pledge of Net Revenues. The punctual payment of principal of, premium, if any, and interest on the Series LL-2021 Bonds, the Outstanding Bonds and any Parity Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of series, number or time of sale or execution or delivery, and the Net Revenues of the System are hereby irrevocably pledged to the punctual payment of such principal, premium and interest as the same become due.

Section 9. Applicability of the 1949 Resolution. The Series LL-2021 Bonds are issued in compliance with the 1949 Resolution so as to be on a parity with the Outstanding Bonds, and, when duly delivered, the Series LL-2021 Bonds shall constitute a series of bonds issued under the authority of the 1949 Resolution. All recitals, provisions, covenants and agreements contained in the 1949 Resolution, as supplemented and amended herein (except insofar as any of said recitals, provisions, covenants and agreements necessarily relate exclusively to any series of the Outstanding Bonds) are hereby ratified and confirmed and incorporated herein by reference and, for so long as any of the Series LL-2021 Bonds shall be outstanding and unpaid either as to principal or interest, or until discharge and satisfaction of the Series LL-2021 Bonds as provided in Section 12 hereof, shall be applicable to the Series LL-2021 Bonds, shall inure to the benefit of owners of the Series LL-2021 Bonds as if set out in full herein, and shall be fully enforceable by the owner of any Series LL-2021 Bond.

All references to "holder" or "holders" in the 1949 Resolution shall be deemed to include owners of the Series LL-2021 Bonds, and all references to "Bonds" in the 1949 Resolution shall be deemed to include the Series LL-2021 Bonds.

Section 10. Sale of Series LL-2021 Bonds.

(a) The Series LL-2021 Bonds or any emission thereof may be sold at negotiated sale to the Underwriter or at public sale as determined by the President and Chief Executive Officer of KUB at a price of not less than 98.00% of par, exclusive of original issue discount, plus accrued interest, if any, provided, however, that no emission of Series LL-2021 Bonds may be sold at negotiated sale unless the Audit and Finance Committee of the Board has previously approved the sale of such emission at negotiated sale. The sale of any emission of the Series LL-2021 Bonds to the Underwriter or by public sale shall be binding on the City and KUB, and no further action of the Board with respect thereto shall be required.

(b) The President and Chief Executive Officer of KUB, as the designee of the Board, is further authorized with respect to each emission of Series LL-2021 Bonds to:

- (1) change the dated date to a date other than the date of issuance;

(2) specify or change the series designation of the Series LL-2021 Bonds to a designation other than "Electric System Revenue Refunding Bonds";

(3) change the first interest payment date to a date other than July 1, 2021, provided that such date is not later than twelve months from the dated date of such emission of Series LL-2021 Bonds;

(4) establish and adjust the principal and interest payment dates and determine maturity or mandatory redemption amounts of the Series LL-2021 Bonds or any emission thereof, provided that (A) the total principal amount of all emissions of the Series LL-2021 Bonds does not exceed the total amount of Series LL-2021 Bonds authorized herein; (B) the final maturity date of each emission shall be not later than July 1, 2044; and (C) the debt service schedule is substantially the same as what was presented to the State Director in connection with requesting a report on the refunding of the Refunded Bonds;

(5) modify or remove the optional redemption provisions contained herein, provided that the premium amount to be paid in connection with any redemption provision shall not exceed two percent (2%) of the principal amount thereof;

(6) sell the Series LL-2021 Bonds, or any emission thereof, or any maturities thereof as term bonds with mandatory redemption requirements as determined by the Board, as it shall deem most advantageous to KUB; and

(7) cause all or a portion of the Series LL-2021 Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company to achieve the purposes set forth herein and to serve the best interests of KUB and to enter into agreements with such insurance company to the extent not inconsistent with this Resolution.

(c) If any emission of Series LL-2021 Bonds is sold at negotiated sale, the President and Chief Executive Officer of KUB is authorized to execute a Bond Purchase Agreement with respect to such emission of Series LL-2021 Bonds, providing for the purchase and sale of the Series LL-2021 Bonds, or any emission thereof. Each Bond Purchase Agreement shall be in substantially the form attached hereto as Exhibit A, with such changes as the President and Chief Executive Officer deems necessary or advisable in connection with the sale of such Series LL-2021 Bonds, provided any such changes are not inconsistent with the terms of this Section. If the Underwriter does not intend to reoffer the Series LL-2021 Bonds to the public, then the Bond Purchase Agreement shall be conformed to reflect such intention. The form of the Series LL-2021 Bond set forth in Section 7 hereof shall be conformed to reflect any changes made pursuant to this Section 10.

(d) The President and Chief Executive Officer and the Chief Financial Officer of KUB, or either of them, are authorized to cause the Series LL-2021 Bonds, in book-entry form (except as otherwise authorized herein), to be authenticated and delivered by the Registration Agent to the purchaser(s), and to execute, publish, and deliver all certificates and documents, including an official statement, the Bond Purchase Agreement and closing certificates, as they shall deem necessary in connection with the sale and delivery of each emission of the Bonds.

(e) If the Series LL-2021 Bonds are sold at public sale, the Series LL-2021 Bonds shall be awarded by the President and Chief Executive Officer of KUB to the bidder that offers to purchase the Bonds for the lowest true interest cost to KUB.

Section 11. Disposition of Series LL-2021 Bond Proceeds. The proceeds of the sale of the Series LL-2021 Bonds shall be paid to KUB and used and applied by KUB as follows:

(a) All accrued interest, if any, shall be deposited to the Debt Service Fund created under the 1949 Resolution and used to pay interest on the Series LL-2021 Bonds on the first interest payment date following delivery of the Series LL-2021 Bonds;

(b) An amount, which together with investment earnings thereon and legally available funds of KUB, if any, will be sufficient to pay principal of, premium, if any, and interest on the Refunded Bonds (subject to adjustments permitted by Section 10 above), shall be transferred to the Refunding Escrow Agent under the Refunding Escrow Agreement to be deposited to the Escrow Fund established thereunder to be held and applied as provided therein, or if no Refunding Escrow Agreement is utilized (as permitted by Section 13 hereof), such amount shall be applied by KUB directly to refund the Refunded Bonds; and

(c) The remainder shall be applied to the payment of costs of issuance relating to the Series LL-2021 Bonds. If there are any remaining proceeds of the Series LL-2021 Bonds after application as provided above, such remaining proceeds shall be used to pay principal and/or interest on the Series LL-2021 Bonds.

Section 12. Discharge and Satisfaction of Series LL-2021 Bonds. If KUB, on behalf of the City, shall pay and discharge the indebtedness evidenced by any of the Series LL-2021 Bonds or Parity Bonds (referred to hereinafter, collectively, in this Section as the "Bonds") in any one or more of the following ways:

(a) By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

(b) By depositing or causing to be deposited with any financial institution which has trust powers and which is regulated by and the deposits of which are insured by the Federal Deposit Insurance Corporation or similar federal agency ("an Agent"; which Agent may be the Registration Agent), in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay premium, if any, and interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice); or

(c) By delivering such Bonds to the Registration Agent, for cancellation by it;

and if KUB, on behalf of the City, shall also pay or cause to be paid all other sums payable hereunder by KUB or the City with respect to such Bonds or make adequate provision therefor, and by resolution of the Board instruct any such Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest and redemption premiums, if any, on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, liens, pledges, agreements and obligations entered into, created, or imposed hereunder, including the pledge of and lien on the Net Revenues of the System set forth herein, shall be fully discharged and satisfied with respect to such Bonds and the owners thereof and shall thereupon cease, terminate and become void.

If KUB, on behalf of the City, shall pay and discharge or cause to be paid and discharged the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Defeasance Obligations nor moneys deposited with the Agent pursuant to this Section nor principal or interest payments on any such Defeasance

Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and premium, if any, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to KUB as received by the Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and premium, if any, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments, to the extent not needed for the payment of such principal, premium and interest, shall be paid over to KUB, as received by the Agent. For the purposes of this Section, Defeasance Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee law for the purposes described in this Section, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

No redemption privilege shall be exercised with respect to the Series LL-2021 Bonds or any Parity Bonds except at the option and election of the Board. The right of redemption set forth herein shall not be exercised by any Registration Agent or Agent unless expressly so directed in writing by an authorized representative of the Board.

Section 13. Refunding Escrow Agreement. For the purpose of providing for the payment of the principal of, premium, if any, and interest on the Refunded Bonds, the President and Chief Executive Officer of KUB is hereby authorized and directed to execute and the Secretary of the Board to attest on behalf of KUB a Refunding Escrow Agreement with the Refunding Escrow Agent and to deposit with the Refunding Escrow Agent the amounts to be used by the Refunding Escrow Agent to purchase Defeasance Obligations as provided therein. The President and Chief Executive Officer of KUB and the Secretary of the Board are hereby authorized and directed to execute and deliver the Refunding Escrow Agreement on behalf of KUB in such form as is approved by the President and Chief Executive Officer of KUB and the Secretary of the Board, their execution thereof to constitute conclusive evidence of their approval of such form of the Refunding Escrow Agreement. The Refunding Escrow Agent is hereby authorized and directed to hold and administer all funds deposited in trust for the payment when due of principal of and interest on the Refunded Bonds and to exercise such duties as set forth in the Refunding Escrow Agreement. Notwithstanding the foregoing, the Chief Financial Officer of KUB is authorized to dispense with the use of a Refunding Escrow Agreement and to apply proceeds of the Bonds directly to the redemption of the Refunded Bonds if the delivery date of the Bonds is not more than thirty (30) days prior to the redemption of the Refunded Bonds.

Section 14. Notice of Refunding. Prior to the issuance of the Series LL-2021 Bonds, notice of the City's intention to refund the Refunded Bonds, to the extent required by applicable law, shall be given by the registration agent for the Refunded Bonds to be mailed by first-class mail, postage prepaid, to the registered holders thereof, as of the date of the notice, as shown on the bond registration records maintained by such registration agent of said Refunded Bonds. The President and Chief Executive Officer of KUB and the Secretary of the Board, or either of them, is hereby authorized and directed to authorize the registration agent of said Refunded Bonds to give such notice on behalf of the City in accordance with this Section.

Section 15. Federal Tax Matters. The City and KUB recognize that the purchasers and owners of the Series LL-2021 Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon will not be included in gross income for purposes of federal income taxation under laws in force on the date of delivery of the Series LL-2021 Bonds. In this connection, KUB, on behalf of the City, agrees that it shall take no action which may render the interest on any of the Series LL-2021 Bonds includable in gross income for purposes of federal income taxation. It is the reasonable

expectation of the City and KUB that the proceeds of the Series LL-2021 Bonds will not be used in a manner which will cause the Series LL-2021 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Series LL-2021 Bonds and other related funds established for the purposes herein set out, shall be used and spent expeditiously for the purposes described herein. In the event Section 148(f) of the Code shall require the payment of any investment proceeds of the Series LL-2021 Bonds to the United States government, KUB will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Series LL-2021 Bonds from becoming taxable. The Chair of the Board, the Secretary of the Board, the President and Chief Executive Officer of KUB and Chief Financial Officer of KUB, or any of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as any or all shall deem appropriate, and such certifications shall constitute a representation and certification of the City and KUB.

Section 16. Official Statement. The President and Chief Executive Officer of KUB, or his designee, is hereby authorized and directed to provide for the preparation and distribution of a Preliminary Official Statement describing the Series LL-2021 Bonds. After the Series LL-2021 Bonds have been awarded, the President and Chief Executive Officer of KUB, or his designee, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The President and Chief Executive Officer of KUB, or his designee, shall arrange for the delivery to the purchaser of the Series LL-2021 Bonds of a reasonable number of copies of the Official Statement within seven business days after the Series LL-2021 Bonds have been awarded for subsequent delivery by the purchaser to each potential investor requesting a copy of the Official Statement and to each person to whom such purchaser and members of his group initially sell the Series LL-2021 Bonds.

The President and Chief Executive Officer of KUB, or his designee is authorized, on behalf of the Board, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the Board except for the omission in the Preliminary Official Statement of such pricing and other information.

Section 17. Continuing Disclosure. The City hereby covenants and agrees that KUB will provide annual financial information and material event notices for the Series LL-2021 Bonds as required by Rule 15c2-12 of the Securities and Exchange Commission. The Chief Financial Officer of KUB is authorized to execute at the closing of the sale of the Series LL-2021 Bonds, an agreement for the benefit of and enforceable by the owners of the Series LL-2021 Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of KUB to comply with the undertaking herein described and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause KUB to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 18. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 19. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Adopted and approved this 9th day of March, 2021.

Mayor

ATTEST:

City Recorder

STATE OF TENNESSEE)
)
COUNTY OF KNOX)

I, Will Johnson, hereby certify that I am the duly qualified and acting City Recorder of the City of Knoxville, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of the governing body of the City Council held on Tuesday, March 9, 2021; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original records relate to an amount not to exceed \$87,500,000 Electric System Revenue Refunding Bonds, Series LL-2021.

WITNESS my official signature of the City of Knoxville, Tennessee, this ____ day of _____, 2021.

City Recorder

EXHIBIT A

\$87,500,000
CITY OF KNOXVILLE, TENNESSEE
ACTING ON BEHALF OF KNOXVILLE UTILITIES BOARD
ELECTRIC SYSTEM REVENUE REFUNDING BONDS, SERIES LL-2021

BOND PURCHASE AGREEMENT

_____, 2021

Knoxville Utilities Board
445 South Gay Street
Knoxville, Tennessee 37902

Ladies and Gentlemen:

The undersigned (the "Underwriter") offers to enter into this agreement with Knoxville Utilities Board ("KUB") which, upon your acceptance of this offer, will be binding upon you and upon us.

This offer is made subject to your acceptance of this agreement on or before 5:00 p.m., Eastern Standard Time, on _____, 2021.

1. Purchase Price.

Upon the terms and conditions and upon the basis of the respective representations, warranties and covenants set forth herein, the Underwriter hereby agrees to purchase from KUB, and KUB hereby agrees to sell to the Underwriter, all (but not less than all) of \$87,500,000 aggregate principal amount of KUB's Electric System Revenue Refunding Bonds, Series LL-2021 (the "Bonds"). The purchase price is \$ _____ plus accrued interest and shall be paid in accordance with paragraph 6 hereof. The purchase price is equal to the par amount of the Bonds less \$ _____ original issue discount, less \$ _____ underwriter's discount and plus accrued interest. The Bonds are to be issued under and pursuant to, and are to be secured by the Resolution (the "Bond Resolution") adopted on March 9, 2021, by the City Council of the City of Knoxville (the "City") at the request of KUB. The Bonds shall mature on the dates and shall bear interest at the rates all as described in the Official Statement referred to in Section 3 hereof. The maturities, rates and discount at which the Bonds are being sold are more fully described on **Schedule I** attached hereto.

The Bonds are being issued to provide funds to refinance the outstanding principal amount of the City's outstanding Electric System Revenue Refunding Bonds, Series AA-2012, dated April 20, 2012, maturing July 1, 2022 through July 1, 2029 (the "Series AA-2012 Bonds"), its outstanding Electric System Revenue Bonds, Series BB-2012, dated December 18, 2012, maturing July 1, 2022 through July 1, 2042 (the "BB-2012 Bonds"), its outstanding Electric System Revenue Refunding Bonds, Series CC-2013, dated March 15, 2013, maturing July 1, 2022 through July 1, 2031 (the "CC-2013 Bonds"), and its outstanding Electric System Revenue Bonds, Series DD-2014, dated September 18, 2014, maturing July 1, 2022 through July 1, 2044 (the "DD-2014 Bonds" and together with the AA-2012 Bonds, the BB-2012 Bonds and the

CC-2013 Bonds, the "Refunded Bonds"), including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the Bonds.

2. Public Offering.

The Underwriter intends to make an initial bona fide public offering of all of the Bonds at not in excess of the public offering prices set forth on the cover of the Official Statement and may subsequently change such offering price without any requirement of prior notice. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover of the Official Statement. The Underwriter reserves the right (i) to over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market; and (ii) to discontinue such stabilizing, if commenced at any time without prior notice.

3. Official Statement.

(a) KUB has provided the Underwriter with information that constitutes a "deemed final" official statement for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 ("Rule 15c2-12"). Concurrently with KUB's acceptance of this Bond Purchase Agreement, KUB shall deliver or cause to be delivered to the Underwriter two copies of the Official Statement (as hereinafter defined) relating to the Bonds dated the date hereof substantially in the same form as the Preliminary Official Statement with only such changes as shall have been accepted by the Underwriter.

(b) Within seven (7) business days from the date hereof and within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, KUB shall deliver to the Underwriter copies of the Official Statement of KUB, dated the date hereof, relating to the Bonds, in sufficient quantity as may reasonably be requested by the Underwriter in order to comply with Rule 15c2-12 and any applicable rules of the Municipal Securities Rulemaking Board, in substantially the form approved by KUB (which, together with the cover page, and all exhibits, appendices, and statements included therein or attached thereto and any amendments and supplements that may be authorized for use with respect to the Bonds is herein called the "Official Statement"), executed on behalf of KUB by a duly authorized officer of KUB. You hereby authorize and approve the Official Statement and other pertinent documents referred to in Section 6 hereof to be lawfully used in connection with the offering and sale of the Bonds. You also acknowledge and ratify the use by the Underwriter, prior to the date hereof, of the Preliminary Official Statement in connection with a public offering of the Bonds.

(c) If, prior to the Closing (as defined in Section 5 below) or within twenty-five (25) days subsequent to the end of the underwriting period as such term is used for purposes of Rule 15c2-12, any event shall occur with respect to KUB or KUB shall receive notice of the occurrence of any other event that might or would cause the information contained in the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, KUB shall so notify the Underwriter. KUB agrees to amend or supplement the Official Statement whenever requested by the Underwriter when in the reasonable judgment of the Underwriter such amendment or supplementation is required and to furnish the Underwriter with sufficient quantities of such amendment or supplement in order to permit the Underwriter to comply with Rule 15c2-12.

4. Representations and Warranties.

KUB hereby represents and warrants to the Underwriter that:

(a) KUB is duly existing pursuant to the Charter of the City and is authorized by such Charter to operate and manage the System. KUB has duly authorized all necessary action to be taken by it for: (i) the issuance and sale of the Bonds upon the terms set forth herein and in the Official Statement; (ii) the approval of the Official Statement and the signing of the Official Statement by a duly authorized officer; (iii) the execution, delivery and receipt of this Bond Purchase Agreement, the Bonds and any and all such other agreements and documents as may be required to be executed, delivered and received by KUB in order to carry out, give effect to, and consummate the transactions contemplated hereby, by the Bonds, the Official Statement and the Bond Resolution;

(b) When executed by the respective parties thereto, this Bond Purchase Agreement will constitute a legal, valid and binding obligation of KUB enforceable in accordance with its terms;

(c) The information and statements contained in the Preliminary Official Statement, as of its date and as of the date hereof, did not and do not contain any untrue statement of a material fact or omit to state any material fact which was necessary in order to make such information and statements, in the light of the circumstances under which they were made, not misleading;

(d) The information and statements contained in the Official Statement, as of its date and as of the Closing, are and will be correct and complete in all material respects and do not and will not contain any untrue statement of a material fact or omit to state any material fact which is necessary in order to make such information and statements, in the light of the circumstances under which they were made, not misleading;

(e) KUB has complied, and will at the Closing be in compliance, in all respects with the obligations on its part contained in the Bond Resolution and the laws of the State of Tennessee (the "State"), including the Act;

(f) The City has duly adopted the Bond Resolution, and the City and KUB have (a) duly authorized and approved the distribution of the Preliminary Official Statement, (b) duly authorized and approved the execution and delivery of the Official Statement, (c) duly authorized and approved the execution and delivery of, and the performance by KUB of the obligations on its part contained in, the Bonds, the Bond Resolution and this Bond Purchase Agreement, and (d) duly authorized and approved the consummation by it of all other transactions contemplated by this Bond Purchase Agreement and the Official Statement;

(g) KUB is not in breach of or default under any applicable law or administrative regulation of the State or the United States in any manner related to or affecting the transactions contemplated hereby or in breach of or default under any applicable judgment or decree or any loan agreement, note, resolution, ordinance, agreement or other instrument to which KUB is a party or to which it or any of its property is otherwise subject; and the execution and delivery of this Bond Purchase Agreement, the Bonds and the adoption of the Bond Resolution, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, note, resolution, ordinance, agreement or other instrument to which KUB is a party or to which it or any of its property is otherwise subject;

(h) Except as may be required under the securities or "blue sky" laws of any state, all approvals, consents, authorizations and orders of, filings with or certifications by any governmental authority, board, agency or commission having jurisdiction, which would constitute a condition precedent to the performance by KUB of its obligations hereunder and under the Bond Resolution and the Bonds, have been obtained;

(i) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of KUB, threatened against KUB or others (a) affecting KUB or the corporate existence of KUB or the titles of its officers to their respective offices, (b) seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of Net Revenues pledged to pay the principal of and interest on the Bonds, or the pledge thereof, (c) in any way contesting or affecting the transactions contemplated hereby or by the Official Statement or by the validity or enforceability of the Bonds, the Bond Resolution or this Bond Purchase Agreement, (d) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or (e) contesting the powers or authority of KUB for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and delivery of this Bond Purchase Agreement;

(j) KUB will not take or omit to take any action that will in any way cause the proceeds from the sale of the Bonds and other moneys of KUB to be transferred on the date of issuance of the Bonds to be applied or result in such proceeds and other moneys being applied in a manner other than as provided in or permitted by the Bond Resolution and consistent with the utilization described in the Official Statement;

(k) KUB agrees reasonably to cooperate with the Underwriter and its counsel in any endeavor to qualify the Bonds for offering and sale under the securities or "blue sky" laws of such jurisdictions of the United States as the Underwriter may request. KUB hereby consents to the use of the Official Statement and the Bond Resolution by the Underwriter in obtaining any qualification required;

(l) If at any time from the date of this Bond Purchase Agreement through 25 days following the "end of the underwriting period" (as defined in Rule 15c2-12 described below) any event shall occur that might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, KUB shall notify the Underwriter and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, KUB will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter. If the Official Statement is so supplemented or amended prior to the Closing, such approval by the Underwriter of a supplement or amendment to the Official Statement shall not preclude the Underwriter from thereafter terminating this Bond Purchase Agreement, and if the Official Statement is so amended or supplemented subsequent to the date hereof and prior to the Closing, the Underwriter may terminate this Bond Purchase Agreement by notification to KUB at any time prior to the Closing if, in the judgment of the Underwriter, such amendment or supplement has or will have a material adverse effect on the marketability of the Bonds;

(m) KUB has duly authorized and approved the execution and delivery of this Bond Purchase Agreement and the performance by KUB of the obligations on its part contained herein;

(n) KUB is not, nor has it at any time, been in default in the payment of principal of or interest on any obligation issued or guaranteed by KUB;

(o) Any certificate signed by an authorized officer of KUB and delivered to the Underwriter at or prior to the Closing shall be deemed a representation and warranty by KUB in connection with this Bond Purchase Agreement to the Underwriter as to the statements made therein upon which the Underwriter shall be entitled to rely. KUB covenants that between the date hereof and the Closing, it will not take any action that will cause the representations and warranties made herein to be untrue as of the Closing;

(p) The Bonds, when issued, authenticated and delivered in accordance with the Bond Resolution and sold to the Underwriter as provided herein, will be validly issued and outstanding special obligations of KUB entitled to the benefits of the Bond Resolution;

(q) KUB has lawful authority to operate the System, to consummate the transactions contemplated by the Official Statement and collect revenues, fees and other charges in connection with the System and through its Board of Commissioners, to fix the rates, fees and other charges with respect to the System; and

(r) KUB hereby covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about KUB, for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under paragraph (b)(5) of Rule 15c2-12. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed in writing by the Underwriter. KUB represents that it has complied in all respects with its obligations to provide continuing disclosure of certain information as described in that certain Continuing Disclosure Certificate entered into in connection with the issuance of the Bonds.

5. Delivery of, and Payment for, the Bonds.

At 10:00 a.m. on or about _____, 2021, or at such other time or date as shall have been mutually agreed upon by KUB and the Underwriter, KUB will deliver, or cause to be delivered, to the Underwriter the other documents hereinafter mentioned and, subject to the conditions contained herein, the Underwriter will accept such delivery and pay the purchase price of the Bonds plus accrued interest payable to the order of KUB, in federal funds or other immediately available funds by delivering to KUB such funds by wire transfer to KUB or its designated agent except that physical delivery of the Bonds shall be made through the facilities of the Depository Trust Company.

Payment for the Bonds shall be confirmed and delivery of the documents as aforesaid shall be made at the offices of KUB, or such other place as may be agreed upon by the Underwriter and KUB. Such payment and delivery is herein called the "Closing." The Bonds will be delivered as fully registered bonds in such names and in such denominations as shall be designated in writing by the Underwriter to KUB at Closing.

6. Certain Conditions to Underwriter's Obligations.

The obligations of the Underwriter hereunder shall be subject to (i) the performance by KUB of its obligations to be performed hereunder, (ii) the accuracy in all material respects of the representations and warranties of KUB herein as of the date hereof and as of the date of the Closing, and (iii) to the following conditions:

(a) At the time of Closing, (i) the Bond Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, (ii) the proceeds of the sale of the Bonds shall be applied as described in the Official Statement, and (iii) KUB shall have duly adopted and there shall be in full force and effect such other resolutions as, in the opinion of Bass, Berry & Sims PLC, Knoxville, Tennessee ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby;

(b) At or prior to the Closing, the Underwriter shall have received an executed copy of each of the following documents:

(1) the approving opinion, dated the date of the Closing, of Bond Counsel addressed to KUB and the Underwriter, relating to, among other things, the validity of the Bonds [and the exclusion from gross income of the interest on the Bonds for federal and State of Tennessee income tax purposes,] in substantially the form set forth as Appendix _ to the Official Statement;

(2) a supplemental opinion, dated the date of the Closing, of Bond Counsel addressed to the Underwriter in substantially the form of Exhibit A hereto;

(3) an opinion, dated the date of the Closing, of Hodges, Doughty & Carson, Knoxville, Tennessee, counsel to KUB, addressed to KUB, Bond Counsel and the Underwriter in substantially the form of Exhibit B hereto;

(4) a certificate of KUB, dated the date of the Closing and signed by a duly authorized officer of KUB and in form and substance reasonably satisfactory to the Underwriter, to the effect that (i) since the execution of the Bond Purchase Agreement no material and adverse change has occurred in the financial position of the System or results of operations of the System; (ii) KUB has not incurred any material liabilities secured by the Net Revenues of the System other than in the ordinary course of business or as set forth in or contemplated by the Official Statement; and (iii) no event affecting KUB has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein not misleading as of the date of Closing;

(5) the Official Statement executed on behalf of KUB by a duly authorized officer thereof;

(6) the Bond Resolution and the Bonds;

(7) a certificate of a duly authorized officer of KUB, satisfactory to the Underwriter, dated the date of Closing, stating that such officer is charged, either alone or with others, with the responsibility for issuing the Bonds; setting forth, in the manner permitted by Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), the reasonable expectations of KUB as of such date as to the use of proceeds of the Bonds and of any other funds of KUB expected to be used to pay principal or interest on the Bonds and the facts and estimates on which such expectations are based; and stating that, to the best of the knowledge and belief of the certifying officer, KUB's expectations are reasonable;

(8) evidence indicating a rating on the Bonds of "___" by [rating agency];

(9) other certificates of KUB listed on a Closing Memorandum to be approved by counsel to KUB, Bond Counsel and counsel to the Underwriter, including any certificates or representations required in order for Bond Counsel to deliver the opinion referred to in Paragraph 6(b)(1) of this Bond Purchase Agreement; and such additional legal opinions, certificates, proceedings, instruments and other documents as the counsel to the Underwriter or Bond Counsel may reasonably request to evidence compliance by KUB with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of KUB contained herein and the due performance or satisfaction by KUB at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by KUB.

All such opinions, certificates, letters, agreements and documents will be in compliance with the provisions hereof only if they are satisfactory in form and substance to the Underwriter and counsel

to the Underwriter. KUB will furnish the Underwriter with such conformed copies or photocopies of such opinions, certificates, letters, agreements and documents as the Underwriter may reasonably request.

(c) The Underwriter shall have received within seven (7) business days from the date hereof and within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, the Official Statement in sufficient quantity as may be reasonably requested by the Underwriter in order to comply with Rule 15(c) 2-12.

7. Termination.

The Underwriter shall have the right to cancel its obligation to purchase the Bonds if (i) between the date hereof and the Closing, legislation shall be enacted or recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, or a bill to amend the Internal Revenue Code (which, if enacted, would take effect in whole or in part prior to the Closing) shall be filed in either house, or recommended for passage by the Congress by any joint or conference committee thereof, or a decision by a court of the United States or the United States Tax Court shall be rendered, or a ruling, regulation or statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed to be made, with respect to the federal taxation upon interest on obligations of the general character of the Bonds, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly of changing the federal income tax consequences of any of the transactions contemplated in connection herewith, including the tax-exempt status of KUB and, in the opinion of the Underwriter, materially adversely affects the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, or (ii) there shall exist any event which in the Underwriter's judgment either (a) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (b) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect, or (iii) there shall have occurred any outbreak of hostilities or any national or international calamity or crisis including financial crisis, or a financial crisis or a default with respect to the debt obligations of, or the institution of proceedings under the federal or the state bankruptcy laws by or against the State of Tennessee or any subdivision, agency or instrumentality of such State, the effect of which on the financial markets of the United States being such as, in the reasonable judgment of the Underwriter, would make it impracticable for the Underwriter to market the Bonds or to enforce contracts for the sale of the Bonds, or (iv) there shall be in force a general suspension of trading on the New York Stock Exchange, or (v) a general banking moratorium shall have been declared by either federal, Tennessee or New York authorities, or (vi) there shall have occurred since the date of this Bond Purchase Agreement any material adverse change in the financial position of the System, except for changes which the Official Statement discloses have occurred or may occur, or (vii) legislation shall be enacted or any action shall be taken by the Securities and Exchange Commission which, in the opinion of counsel for the Underwriter, has the effect of requiring the contemplated distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or the Bond Resolution or any other document executed in connection with the transactions contemplated hereof to be qualified under the Trust Indenture Act of 1939, as amended, or (viii) a stop order, ruling, regulation or official statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of the Bonds, or of obligations of the general character of the Bonds as contemplated hereby, or the offering of any other obligation which may be represented by the Bonds is in violation of any provision of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or the Trust Indenture Act of 1939,

as amended, or (ix) any state blue sky or securities commission shall have withheld registration, exemption or clearance of the offering, and in the reasonable judgment of the Underwriter the market for the Bonds is materially affected thereby.

If KUB shall be unable to satisfy any of the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement and such condition is not waived by the Underwriter, or if the obligations of the Underwriter to purchase and accept delivery of the Bonds shall be terminated or canceled for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor KUB shall be under further obligation hereunder; except that the respective obligations to pay expenses, as provided in Section 11 hereof, shall continue in full force and effect.

8. Particular Covenants.

KUB covenants and agrees with the Underwriter as follows:

(a) KUB shall use its best efforts to furnish or cause to be furnished to the Underwriter, without charge, as many copies of the Official Statement as the Underwriter may reasonably request;

(b) Before revising, amending or supplementing the Official Statement, KUB shall furnish a copy of the revised Official Statement or such amendment or supplement to the Underwriter. If in the opinion of KUB and the Underwriter a supplement or amendment to the Official Statement is required, KUB will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter and its counsel.

9. Survival of Representations.

All representations, warranties and agreements of KUB hereunder shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of the Bonds.

10. Payment of Expenses.

Whether or not the Bonds are sold to the Underwriter by KUB, KUB shall pay, but only out of the proceeds of the sale of the Bonds or other funds made available by KUB, any expenses incident to the performance of its obligations hereunder, including but not limited to: (i) the cost of the preparation and printing of the Official Statement and any supplements thereto, together with a number of copies which the Underwriter deems reasonable; (ii) the cost of the preparation and printing of the definitive Bonds; (iii) the rating agency fees; and (iv) the fees and disbursements of Counsel to KUB and Bond Counsel and any other experts or consultants retained by KUB.

Whether or not the Bonds are sold to the Underwriter, the Underwriter shall pay (i) all advertising expenses in connection with the public offering of the Bonds; (ii) the cost of preparing and printing the blue sky memorandum, if any, and filing fees in connection with the aforesaid blue sky memorandum other than the costs of preparation of the Preliminary Official Statement and the Official Statement; and (iii) all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds, including the fees and expenses of the Underwriter's counsel.

11. No Advisory or Fiduciary Role.

KUB acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between KUB and the Underwriter,

(ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as the agent, advisor or fiduciary of KUB, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of KUB with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter, or any affiliates of the Underwriter, has provided other services or are currently providing other services to KUB on other matters) and the Underwriter has no obligation to KUB with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Underwriter has financial and other interests that differ from those of KUB and (v) KUB has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

KUB and the Underwriter represent and warrant that no finder or other agent has been employed by either KUB or the Underwriter in connection with this transaction.

12. Notices.

Any notice or other communication to be given to KUB under this Bond Purchase Agreement may be given by delivering the same in writing at its address set forth above, and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to _____, _____, _____, _____.

13. Parties.

This Bond Purchase Agreement is made solely for the benefit of KUB and the Underwriter (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

14. Governing Law.

This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

15. General.

This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which will constitute one and the same instrument. The section headings of this Bond Purchase Agreement are for convenience of reference only and shall not affect its interpretation. This Bond Purchase Agreement shall become effective upon your acceptance hereof.

Very truly yours,

By: _____

Its: _____

Accepted and agreed to as of
the date first above written:

KNOXVILLE UTILITIES BOARD

By: _____
President and Chief Executive Officer

EXHIBIT A TO BOND PURCHASE AGREEMENT

[LETTERHEAD OF BASS, BERRY & SIMS PLC]

[Closing Date]

Ladies and Gentlemen:

This opinion is being rendered to you pursuant to Paragraph 6(b)(2) of the Bond Purchase Agreement, dated _____, 2021 (the "Bond Purchase Agreement"), between _____ (the "Underwriter"), and Knoxville Utilities Board ("KUB"), relating to the sale by KUB of its Electric System Revenue Refunding Bonds, Series LL-2021, in the aggregate principal amount of \$87,500,000 (the "Bonds"). Terms which are used herein and not otherwise defined shall have the meanings assigned to them in the Bond Purchase Agreement.

Of even date herewith, we have delivered our approving opinion in connection with the issuance of the Bonds. In our capacity as Bond Counsel, we have reviewed a record of proceedings in connection with the issuance of the Bonds and we have participated in conferences from time to time with counsel to KUB, representatives of the Underwriter and counsel to the Underwriter, relative to the Official Statement, dated _____, 2021, relating to the Bonds, and the related documents described below. We have also examined such other agreements, documents and certificates, and have made such investigations of law, as we have deemed necessary or appropriate in rendering the opinions set forth below.

Based on the foregoing, we are of the opinion that, as of the date hereof:

1. The offer and sale of the Bonds to the public do not require any registration under the Securities Act of 1933, as amended, and, in connection therewith, the Bond Resolution does not need to be qualified under the Trust Indenture Act of 1939, as amended.
2. The statements contained in the Official Statement under the captions "Introduction" to the extent the narrative thereunder purports to describe the terms of the Bonds and the legal authority by which they are issued, "The Bonds," and in Appendix A to the Official Statement, insofar as such statements purport to summarize certain provisions of the Bonds and the Bond Resolution, fairly summarize such provisions. The statements contained in the Official Statement under the caption "Opinion of Bond Counsel" are correct as to matters of law.

This opinion may be relied upon only by the Underwriter and by other persons to whom written permission to rely hereon is granted by us.

Very truly yours,

EXHIBIT B TO BOND PURCHASE AGREEMENT

_____, 2021

Bass, Berry & Sims
900 South Gay Street, Suite 1700
Knoxville, Tennessee 37902

Ladies and Gentlemen:

Re: City of Knoxville, Tennessee acting on behalf of the Knoxville Utilities Board \$87,500,000 Electric System Revenue Refunding Bonds, Series LL-2021

Ladies and Gentlemen:

You have requested that the undersigned, General Counsel to the Knoxville Utilities Board of the City of Knoxville, Tennessee ("KUB"), render this opinion in connection with the execution, delivery and sale of the captioned bonds (the "Bonds"), the proceeds of which will be used to refinance a portion of the outstanding principal amount of the City's outstanding Electric System Revenue Refunding Bonds, Series AA-2012, dated April 20, 2012, maturing July 1, 2022 through July 1, 2029 (the "Series AA-2012 Bonds"), its outstanding Electric System Revenue Bonds, Series BB-2012, dated December 18, 2012, maturing July 1, 2022 through July 1, 2042 (the "BB-2012 Bonds"), its outstanding Electric System Revenue Refunding Bonds, Series CC-2013, dated March 15, 2013, maturing July 1, 2022 through July 1, 2031 (the "CC-2013 Bonds"), and its outstanding Electric System Revenue Bonds, Series DD-2014, dated September 18, 2014, maturing July 1, 2022 through July 1, 2044 (the "DD-2014 Bonds" and together with the AA-2012 Bonds, the BB-2012 Bonds and the CC-2013 Bonds, the "Refunded Bonds")

It is our opinion that KUB is duly established and validly existing pursuant to the Charter of the City of Knoxville, Tennessee (the "Municipality"), and, pursuant to said Charter, the electrical power distribution system of the Municipality (the "System") is under the jurisdiction, control and management of KUB.

The undersigned does hereby certify that no litigation of any nature is now pending or, to our knowledge, threatened

- (1) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds;
- (2) seeking to restrain or enjoin the charging of sufficient rates to pay the cost of operating, maintaining, repairing and insuring the System and to pay principal of and interest on the Bonds and all outstanding obligations payable from the revenues of the System;
- (3) in any manner questioning the proceedings or authority pursuant to which the Bonds are authorized or issued or such rates are charged;
- (4) in any manner questioning or relating to the validity of the Bonds;

(5) contesting in any way the completeness or accuracy of the Official Statement prepared and distributed in connection with the sale of the Bonds;

(6) in any way contesting the corporate existence or boundaries of the Municipality, except for various pending actions challenging past or present annexation efforts of the Municipality, which will have no material adverse effect on the revenues of the System;

(7) contesting the title of the present officers of KUB to their respective offices; or

(8) contesting the powers of KUB or the authority of KUB with respect to the Bonds, or proceedings authorizing the Bonds, or any act to be done or document or certificate to be executed or delivered in connection with the issuance and delivery of the Bonds.

Neither the voters of the Municipality nor its governing body nor the Board of Commissioners of KUB have approved any special, local or private act or legislation passed by the General Assembly of the State of Tennessee at its most recent session or any amendments to the Charter of the Municipality affecting the power of the Municipality to issue the Bonds or pay the principal of, premium, if any, and interest on the Bonds when due or affecting the power of the Board of Commissioners of KUB to manage and control the System.

I hereby certify that Jerry Askew and Mark Walker are the duly qualified, appointed and acting Chair and Secretary, respectively, of the Board of Commissioners of KUB with full power to act as such officers on behalf of KUB in connection with the execution and delivery of the Bonds.

Yours truly,

EXHIBIT B

FORM OF REFUNDING ESCROW AGREEMENT

**CITY OF KNOXVILLE, TENNESSEE
ACTING ON BEHALF OF KNOXVILLE UTILITIES BOARD
\$87,500,000 ELECTRIC SYSTEM REVENUE REFUNDING BONDS, SERIES LL-2021**

REFUNDING ESCROW AGREEMENT

This Refunding Escrow Agreement is made and entered into as of the ____ day of _____, 2021, by and between Knoxville Utilities Board ("KUB") acting on behalf of the City of Knoxville, Tennessee (the "City") and _____, _____, Tennessee (the "Agent").

WITNESSETH:

WHEREAS, the Board of Commissioners (the "Board") of KUB has determined to provide for payment of the City's outstanding Electric System Revenue Refunding Bonds, Series AA-2012, dated April 20, 2012, maturing July 1, 2022 through July 1, 2029 (the "Series AA-2012 Bonds"), its outstanding Electric System Revenue Bonds, Series BB-2012, dated December 18, 2012, maturing July 1, 2022 through July 1, 2042 (the "BB-2012 Bonds"), its outstanding Electric System Revenue Refunding Bonds, Series CC-2013, dated March 15, 2013, maturing July 1, 2022 through July 1, 2031 (the "CC-2013 Bonds"), and its outstanding Electric System Revenue Bonds, Series DD-2014, dated September 18, 2014, maturing July 1, 2022 through July 1, 2044 (the "DD-2014 Bonds", and together with the AA-2012 Bonds, the BB-2012 Bonds and the CC-2013 Bonds, the "Refunded Bonds") by depositing in escrow with the Agent funds that, with the investment income therefrom, will be sufficient to pay the principal of and interest on the portion of the Refunded Bonds set forth on Exhibit A hereto; and

WHEREAS, in order to obtain the funds needed to refund the Refunded Bonds, the City has authorized and issued its Electric System Revenue Refunding Bonds, Series LL-2021, dated _____, 2021 (the "Refunding Bonds"); and

WHEREAS, a portion of the proceeds derived from the sale of the Refunding Bonds and certain funds of KUB, if any, will be deposited in escrow with the Agent hereunder and applied to the purchase of certain securities described herein, the principal amount thereof together with interest thereon to mature at such times and in such amounts as shall be sufficient to pay when due all of the principal of, premium, if any, and interest on the Refunded Bonds identified on Exhibit A; and

WHEREAS, in order to create the escrow hereinabove described, provide for the deposit of the proceeds of the Refunding Bonds and the application thereof, and provide for the payment of the Refunded Bonds, the parties hereto do hereby enter into this Agreement;

NOW, THEREFORE, KUB, in consideration of the foregoing and the mutual covenants herein set forth and in order to secure the payment of the Refunded Bonds according to their tenor and effect, does by these presents hereby grant, warrant, demise, release, convey, assign, transfer, alien, pledge, set over and confirm, to the Agent, and to its successors hereunder, and to it and its assigns forever, in escrow, all and singular the property hereinafter described to wit:

DIVISION I

All right, title and interest of KUB and the City in and to \$ _____ derived from the proceeds of the sale of the Refunding Bonds and \$ _____ derived from other funds of KUB.

DIVISION II

All right, title and interest of KUB and the City in and to the Government Securities purchased with the funds described in Division I hereof and to all income, earnings and increment derived from or accruing to the Government Securities.

DIVISION III

Any and all other cash or eligible investments from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred in escrow hereunder by KUB or by anyone in its behalf to the Agent, which is hereby authorized to receive the same at any time to be held in escrow hereunder.

DIVISION IV

Any other cash or eligible investments that is by the express provisions of this Agreement required to be subject to the pledge hereof and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subject to the pledge hereof, by KUB or by anyone in its behalf, and the Agent is hereby authorized to receive the same at any time to be held in escrow hereunder.

TO HAVE AND TO HOLD, all and singular, the escrowed property, including all additional property which by the terms hereof has or may become subject to this Agreement, unto the Agent, and its successors and assigns, forever.

The escrowed property shall be held in escrow for the benefit and security of the owners from time to time of the portion of the Refunded Bonds identified on Exhibit A; but if the principal of and interest on the portion of the Refunded Bonds identified on Exhibit A shall be fully and promptly paid when due in accordance with the terms hereof, then this Agreement shall be and become void and of no further force and effect, otherwise the same shall remain in full force and effect, subject to the covenants and conditions hereinafter set forth.

ARTICLE I DEFINITIONS AND CONSTRUCTION

SECTION 1.1 Definitions. In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended:

"Agent" means _____, _____, Tennessee, its successors and assigns;

"Agreement" means this Refunding Escrow Agreement;

"Board" means the Board of Commissioners of KUB;

"City" means the City of Knoxville, Tennessee;

"Code" means the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated thereunder;

"Escrow Fund" shall have the meaning ascribed to it in Section 2.1 hereof;

"Escrow Property," "escrow property" or "escrowed property" means the property, rights and interest of KUB that are described in Divisions I through IV of this Agreement and hereinabove conveyed in escrow to the Agent;

"Government Securities" means obligations and securities described in Section 9-21-1012, Tennessee Code Annotated that are purchased pursuant to the terms of the Escrow Reinvestment Agreement on this Agreement;

"KUB" means Knoxville Utilities Board, Knoxville, Tennessee;

"Refunded Bonds" means the City's Electric System Revenue Refunding Bonds, Series AA-2012, dated April 20, 2012, maturing July 1, 2022 through July 1, 2029, its outstanding Electric System Revenue Refunding Bonds, Series BB-2012, dated December 18, 2012, maturing July 1, 2022 through July 1, 2042, its outstanding Electric System Revenue Refunding Bonds, Series CC-2013, dated March 15, 2013, maturing July 1, 2022 through July 1, 2031, and its outstanding Electric System Revenue Bonds, Series DD-2014, dated September 18, 2014, maturing July 1, 2022 through July 1, 2044;

"Refunding Bonds" means the City's Electric System Revenue Refunding Bonds, Series LL-2021, dated _____, 2021;

"Written Request" means a request in writing signed by the President and Chief Executive Officer of KUB, the Chief Financial Officer of KUB or by any other officer or official of KUB duly authorized by KUB to act in their place.

SECTION 1.2 Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word "person" shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

ARTICLE II ESTABLISHMENT AND ADMINISTRATION OF FUNDS

SECTION 2.1 Creation of Escrow; Deposit of Funds. KUB hereby creates and establishes with the Agent a special and irrevocable escrow composed of the Escrowed Property and hereby deposits with the Agent and the Agent hereby acknowledges receipt of \$ _____ as described in Division I hereof. The monies so deposited, together with investment income therefrom, is herein referred to as the "Escrow Fund" and shall constitute a fund to be held by the Agent as a part of the Escrowed Property created, established, and governed by this Agreement.

SECTION 2.2 Investment of Funds. The monies described in Section 2.1 hereof shall be held or invested as follows:

- (a) the amount of \$ _____ shall be used to purchase the Government Securities described on Exhibit B attached hereto; and
- (b) the amount of \$ _____ shall be held as cash in a non-interest-bearing account.

Except as provided in Sections 2.4 and 2.6 hereof, the investment income from the Government Securities in the Escrow Fund shall be credited to the Escrow Fund and shall not be reinvested. The Agent shall have no power or duty to invest any monies held hereunder or to make substitutions of Government Securities held hereunder or to sell, transfer, or otherwise dispose of the Government Securities acquired hereunder except as provided herein.

Section 2.3. Disposition of Escrow Funds. The Agent shall without further authorization or direction from KUB collect the principal and interest on the Government Securities promptly as the same shall fall due. From the Escrow Fund, to the extent that monies therein are sufficient for such purpose, the Agent shall make timely payments to the paying agent or its successor, for the Refunded Bonds of monies sufficient for the payment of the principal of and interest on the Refunded Bonds as the same shall become due and payable. Amounts and dates of principal and interest payments and the name and address of the paying agent with respect to the Refunded Bonds are set forth on Exhibit A. Payment on the dates and to the paying agent in accordance with Exhibit A shall constitute full performance by the Agent of its duties hereunder with respect to each respective payment. KUB represents and warrants that the Escrow Fund, if held, invested and disposed of by the Agent in accordance with the provisions of this Agreement, will be sufficient to make the foregoing payments. No paying agent fees, fees and expenses of the Agent, or any other costs and expenses associated with the Refunding Bonds or the Refunded Bonds shall be paid from the Escrow Fund, and KUB agrees to pay all such fees, expenses, and costs from its legally available funds as such payments become due. When the Agent has made all required payments of principal and interest on the Refunded Bonds to the paying agent as hereinabove provided, the Agent shall transfer any monies or Government Securities then held hereunder to KUB and this Agreement shall terminate.

Section 2.4. Excess Funds. Amounts held by the Agent, representing interest on the Government Securities in excess of the amount necessary to make the corresponding payment of principal and/or interest on the Refunded Bonds, shall be held by the Agent without interest and shall be applied before any other Escrow Fund monies to the payment of the next ensuing principal and/or interest payment on the Refunded Bonds. Upon retirement of all the Refunded Bonds, the Agent shall pay any excess amounts remaining in the Escrow Fund to KUB.

Section 2.5. Reports. The Escrow Agent shall deliver to KUB a monthly report summarizing all transactions relating to the Escrow Fund; and on or before the first day of August of each year shall deliver to the Chief Financial Officer of KUB a report current as of June 30 of that year, which shall summarize all transactions relating to the Escrow Fund effected during the immediately preceding fiscal year of KUB and which also shall set forth all assets in the Escrow Fund as of June 30 and set forth opening and closing balances thereof for that fiscal year.

Section 2.6 Investment of Moneys Remaining in Escrow Fund. The Agent may invest and reinvest any monies remaining from time to time in the Escrow Fund until such time as they are needed. Such monies shall be invested in Government Securities, maturing no later than the next interest payment date of the Refunded Bonds, or for such periods or at such interest rates as the Agent shall be directed by Written Request, provided, however, that KUB shall furnish the Agent, as a condition precedent to such investment, with an opinion from nationally recognized bond counsel stating that such reinvestment of such monies will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, cause the interest on the Refunding Bonds or the Refunded Bonds not to be excluded from gross income for federal income tax purposes and that such investment is not

inconsistent with the statutes and regulations applicable to the Refunding Bonds and Refunded Bonds. Any interest income resulting from reinvestment of monies pursuant to this Section 2.6 shall be applied first to the payment of principal of and interest on the Refunded Bonds to the extent the Escrow is or will be insufficient to retire the Refunded Bonds as set forth on Exhibit A and any excess shall be paid to KUB to be applied to the payment of the Refunding Bonds or the expenses of issuance thereof.

Section 2.7. Irrevocable Escrow Created. The deposit of monies, Government Securities, matured principal amounts thereof, and investment proceeds therefrom in the Escrow Fund shall constitute an irrevocable deposit of said monies and Government Securities for the benefit of the holders of the Refunded Bonds, except as provided herein with respect to amendments permitted under Section 4.1 hereof. All the funds and accounts created and established pursuant to this Agreement shall be and constitute escrow funds for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of KUB and the Agent and used only for the purposes and in the manner provided in this Agreement.

Section 2.8. Redemption of Refunded Bonds. The Refunded Bonds shall be redeemed as stated on Exhibit C attached hereto.

ARTICLE III CONCERNING THE AGENT

SECTION 3.1 Appointment of Agent. KUB hereby appoints the Agent as escrow agent under this Agreement.

SECTION 3.2 Acceptance by Agent. By execution of this Agreement, the Agent accepts the duties and obligations as Agent hereunder. The Agent further represents that it has all requisite power, and has taken all corporate actions necessary to execute the escrow hereby created.

SECTION 3.3 Liability of Agent. The Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by KUB or any paying agent of its obligations, or to protect any of KUB's rights under any bond proceedings or any of KUB's other contracts with or franchises or privileges from any state, county, municipality or other governmental agency or with any person. The Agent shall not be liable for any act done or step taken or omitted to be taken by it, or for any mistake of fact or law, or anything which it may do or refrain from doing, except for its own gross negligence or willful misconduct in the performance or nonperformance of any obligation imposed upon it hereunder. The Agent shall not be responsible in any manner whatsoever for the recitals or statements contained herein or in the Refunded Bonds or in the Refunding Bonds or in any proceedings taken in connection therewith, but they are made solely by KUB. The Agent shall have no lien whatsoever upon any of the monies or investments in the Escrow Fund for the payment of fees and expenses for services rendered by the Agent under this Agreement.

The Agent shall not be liable for the accuracy of the calculations as to the sufficiency of Escrow Fund monies and Government Securities and the earnings thereon to pay the Refunded Bonds. So long as the Agent applies any monies, the Government Securities and the interest earnings therefrom to pay the Refunded Bonds as provided herein, and complies fully with the terms of this Agreement, the Agent shall not be liable for any deficiencies in the amounts necessary to pay the Refunded Bonds caused by such calculations. The Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Agreement and in full compliance with the provisions hereof.

In the event of the Agent's failure to account for any of the Government Securities or monies received by it, said Government Securities or monies shall be and remain the property of KUB in escrow for the benefit of the holders of the Refunded Bonds, as herein provided, and if for any improper reason such Government Securities or monies are applied to purposes not provided for herein or misappropriated by the Agent, the assets of the Agent shall be impressed with a trust for the amount thereof until the required application of such funds shall be made or such funds shall be restored to the Escrow Fund.

SECTION 3.4 Permitted Acts. The Agent and its affiliates may become the owner of or may deal in the Refunding Bonds or Refunded Bonds as fully and with the same rights as if it were not the Agent.

SECTION 3.5 Exculpation of Funds of Agent. Except as set forth in Section 3.3, none of the provisions contained in this Agreement shall require the Agent to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Agent shall be under no liability for interest on any funds or other property received by it hereunder, except as herein expressly provided.

SECTION 3.6 No Redemption or Acceleration of Maturity. The Agent will not pay any of the principal of or interest on the Refunded Bonds, except as provided in Exhibit A attached hereto and will not redeem or accelerate the maturity of any of the Refunded Bonds.

SECTION 3.7 Qualifications of Agent. There shall at all times be an Agent hereunder that shall be a corporation or banking association organized and doing business under the laws of the United States or any state, located in the State of Tennessee, authorized under the laws of its incorporation to exercise the powers herein granted, having a combined capital, surplus, and undivided profits of at least \$75,000,000 and subject to supervision or examination by federal or state authority. If such corporation or association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this paragraph the combined capital, surplus, and undivided profits of such corporation or association shall be deemed to be its combined capital, surplus, and undivided profits as set forth in its most recent report of condition as published. In case at any time the Agent shall cease to be eligible in accordance with the provisions of this section, the Agent shall resign immediately in the manner and with the effect specified herein.

SECTION 3.8 Resignation of Agent. The Agent may at any time resign by giving direct written notice to KUB and by giving the holders of the Refunded Bonds notice by first-class mail of such resignation. Upon receiving such notice of resignation, KUB shall promptly appoint a successor escrow agent in the manner provided in the resolution authorizing the Refunding Bonds. If no successor escrow agent shall have been appointed and have accepted appointment within thirty (30) days after the publication of such notice of resignation, the resigning Agent may petition any court of competent jurisdiction located in Knox County, Tennessee, for the appointment of a successor, or any holder of the Refunded Bonds may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor meeting the qualifications set forth in Section 3.7. The Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

SECTION 3.9 Removal of Agent. In case at any time the Agent shall cease to be eligible in accordance with the provisions of Section 3.8 hereof and shall fail to resign after written request therefor by KUB or by any holder of the Refunded Bonds, or the Agent shall become incapable of acting, shall be adjudged a bankrupt or insolvent or a receiver of the Agent or any of its property shall be appointed, or

any public officer shall take charge or control of the Agent or its property or affairs for the purpose of rehabilitation, conservation, or liquidation, then in any such case, the Board may remove the Agent and appoint a successor in the manner provided in the resolution authorizing the Refunding Bonds or any such bondholder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction situated in Knox County, Tennessee for the removal of the Agent and the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, remove the Agent and appoint a successor who shall meet the qualifications set forth in Section 3.8. Unless incapable of serving, the Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

The holders of a majority in aggregate principal amount of all the Refunded Bonds at any time outstanding may at any time remove the Agent and appoint a successor by an instrument or concurrent instruments in writing signed by such bondholders and presented, together with the successor's acceptance of appointment, to KUB and the Agent.

Any resignation or removal of the Agent and appointment of a successor pursuant to any of the provisions of this Agreement shall become effective upon acceptance of appointment by the successor as provided in Section 3.10 hereof.

SECTION 3.10 Acceptance by Successor. Any successor escrow agent appointed as provided in this Agreement shall execute, acknowledge and deliver to KUB and to its predecessor an instrument accepting such appointment hereunder and agreeing to be bound by the terms hereof, and thereupon the resignation or removal of the predecessor shall become effective and such successor, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Agent herein; but, nevertheless, on Written Request of KUB or the request of the successor, the predecessor shall execute and deliver an instrument transferring to such successor all rights, powers and escrow property of the predecessor. Upon request of any such successor, KUB shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor all such rights, powers and duties. No successor shall accept appointment as provided herein unless at the time of such acceptance such successor shall be eligible under the provisions of Section 3.7 hereof.

Any corporation into which the Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Agent shall be a party, or any corporation succeeding to the business of the Agent, shall be the successor of the Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor shall be eligible under the provisions of Section 3.7 hereof.

SECTION 3.11 Payment to Agent. KUB agrees to pay the Agent, as reasonable and proper compensation under this Agreement, a one-time fee of \$____. The Agent shall be entitled to reimbursement of all advances, counsel fees and expenses, and other costs made or incurred by the Agent in connection with its services and/or its capacity as Agent or resulting therefrom. In addition, KUB agrees to pay to the Agent all out-of-pocket expenses and costs of the Agent incurred by the Agent in the performance of its duties hereunder, including all publication, mailing and other expenses associated with the redemption of the Refunded Bonds; provided, however, that KUB agrees, to the extent permitted by law, to indemnify the Agent and hold it harmless against any liability (unless such liability is due to the gross negligence or willful misconduct of the Agent) which it may incur while acting in good faith in its capacity as Agent under this Agreement, including, but not limited to, any court costs and attorneys' fees, and such indemnification shall be paid from available funds of KUB and shall not give rise to any claim against the Escrow Fund.

ARTICLE IV
MISCELLANEOUS

SECTION 4.1 Amendments to this Agreement. This Agreement is made for the benefit of KUB, the holders from time to time for the Refunded Bonds, and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Agent and KUB; provided, however, that KUB and the Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Agent for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Agent; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Refunded Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Notwithstanding the foregoing or any other provision of this Agreement, upon Written Request and upon compliance with the conditions hereinafter stated, but only with the consent of the Provider, the Agent shall have the power to and shall, in simultaneous transactions, sell, transfer, otherwise dispose of or request the redemption of all or any portion of the Government Securities held hereunder and to substitute therefor direct obligations of, or obligations the principal of and interest on which are fully guaranteed by the United States of America, subject to the condition that such monies or securities held by the Agent shall be sufficient to pay principal of and interest on the Refunded Bonds. KUB hereby covenants and agrees that it will not request the Agent to exercise any of the powers described in the preceding sentence in any manner which will cause the Refunding Bonds to be arbitrage bonds within the meaning of Section 148 of the Code in effect on the date of such request and applicable to obligations issued on the issue date of the Refunding Bonds. The Agent shall purchase such substituted securities with the proceeds derived from the maturity, sale, transfer, disposition or redemption of the Government Securities held hereunder or from other monies available. The transactions may be effected only if there shall have been submitted to the Agent: (1) an independent verification by a nationally recognized independent certified public accounting firm concerning the adequacy of such substituted securities with respect to principal and the interest thereon and any other monies or securities held for such purpose to pay when due the principal of and interest on the Refunded Bonds in the manner required by the proceedings which authorized their issuance; and (2) an opinion from nationally recognized bond counsel to the effect that the disposition and substitution or purchase of such securities will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, cause the interest on the Refunding Bonds not to be exempt from Federal income taxation. Any surplus monies resulting from the sale, transfer, other disposition or redemption of the Government Securities held hereunder and the substitutions therefor of direct obligations of, or obligations the principal of and interest on which is fully guaranteed by, the United States of America, shall be released from the Escrow Fund and shall be transferred to KUB.

SECTION 4.2 Severability. If any provision of this Agreement shall be held or deemed to be invalid or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

SECTION 4.3 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Tennessee.

SECTION 4.4 Notices. Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by Registered or Certified Mail, postage prepaid, or sent by telegram as follows:

To KUB:

Chief Financial Officer
Knoxville Utilities Board
445 Gay Street
Knoxville, Tennessee 37902

To the Agent:

KUB and the Agent may designate in writing any further or different addresses to which subsequent notices, requests, communications or other papers shall be sent.

SECTION 4.5 Agreement Binding. All the covenants, promises and agreements in this Agreement contained by or on behalf of the parties shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 4.6 Termination. This Agreement shall terminate when all transfers and payments required to be made by the Agent under the provisions hereof shall have been made.

SECTION 4.7 Execution by Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, KUB has caused this Agreement to be signed in its name by its President and Chief Executive Officer and attested by the Secretary of its Board of Commissioners, and the Agent has caused this Agreement to be signed in its corporate name by its duly authorized officers, all as of the day and date first above written.

CITY OF KNOXVILLE, TENNESSEE
by and through the
KNOXVILLE UTILITIES BOARD

By: _____
President and Chief Executive Officer

Secretary

Escrow Agent

By: _____
Title: _____

ATTEST:

Title: _____

EXHIBIT A TO REFUNDING ESCROW AGREEMENT

Debt Service Schedule of the outstanding Electric System Revenue Refunding Bonds, Series AA-2012, dated April 20, 2012 maturing July 1, 2022 through July 1, 2029 to the Redemption Date with name and address of the Paying Agent and Date and Amount of Redemption

<u>Payment Date</u>	<u>Principal Payable</u>	<u>Principal Redeemed</u>	<u>Interest Payable</u>	<u>Redemption Premium</u>	<u>Total Debt Service</u>
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Totals:

Paying Agent: Regions Bank
Nashville, Tennessee

Debt Service Schedule of the outstanding Electric System Revenue Bonds, Series BB-2012, dated December 18, 2012 maturing July 1, 2022 through July 1, 2042 to the Redemption Date with name and address of the Paying Agent and Date and Amount of Redemption

<u>Payment Date</u>	<u>Principal Payable</u>	<u>Principal Redeemed</u>	<u>Interest Payable</u>	<u>Redemption Premium</u>	<u>Total Debt Service</u>
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Totals:

Paying Agent: Regions Bank
Nashville, Tennessee

Debt Service Schedule of the outstanding Electric System Revenue Refunding Bonds, Series CC-2013, dated March 15, 2013, maturing July 1, 2022 through July 1, 2031 to the Redemption Date with name and address of the Paying Agent and Date and Amount of Redemption

<u>Payment Date</u>	<u>Principal Payable</u>	<u>Principal Redeemed</u>	<u>Interest Payable</u>	<u>Redemption Premium</u>	<u>Total Debt Service</u>
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Totals:

Paying Agent: Regions Bank
Nashville, Tennessee

Debt Service Schedule of the outstanding Electric System Revenue Bonds, Series DD-2014, dated September 18, 2014 maturing July 1, 2022 through July 1, 2044 to the Redemption Date with name and address of the Paying Agent and Date and Amount of Redemption

<u>Payment Date</u>	<u>Principal Payable</u>	<u>Principal Redeemed</u>	<u>Interest Payable</u>	<u>Redemption Premium</u>	<u>Total Debt Service</u>
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Totals:

Paying Agent: Regions Bank
Nashville, Tennessee

EXHIBIT B TO REFUNDING ESCROW AGREEMENT

Government Securities

Par Amount

Interest Rate

Maturity Date

Cost of Securities: \$ _____

Cash: \$ _____

EXHIBIT C TO REFUNDING ESCROW AGREEMENT

The outstanding Electric System Revenue Refunding Bonds, Series AA-2012, dated April 20, 2012, maturing July 1, 2022 through July 1, 2029 (the "Series AA-2012 Bonds"), its outstanding Electric System Revenue Bonds, Series BB-2012, dated December 18, 2012, maturing July 1, 2022 through July 1, 2042 (the "BB-2012 Bonds"), its outstanding Electric System Revenue Refunding Bonds, Series CC-2013, dated March 15, 2013, maturing July 1, 2022 through July 1, 2031 (the "CC-2013 Bonds"), and its outstanding Electric System Revenue Bonds, Series DD-2014, dated September 18, 2014, maturing July 1, 2022 through July 1, 2044 (the "DD-2014 Bonds", and together with the AA-2012 Bonds, the BB-2012 Bonds and the CC-2013 Bonds, the "Refunded Bonds") of the City of Knoxville, Tennessee shall be redeemed as provided in this Exhibit C. The Agent is hereby authorized and directed to give the paying agent for the Refunded Bonds notice on or before _____ to give notice of a _____ redemption to the holders of said Refunded Bonds in accordance with the resolution authorizing the issuance of said Refunded Bonds.

NOTICE OF REDEMPTION

THE CITY OF KNOXVILLE, TENNESSEE
BY AND THROUGH THE
KNOXVILLE UTILITIES BOARD

NOTICE IS HEREBY GIVEN that the City of Knoxville, Tennessee (the "City"), by and through the Knoxville Utilities Board, has elected to and does exercise its option to call and redeem on _____, all of the City's Refunded Bonds as follows:

Electric System Revenue Refunding Bonds, Series AA-2012, dated April 20, 2012, maturing July 1, 2022 through July 1, 2029, its outstanding Electric System Revenue Bonds, Series BB-2012, dated December 18, 2012, maturing July 1, 2022 through July 1, 2042, its outstanding Electric System Revenue Refunding Bonds, Series CC-2013, dated March 15, 2013, maturing July 1, 2022 through July 1, 2031, and its outstanding Electric System Revenue Bonds, Series DD-2014, dated September 18, 2014, maturing July 1, 2022 through July 1, 2044

The owners of the above-described Bonds are hereby notified to present the same to the principal office of Regions Bank, Nashville, Tennessee, where redemption shall be made at the price of par plus interest accrued to the redemption date. The redemption price will become due and payable on _____ upon each such Bond herein called for redemption and such Bonds shall not bear interest beyond _____.

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

REGIONS BANK
as Registration and Paying Agent

A RESOLUTION SUPPLEMENTING RESOLUTION NO. R-25-88 ADOPTED BY THE CITY COUNCIL OF THE CITY OF KNOXVILLE, TENNESSEE ON FEBRUARY 9, 1988 ENTITLED "A RESOLUTION PROVIDING FOR THE ISSUANCE OF GAS SYSTEM REVENUE BONDS" SO AS TO PROVIDE FOR THE ISSUANCE OF NOT TO EXCEED FORTY-NINE MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$49,500,000) OF GAS SYSTEM REVENUE REFUNDING BONDS, SERIES AA-2021.

RESOLUTION NO: _____

REQUESTED BY: _____

PREPARED BY: _____

APPROVED AS TO FORM

CORRECTNESS: _____

Law Director

FINANCIAL IMPACT STATEMENT:

Director of Finance

APPROVED: _____

APPROVED AS AN

EMERGENCY MEASURE: _____

MINUTE BOOK _____ PAGE _____

WHEREAS, the City of Knoxville (the "City"), pursuant to a resolution entitled "A Resolution Providing for the Issuance of Gas System Revenue Bonds," being Resolution No. R-25-88 of the City Council adopted February 9, 1988 (which resolution as heretofore amended is hereinafter sometimes referred to as "Resolution No. R-25-88"), authorized an issue of Gas System Revenue Bonds; and

WHEREAS, pursuant to Resolution No. R-25-88, and for the purpose of financing the cost of the extensions and improvements of the City's gas distribution system (hereinafter sometimes referred to as the "System") and the refinancing of indebtedness issued for that purpose, the City issued Gas System Revenue Bonds, the series of which, the amount issued, and the amount outstanding as of March 1, 2021, are as follows:

<u>Series</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Q-2012	\$24,920,000	\$11,655,000
R-2012	\$10,000,000	\$ 7,225,000
S-2013	\$11,580,000	\$ 8,310,000
T-2013	\$25,000,000	\$21,900,000
U-2015	\$11,780,000	\$ 8,915,000
V-2016	\$12,000,000	\$10,800,000
W-2017	\$ 8,065,000	\$ 5,280,000
X-2017	\$12,000,000	\$11,060,000
Y-2018	\$ 8,000,000	\$ 7,475,000
Z-2020	\$ 6,755,000	\$ 6,145,000

WHEREAS, it is desirable that an additional series of bonds be issued to refinance the outstanding principal amount of the City's outstanding Gas System Revenue Refunding Bonds, Series Q-2012, dated April 20, 2012, maturing March 1, 2022 through March 1, 2029 (the "Series Q-2012 Bonds"), its outstanding Gas System Revenue Bonds, Series R-2012, dated December 18, 2012, maturing March 1, 2022 through March 1, 2033 (the "Series R-2012 Bonds"), its outstanding Gas System Revenue Refunding Bonds, Series S-2013, dated March 15, 2013, maturing March 1, 2022 through March 1, 2031 (the "Series S-2013 Bonds") and its outstanding Gas System Revenue Bonds, Series T-2013, dated October 1, 2013, maturing March 1, 2022 through March 1, 2035 (the "Series T-2013 Bonds" and together with the Series Q-2012 Bonds, the Series R-2012 Bonds and the Series S-2013 Bonds, the "Refunded Bonds"), including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the bonds, pursuant to the authority of Resolution No. R-25-88 and pursuant to the authority of this resolution; and

WHEREAS, the Board of Commissioners (the "Board") of the Knoxville Utilities Board ("KUB") has duly adopted a resolution requesting the City Council of the City to adopt this resolution authorizing the issuance of bonds for the purposes and in the manner hereinafter more fully stated; and

WHEREAS, the plan of refunding for the Refunded Bonds has been submitted to the State Director of the Division of Local Government Finance (the "State Director") as required by Section 9-21-903, Tennessee Code Annotated, as amended, and she has acknowledged receipt thereof to the City and KUB and submitted her report thereon to the City and KUB, and such report has been provided to members of the City Council of the City; and

WHEREAS, it is the intention of the City Council of the City to adopt this resolution for the purpose of authorizing not to exceed \$49,500,000 in aggregate principal amount of gas system revenue refunding bonds for the purposes described above, establishing the terms of such bonds, providing for the issuance, sale and payment of the bonds and disposition of proceeds therefrom, and collection of revenues from the System and the application thereof to the payment of principal of, premium, if any, and interest on said bonds.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Knoxville, Tennessee, as follows:

Section 1. Authority. The bonds authorized by this resolution are issued pursuant to Sections 7-34-101 et seq. and 9-21-101 et seq., Tennessee Code Annotated, and other applicable provisions of law.

Section 2. Definitions. Capitalized terms used herein and not defined in this Section 2 shall have the meanings ascribed to them in the 1988 Resolution (as hereinbelow defined). The following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise.

- (a) "Board" shall mean the Board of Commissioners of the Knoxville Utilities Board;
- (b) "Bond Purchase Agreement" means a Bond Purchase Agreement, dated as of the sale of the Series AA-2021 Bonds, entered into by and between KUB and the Underwriter, in substantially the form of the document attached hereto as Exhibit A, subject to such changes as permitted by Section 10 hereof, as approved by the President and Chief Executive Officer of KUB, consistent with the terms of this resolution;
- (c) "Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which physical Bond certificates in fully registered form are issued to a Depository, or to its nominee as Registered Owner, with the certificated Bonds being held by and "immobilized" in the custody of such Depository, and under which records maintained by persons, other than the City, KUB or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial "book-entry" interests in those Bonds;
- (d) "City" shall mean the City of Knoxville, Tennessee;
- (e) "Code" shall mean the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated or proposed thereunder;
- (f) "Depository" means any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-Entry System, including, but not limited to, DTC;
- (g) "DTC" means the Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns;
- (h) "DTC Participant(s)" means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC system;
- (i) "Governing Body" shall mean the City Council of the City;
- (j) "KUB" shall mean the Knoxville Utilities Board;
- (k) "1988 Resolution" shall mean Resolution No. R-25-88 of the Governing Body, adopted February 9, 1988, as supplemented and amended by Resolution No. R-22-97, Resolution No. R-421-98, Resolution No. R-150-01, Resolution No. R-333-2010 and Resolution No. R-229-2018, and as otherwise supplemented prior to the date hereof;
- (l) "Outstanding Bonds" shall mean the City's outstanding Gas System Revenue Refunding Bonds, Series Q-2012, dated April 20, 2012, maturing March 1, 2022 and thereafter to the extent, if any,

not refunded with the proceeds of the Series AA-2021 Bonds, the City's outstanding Gas System Revenue Bonds, Series R-2012, dated December 18, 2012, maturing March 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series AA-2021 Bonds, the City's outstanding Gas System Revenue Refunding Bonds, Series S-2013, dated March 15, 2013, maturing March 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series AA-2021 Bonds, the City's outstanding Gas System Revenue Bonds, Series T-2013, dated October 1, 2013, maturing March 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series AA-2021 Bonds, the City's outstanding Gas System Revenue Refunding Bonds, Series U-2015, dated May 1, 2015, maturing March 1, 2022 and thereafter, the City's outstanding Gas System Revenue Bonds, Series V-2016, dated August 5, 2016, maturing March 1, 2022 and thereafter; the City's outstanding Gas System Revenue Refunding Bonds, Series W-2017, dated April 7, 2017, maturing March 1, 2022 and thereafter, the City's outstanding Gas System Revenue Bonds Series X-2017, dated September 15, 2017, maturing March 1, 2022 and thereafter, the City's outstanding Gas System Revenue Bonds, Series Y-2018, dated September 14, 2018, maturing March 1, 2022 and thereafter, and the City's outstanding Gas System Revenue Refunding Bonds, Series Z-2020, dated May 22, 2020, maturing March 1, 2022 and thereafter.

(m) "Parity Bonds" shall mean any bonds issued on a parity with the Series AA-2021 Bonds and the Outstanding Bonds pursuant to the 1988 Resolution;

(n) "Refunded Bonds" shall mean those portions of the City's outstanding Gas System Revenue Refunding Bonds, Series Q-2012, dated April 20, 2012, maturing March 1, 2022 through March 1, 2029, its outstanding Gas System Revenue Bonds, Series R-2012, dated December 18, 2012, maturing March 1, 2022 through March 1, 2033, its outstanding Gas System Revenue Refunding Bonds, Series S-2013, dated March 15, 2013, maturing March 1, 2022 through March 1, 2031 and its outstanding Gas System Revenue Bonds, Series T-2013, dated October 1, 2013, maturing March 1, 2022 through March 1, 2035 that are selected for refunding pursuant to Section 10 hereof;

(o) "Registration Agent" shall mean the registration and paying agent for the Series AA-2021 Bonds designated by the President and Chief Executive Officer of KUB, or any successor as designated by the Board;

(p) "Series AA-2021 Bonds" shall mean the City's Gas System Revenue Refunding Bonds, Series AA-2021, dated the date of their issuance or such other date as shall be determined by the Board pursuant to Section 10 hereof, authorized to be issued by the 1988 Resolution and this resolution in an aggregate principal amount not to exceed \$49,500,000;

(q) "State" shall mean the State of Tennessee; and

(r) "Underwriter" shall mean an investment banking firm qualified to underwrite bonds such as the Series AA-2021 Bonds in the State of Tennessee selected by the President and Chief Executive Officer of KUB.

Section 3. Declarations. It is hereby determined that all requirements of the 1988 Resolution have been or will have been met upon the issuance of the Series AA-2021 Bonds so that the Series AA-2021 Bonds will be issued as Parity Bonds.

Section 4. Findings of the Governing Body. It is hereby found and determined by the Governing Body that the refunding of the Refunded Bonds as set forth herein through the issuance of the Series AA-2021 Bonds will result in a reduction in debt service payable by the City and KUB over the term of the Refunded Bonds, thereby effecting a cost savings to the System.

Section 5. Authorization and Terms of the Series AA-2021 Bonds. (a) For the purpose of providing funds for the payment of principal of and premium and interest on the Refunded Bonds to the earliest

practicable optional redemption date thereof, including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the Series AA-2021 Bonds as more fully set out in Section 10 hereof, there are hereby authorized to be issued revenue bonds of the City in the aggregate principal amount of not to exceed \$49,500,000. The Series AA-2021 Bonds shall be issued in fully registered form, without coupons, shall be known as "Gas System Revenue Refunding Bonds, Series AA-2021" and shall be dated the date of their issuance or such other date as shall be determined by the Board or the President and Chief Executive Officer of KUB as its designee pursuant to Section 10 hereof. The Series AA-2021 Bonds shall bear interest at a rate or rates not to exceed five percent (5.00%) per annum, payable semi-annually on March 1 and September 1 in each year, commencing September 1, 2021 or such later date as is permitted pursuant to Section 10 hereof. The Series AA-2021 Bonds shall be initially issued in \$5,000 denominations or integral multiples thereof as shall be requested by the purchaser thereof. The Series AA-2021 Bonds shall mature and be payable either serially or through mandatory redemption on each March 1 in such years as is established by the Board or the President and Chief Executive Officer of KUB as its designee pursuant to Section 10, provided that the final maturity date shall not be later than March 1, 2035. The final maturity schedule shall be established by the award resolution or certificate awarding the Series AA-2021 Bonds to the successful purchaser thereof or in the Bond Purchase Agreement provided for in Section 10 if the Series AA-2021 Bonds are sold by negotiated sale.

(b) Subject to adjustment pursuant to Section 10 hereof, the Series AA-2021 Bonds maturing on or before March 1, 2030 shall mature without option of prior redemption, and Series AA-2021 Bonds maturing on or after March 1, 2031 shall be subject to redemption prior to maturity at the option of the City, acting through the Board, on or after March 1, 2030, as a whole or in part at any time at a redemption price equal to the principal amount plus interest accrued to the redemption date.

If less than all the Series AA-2021 Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board in its discretion. If less than all the Series AA-2021 Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Series AA-2021 Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Series AA-2021 Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Series AA-2021 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series AA-2021 Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

(c) Pursuant to Section 10 hereof, KUB is authorized to sell the Series AA-2021 Bonds, or any maturities thereof, as term bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by KUB. In the event any or all the Series AA-2021 Bonds are sold as term bonds, KUB shall redeem term bonds on redemption dates corresponding to the maturity dates set forth in the award resolution or certificate awarding the Series AA-2021 Bonds, in amounts so as to achieve an amortization of the indebtedness approved by the Board or the President and Chief Executive Officer of KUB as its designee. DTC, as Depository for the Series AA-2021 Bonds, or any successor Depository for the Series AA-2021 Bonds, shall determine the interest of each Participant in the Series AA-2021 Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as Depository for the Series AA-2021 Bonds, the Series AA-2021 Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, KUB may (i) deliver to the Registration Agent for cancellation Series AA-2021 Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Series AA-2021 Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Series AA-2021 Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of KUB on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Series AA-2021 Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. KUB shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

(d) Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series AA-2021 Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Series AA-2021 Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Series AA-2021 Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series AA-2021 Bonds, as and when above provided, and neither KUB, the City, nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices, in the case of term bonds with mandatory redemption requirements as and when provided herein and in the Series AA-2021 Bonds and, in the case of optional redemption, as and when directed by the Board pursuant to written instructions from an authorized representative of the Board given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Series AA-2021 Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the City or KUB to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

(e) The Series AA-2021 Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the City with the manual or facsimile signature of the Chair of the Board and attested by the manual or facsimile signature of the Secretary of the Board.

(f) The City hereby authorizes and directs the Board to appoint a Registration Agent and paying agent for the Series AA-2021 Bonds, and the Registration Agent so appointed is authorized and directed to maintain Bond registration records with respect to the Series AA-2021 Bonds, to authenticate and deliver the Series AA-2021 Bonds as provided herein, either at original issuance, upon transfer, or as otherwise directed by the Board, to effect transfers of the Series AA-2021 Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Series AA-

2021 Bonds as provided herein, to cancel and destroy Series AA-2021 Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish KUB at least annually a certificate of destruction with respect to Series AA-2021 Bonds canceled and destroyed, and to furnish KUB at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Series AA-2021 Bonds. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed. The Board hereby delegates to the President and Chief Executive Officer of KUB the authority to select and appoint the Registration Agent and any paying agents for the Series AA-2021 Bonds (as well as any successors to any of the foregoing). The Chair of the Board is hereby authorized to execute and the Secretary of the Board is hereby authorized to attest such written agreement between KUB and the Registration Agent as they shall deem necessary or proper with respect to the obligations, duties and rights of the Registration Agent.

(g) The Series AA-2021 Bonds shall be payable, principal and interest, in lawful money of the United States of America at the designated trust office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds on each interest payment date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owners at their addresses shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Series AA-2021 Bonds, and all such payments shall discharge the obligations of KUB in respect of such Series AA-2021 Bonds to the extent of the payments so made. Payment of principal of the Series AA-2021 Bonds shall be made upon presentation and surrender of such Series AA-2021 Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. In the event the Series AA-2021 Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Series AA-2021 Bonds, payment of interest on such Series AA-2021 Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

(h) Any interest on any Series AA-2021 Bond which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid to the persons in whose names the Series AA-2021 Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: KUB shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Series AA-2021 Bond and the date of the proposed payment, and at the same time KUB shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify KUB of such Special Record Date and, in the name and at the expense of KUB, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Series AA-2021 Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as

a result of the failure of KUB to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Series AA-2021 Bonds when due.

(i) The Series AA-2021 Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Series AA-2021 Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Series AA-2021 Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Series AA-2021 Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Series AA-2021 Bond or Series AA-2021 Bonds to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Series AA-2021 Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Series AA-2021 Bond, nor to transfer or exchange any Series AA-2021 Bond after notice calling such Series AA-2021 Bond for redemption has been made, nor to transfer or exchange any Series AA-2021 Bond during the period following the receipt of instructions from KUB to call such Series AA-2021 Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Series AA-2021 Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Series AA-2021 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither KUB nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Series AA-2021 Bonds shall be overdue. Series AA-2021 Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Series AA-2021 Bonds of the same maturity in any authorized denomination or denominations. This subsection shall be applicable only if the Series AA-2021 Bonds are no longer held by a Depository, and as long as the Series AA-2021 Bonds are held by a Depository, transfers of ownership interests in the Series AA-2021 Bonds shall be governed by the rules of the Depository.

(j) Except as otherwise authorized herein, the Series AA-2021 Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as the Depository for the Series AA-2021 Bonds except as otherwise provided herein. References in this Section to a Series AA-2021 Bond or the Series AA-2021 Bonds shall be construed to mean the Series AA-2021 Bond or the Series AA-2021 Bonds that are held under the Book-Entry System. One Series AA-2021 Bond for each maturity of the Series AA-2021 Bonds shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Bond Registrar is a custodian and agent for DTC, and the Series AA-2021 Bond will be immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Series AA-2021 Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Series AA-2021 Bonds. Beneficial ownership interests in the Series AA-2021 Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Series AA-2021 Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Series AA-2021 Bonds. Transfers of ownership interests in the Series AA-2021 Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE SERIES AA-2021 BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE SERIES AA-2021 BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES AA-2021 BONDS, RECEIPT OF NOTICES,

VOTING AND TAKING OR NOT TAKING, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Series AA-2021 Bonds, so long as DTC is the only owner of the Series AA-2021 Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co. as provided in the Letter of Representation relating to the Series AA-2021 Bonds from the City, acting by and through KUB, and the Registration Agent to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. Neither the City, KUB nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as Depository for the Series AA-2021 Bonds or (2) to the extent permitted by the rules of DTC, the Board determines to discontinue the Book-Entry System, the Book-Entry System with DTC shall be discontinued. If the Board fails to identify another qualified securities depository to replace DTC, the Board shall cause the Registration Agent to authenticate and deliver replacement Series AA-2021 Bonds in the form of fully registered Series AA-2021 Bonds to each Beneficial Owner.

NEITHER THE CITY, KUB NOR THE REGISTRATION AGENT SHALL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE SERIES AA-2021 BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES AA-2021 BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS, (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES AA-2021 BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

If the purchaser or Underwriter certifies that it intends to hold the Series AA-2021 Bonds for its own account, then the City may issue, acting by and through KUB, certified Bonds without the utilization of DTC and the Book-Entry System.

(k) In case any Series AA-2021 Bond shall become mutilated, or be lost, stolen, or destroyed, the City, acting by and through KUB, in its discretion, shall issue, and the Registration Agent, upon written direction from KUB, shall authenticate and deliver, a new Series AA-2021 Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Series AA-2021 Bond, or in lieu of and in substitution for such lost, stolen or destroyed Series AA-2021 Bond, or if any such Series AA-2021 Bond shall have matured or shall be about to mature, instead of issuing a substituted Series AA-2021 Bond KUB may pay or authorize payment of such Series AA-2021 Bond without surrender thereof. In every case the applicant shall furnish evidence satisfactory to KUB and the Registration Agent of the destruction, theft or loss of such Series AA-2021 Bond, and indemnity satisfactory to KUB and the Registration Agent; and KUB may charge the applicant for the issue of such new Series AA-2021 Bond an amount sufficient to reimburse KUB for the expense incurred by it in the issue thereof.

(l) The Registration Agent is hereby authorized to authenticate and deliver the Series AA-2021 Bonds to DTC, on behalf of the initial purchaser thereof, or an agent of DTC, upon receipt by KUB of the proceeds of the sale thereof, subject to the rules of the depository, and to authenticate and deliver Series AA-2021 Bonds in exchange for Series AA-2021 Bonds of the same principal amount delivered for

transfer upon receipt of the Series AA-2021 Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Series AA-2021 Bonds shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an authorized representative thereof on the certificate set forth herein on the Series AA-2021 Bond form.

(m) The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Series AA-2021 Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Series AA-2021 Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Series AA-2021 Bonds and provision of notices with respect to Series AA-2021 Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the Beneficial Owners of the Series AA-2021 Bonds, provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this section.

Section 6. Source of Payment. The Series AA-2021 Bonds shall be payable solely from and be secured by a pledge of the Net Revenues of the System as hereinafter provided and as provided in the 1988 Resolution on a parity and equality of lien with the Outstanding Bonds. The punctual payment of principal of and interest on the Series AA-2021 Bonds, the Outstanding Bonds and any Parity Bonds shall be secured equally and ratably by the Net Revenues of the System, without priority by reason of series, number or time of sale and delivery. The owners of the Series AA-2021 Bonds shall have no recourse to the power of taxation of the City.

Section 7. Form of Series AA-2021 Bonds. The Series AA-2021 Bonds shall be in substantially the following form, the omissions to be appropriately completed when the Series AA-2021 Bonds are prepared and delivered:

(Form of Series AA-2021 Bond)

REGISTERED
Number _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF KNOX
CITY OF KNOXVILLE
GAS SYSTEM REVENUE REFUNDING BOND, SERIES AA-2021

Interest Rate: Maturity Date: Date of Bond: CUSIP No.:

Registered Owner:
Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Knoxville, a municipal corporation lawfully organized and existing in Knox County, Tennessee (the "City"), acting by and through the Knoxville Utilities Board ("KUB"), for value received hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth, or upon earlier redemption, as set forth herein, and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date or redemption date, said interest being payable on September 1, 2021, and semi-annually thereafter on the first day of March and September in each year until this Bond matures or is redeemed. Both principal

hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the designated trust office of _____, _____, Tennessee, as registration agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond by check or draft on each interest payment date directly to the registered owner hereof shown on the bond registration records maintained by the Registration Agent as of the close of business on the day which is the fifteenth (15th) day of the month next preceding the interest payment date (the "Regular Record Date") by depositing said payment in the United States mail, postage prepaid, addressed to such owner at such owner's address shown on said bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the City and KUB to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of and premium, if any, on the Bonds shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds of the series of which this Bond is one. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Bond Registrar is a custodian and agent for DTC, and the Bond will be immobilized in its custody. A book-entry system (the "Book-Entry System") shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, as defined in the Resolution, pursuant to rules and procedures established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the City, KUB and the Registration Agent shall treat Cede & Co., as the only owner of the Bonds for all purposes under the Resolution, including receipt of all principal of, premium, if any, and interest on the Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal, maturity amounts, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners, as defined in the Resolution. Neither the City, KUB, nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) to the extent permitted by the rules of DTC, the Board of Commissioners of KUB (the "Board") determines to discontinue the Book-Entry System, the Book-Entry System with DTC shall be discontinued. If the Board fails to identify another qualified securities depository to replace DTC, the Board shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. Neither the City, KUB nor the Registration Agent shall have any responsibility or obligations to any DTC Participant or any Beneficial Owner with respect to (i) the Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts of and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners, (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

The Bonds of the issue of which this Bond is one maturing on or before March 1, 2030 shall mature without option of prior redemption. The Bonds maturing on March 1, 2031 and thereafter shall be subject

to redemption prior to maturity at the option of the City, acting through the Board, on or after March 1, 2030, as a whole or in part at any time at a redemption price equal to the principal amount plus interest accrued to the redemption date.

[If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Series Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.]

[Subject to the credit hereinafter provided, the City acting by and through KUB, shall redeem Bonds maturing on the redemption dates set forth below opposite such maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, as securities depository for the series of Bonds of which this Bond is one, or any successor Depository for the Bonds, shall determine the interest of each Participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as securities depository for the Bonds, the Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and amount of Bonds to be redeemed on said dates are as follows:

<u>Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds to be Redeemed</u>
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*final maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the City, acting through KUB, may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive credit in respect of its redemption obligation under the mandatory redemption provision for any Bonds to be redeemed which prior to said date have been purchased or redeemed (otherwise than by mandatory redemption) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under the mandatory redemption provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of KUB on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of the Bonds to be redeemed by operation of the mandatory redemption provision shall be accordingly reduced. KUB shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this paragraph are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the City, but only upon direction of the Board, not fewer than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly given as set forth in the Resolution, as hereafter defined. In the case of a Conditional Redemption, the failure of the City or KUB to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.]

The Bonds of the issue of which this Bond is one are issuable only as fully registered Bonds, without coupons, in the denomination of Five Thousand Dollars (\$5,000) or any authorized integral multiple thereof. At the designated trust office of the Registration Agent, in the manner and subject to the limitations, conditions and charges provided in the Resolution, fully registered Bonds may be exchanged for an equal aggregate principal amount of fully registered Bonds of the same maturity, of authorized denominations, and bearing interest at the same rate. The Bonds shall be numbered consecutively from one upwards and will be made eligible for the Book-Entry System of DTC. Except as otherwise provided in this paragraph and the Resolution, as hereinafter defined, the Bonds shall be registered in the name of Cede & Co. as nominee of DTC. The Board may discontinue use of DTC for Bonds at any time upon determination by the Board that the use of DTC is no longer in the best interest of the beneficial owners of the Bonds. Upon such determination, registered ownership of the Bonds may be transferred on the registration books maintained by the Registration Agent, and the Bonds may be delivered in physical form to the following:

- i. any successor of DTC or its nominee;
- ii. any substitute depository to which the Registration Agent does not unreasonably object, upon (a) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (b) a determination by the Board that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; or
- iii. any person, upon (a) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository, or (b) termination by the Board of the use of DTC (or substitute depository or its successor).

In the event that this Bond is no longer held in a Book-Entry System by DTC, this Bond shall be transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the designated trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denomination or denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the City, KUB nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments

due on the Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the Board to call such Bond for redemption.

This Bond is one of a total authorized issue aggregating \$49,500,000 and issued by the City, acting by and through KUB, for the purpose of providing funds to refinance the outstanding principal amount of the City's outstanding Gas System Revenue Refunding Bonds, Series Q-2012, dated April 20, 2012, maturing March 1, 2022 through March 1, 2029 (the "Series Q-2012 Bonds"), its outstanding Gas System Revenue Bonds, Series R-2012, dated December 18, 2012, maturing March 1, 2022 through March 1, 2033 (the "Series R-2012 Bonds"), its outstanding Gas System Revenue Refunding Bonds, Series S-2013, dated March 15, 2013, maturing March 1, 2022 through March 1, 2031 (the "Series S-2013 Bonds") and its outstanding Gas System Revenue Bonds, Series T-2013, dated October 1, 2013, maturing March 1, 2022 through March 1, 2035 (the "Series T-2013 Bonds" and together with the Series Q-2012 Bonds, the Series R-2012 Bonds and the Series S-2013 Bonds, the "Refunded Bonds"), including the payment of legal, fiscal and administrative costs incident thereto and costs incident to the issuance of the Bonds, under and in full compliance with the Constitution and statutes of the State of Tennessee, including Sections 7-34-101 et seq. and Section 9-21-101 et seq., Tennessee Code Annotated, and pursuant to Resolution No. R-25-88 duly adopted by the City Council of the City on February 9, 1988, as supplemented and amended by Resolution No. R-22-97, Resolution No. R-421-98, Resolution No. R-150-01, Resolution No. R-333-2010 and Resolution No. R-229-2018, and as otherwise supplemented prior to the date hereof (as supplemented and amended, the "Resolution").

This Bond, and interest hereon, are payable solely from and secured by a pledge of the income and revenues to be derived from the operation of the gas distribution system of the City (the "System"), subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing, and insuring the System. The Bonds of the series of which this Bond is one shall enjoy complete parity and equality of lien with the City's outstanding Gas System Revenue Refunding Bonds, Series Q-2012, dated April 20, 2012, maturing March 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series AA-2021 Bonds, the City's outstanding Gas System Revenue Bonds, Series R-2012, dated December 18, 2012, maturing March 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series AA-2021 Bonds, the City's outstanding Gas System Revenue Refunding Bonds, Series S-2013, dated March 15, 2013, maturing March 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series AA-2021 Bonds, the City's outstanding Gas System Revenue Bonds, Series T-2013, dated October 1, 2013, maturing March 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series AA-2021 Bonds, the City's outstanding Gas System Revenue Refunding Bonds, Series U-2015, dated May 1, 2015, maturing March 1, 2022 and thereafter, the City's outstanding Gas System Revenue Bonds, Series V-2016, dated August 5, 2016, maturing March 1, 2022 and thereafter, the City's outstanding Gas System Revenue Refunding Bonds, Series W-2017, dated April 7, 2017, maturing March 1, 2022 and thereafter, the City's outstanding Gas System Revenue Bonds, Series X-2017, dated September 15, 2017, maturing March 1, 2022 and thereafter, the City's outstanding Gas System Revenue Bonds, Series Y-2018, dated September 14, 2018, maturing March 1, 2022 and thereafter, and the City's outstanding Gas System Revenue Refunding Bonds, Series Z-2020, dated May 22, 2020, maturing March 1, 2022 and thereafter (collectively, the "Outstanding Bonds"). As provided in the Resolution, the punctual payment of principal of, premium, if any, and interest on the series of Bonds of which this Bond is one, the Outstanding Bonds, and any other bonds issued on a parity therewith pursuant to the terms of the Resolution shall be secured equally and ratably by said revenues without priority by reason of series, number or time of sale or delivery. The owner of this Bond shall have no recourse to the power of taxation of the City. The Board has covenanted that it will fix and impose such rates and charges for the services rendered by the System

and will collect and account for sufficient revenues to pay promptly the principal of and interest on this Bond and the issue of which it is a part, as each payment becomes due. For a more complete statement of the revenues from which and conditions under which this Bond is payable, a statement of the conditions on which obligations may hereafter be issued on a parity with this Bond, the general covenants and provisions pursuant to which this Bond is issued and the terms upon which the Resolution may be modified, reference is hereby made to the Resolution.

Under existing law, this Bond and the income therefrom are exempt from all present state, county and municipal taxation in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on this Bond during the period such Bond is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee and (b) Tennessee franchise taxes by reason of the inclusion of the book value of this Bond in the Tennessee franchise tax base or any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of either the City or KUB, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the City acting by and through the Board has caused this Bond to be signed by the Chair of the Board by his manual or facsimile signature and attested by the Secretary of the Board by his manual or facsimile signature, all as of the date hereinabove set forth.

CITY OF KNOXVILLE
by and through the
KNOXVILLE UTILITIES BOARD

By: _____
Chair

ATTESTED:

Secretary

Transferable and payable at the
designated trust office of: _____
_____, Tennessee

Date of Registration: _____

This Bond is one of the issue of Bonds issued pursuant to the Resolution hereinabove described.

Registration Agent

By: _____
Authorized Representative

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto _____, [Please insert Federal Tax Identification Number or Social Security Number of Assignee _____] whose address is _____, the within bond of the City of Knoxville, Tennessee, and does hereby irrevocably constitute and appoint _____, _____, Tennessee, attorney, to transfer the said bond on the records kept for registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of a Medallion Program acceptable to the Registration Agent.

Section 8. Equality of Lien; Pledge of Net Revenues. The punctual payment of principal of, premium, if any, and interest on the Series AA-2021 Bonds, the Outstanding Bonds and any Parity Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of series, number or time of sale or execution or delivery, and the Net Revenues of the System are hereby irrevocably pledged to the punctual payment of such principal, premium and interest as the same become due.

Section 9. Applicability of the 1988 Resolution. The Series AA-2021 Bonds are issued in compliance with the 1988 Resolution so as to be on a parity with the Outstanding Bonds, and, when duly delivered, the Series AA-2021 Bonds shall constitute a series of bonds issued under the authority of the 1988 Resolution. All recitals, provisions, covenants and agreements contained in the 1988 Resolution, as supplemented and amended herein (except insofar as any of said recitals, provisions, covenants and agreements necessarily relate exclusively to any series of the Outstanding Bonds) are hereby ratified and confirmed and incorporated herein by reference and, for so long as any of the Series AA-2021 Bonds shall be outstanding and unpaid either as to principal or interest, or until discharge and satisfaction of the Series AA-2021 Bonds as provided in Section 12 hereof, shall be applicable to the Series AA-2021 Bonds, shall inure to the benefit of owners of the Series AA-2021 Bonds as if set out in full herein, and shall be fully enforceable by the owner of any Series AA-2021 Bond.

All references to "holder" or "holders" in the 1988 Resolution shall be deemed to include owners of the Series AA-2021 Bonds, and all references to "Bonds" in the 1988 Resolution shall be deemed to include the Series AA-2021 Bonds.

Section 10. Sale of Series AA-2021 Bonds.

(a) The Series AA-2021 Bonds or any emission thereof may be sold at negotiated sale to the Underwriter or at public sale as determined by the President and Chief Executive Officer of KUB at a price of not less than 98.00% of par, exclusive of original issue discount, plus accrued interest, if any, provided, however, that no emission of Series AA-2021 Bonds may be sold at negotiated sale unless the Audit and Finance Committee of the Board has previously approved the sale of such emission at negotiated sale. The sale of any emission of the Series AA-2021 Bonds to the Underwriter or by public sale shall be binding on the City and KUB, and no further action of the Board with respect thereto shall be required.

(b) The President and Chief Executive Officer of KUB, as the designee of the Board, is further authorized with respect to each emission of Series AA-2021 Bonds to:

- (1) change the dated date to a date other than the date of issuance;
- (2) specify or change the series designation of the Series AA-2021 Bonds to a designation other than "Gas System Revenue Refunding Bonds";
- (3) change the first interest payment date to a date other than September 1, 2021, provided that such date is not later than twelve months from the dated date of such emission of Series AA-2021 Bonds;
- (4) establish and adjust the principal and interest payment dates and determine maturity or mandatory redemption amounts of the Series AA-2021 Bonds or any emission thereof, provided that (A) the total principal amount of all emissions of the Series AA-2021 Bonds does not exceed the total amount of Series AA-2021 Bonds authorized herein; (B) the final maturity date of each emission shall be not later than March 1, 2035; and (C) the debt service schedule is substantially the same as what was presented to the State Director in connection with requesting a report on the refunding of the Refunded Bonds;
- (5) modify or remove the optional redemption provisions contained herein, provided that the premium amount to be paid in connection with any redemption provision shall not exceed two percent (2%) of the principal amount thereof;
- (6) sell the Series AA-2021 Bonds, or any emission thereof, or any maturities thereof as term bonds with mandatory redemption requirements as determined by the Board, as it shall deem most advantageous to KUB; and
- (7) cause all or a portion of the Series AA-2021 Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company to achieve the purposes set forth herein and to serve the best interests of KUB and to enter into agreements with such insurance company to the extent not inconsistent with this Resolution.

(c) If any emission of Series AA-2021 Bonds is sold at negotiated sale, the President and Chief Executive Officer of KUB is authorized to execute a Bond Purchase Agreement with respect to such emission of Series AA-2021 Bonds, providing for the purchase and sale of the Series AA-2021 Bonds, or any emission thereof. Each Bond Purchase Agreement shall be in substantially the form attached hereto as Exhibit A, with such changes as the President and Chief Executive Officer deems necessary or advisable in connection with the sale of such Series AA-2021 Bonds, provided any such changes are not inconsistent with the terms of this Section. If the Underwriter does not intend to reoffer the Series AA-2021 Bonds to the public, then the Bond Purchase Agreement shall be conformed to reflect such intention. The form of the Series AA-2021 Bond set forth in Section 7 hereof shall be conformed to reflect any changes made pursuant to this Section 10.

(d) The President and Chief Executive Officer and the Chief Financial Officer of KUB, or either of them, are authorized to cause the Series AA-2021 Bonds, in book-entry form (except as otherwise authorized herein), to be authenticated and delivered by the Registration Agent to the purchaser(s), and to execute, publish, and deliver all certificates and documents, including an official statement, the Bond Purchase Agreement and closing certificates, as they shall deem necessary in connection with the sale and delivery of each emission of the Bonds.

(e) If the Series AA-2021 Bonds are sold at public sale, the Series AA-2021 Bonds shall be awarded by the President and Chief Executive Officer of KUB to the bidder that offers to purchase the Bonds for the lowest true interest cost to KUB.

Section 11. Disposition of Series AA-2021 Bond Proceeds. The proceeds of the sale of the Series AA-2021 Bonds shall be paid to KUB and used and applied by KUB as follows:

(a) All accrued interest, if any, shall be deposited to the Debt Service Fund created under the 1988 Resolution and used to pay interest on the Series AA-2021 Bonds on the first interest payment date following delivery of the Series AA-2021 Bonds;

(b) An amount, which together with investment earnings thereon and legally available funds of KUB, if any, will be sufficient to pay principal of, premium, if any, and interest on the Refunded Bonds (subject to adjustments permitted by Section 10 above), shall be applied by KUB directly to refund the Refunded Bonds; and

(c) The remainder shall be applied to the payment of costs of issuance relating to the AA-2021 Bonds. If there are any remaining proceeds of the Series AA-2021 Bonds after application as provided above, such remaining proceeds shall be used to pay principal and/or interest on the Series AA-2021 Bonds.

Section 12. Discharge and Satisfaction of Series AA-2021 Bonds. If KUB, on behalf of the City, shall pay and discharge the indebtedness evidenced by any of the Series AA-2021 Bonds or Parity Bonds (referred to hereinafter, collectively, in this Section as the "Bonds") in any one or more of the following ways:

(a) By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

(b) By depositing or causing to be deposited with any financial institution which has trust powers and which is regulated by and the deposits of which are insured by the Federal Deposit Insurance Corporation or similar federal agency ("an Agent"; which Agent may be the Registration Agent), in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay premium, if any, and interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice); or

(c) By delivering such Bonds to the Registration Agent, for cancellation by it;

and if KUB, on behalf of the City, shall also pay or cause to be paid all other sums payable hereunder by KUB or the City with respect to such Bonds or make adequate provision therefor, and by resolution of the Board instruct any such Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest and redemption premiums, if any, on such Bonds when due, then and

in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, liens, pledges, agreements and obligations entered into, created, or imposed hereunder, including the pledge of and lien on the Net Revenues of the System set forth herein, shall be fully discharged and satisfied with respect to such Bonds and the owners thereof and shall thereupon cease, terminate and become void.

If KUB, on behalf of the City, shall pay and discharge or cause to be paid and discharged the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Defeasance Obligations nor moneys deposited with the Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and premium, if any, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to KUB as received by the Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and premium, if any, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments, to the extent not needed for the payment of such principal, premium and interest, shall be paid over to KUB, as received by the Agent. For the purposes of this Section, Defeasance Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee Law for the purposes described in this Section, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

No redemption privilege shall be exercised with respect to the Series AA-2021 Bonds or any Parity Bonds except at the option and election of the Board. The right of redemption set forth herein shall not be exercised by any Registration Agent or Agent unless expressly so directed in writing by an authorized representative of the Board.

Section 13. Notice of Refunding. Prior to the issuance of the Series AA-2021 Bonds, notice of the City's intention to refund the Refunded Bonds, to the extent required by applicable law, shall be given by the registration agent for the Refunded Bonds to be mailed by first-class mail, postage prepaid, to the registered holders thereof, as of the date of the notice, as shown on the bond registration records maintained by such registration agent of said Refunded Bonds. The President and Chief Executive Officer of KUB and the Secretary of the Board, or either of them, is hereby authorized and directed to authorize the registration agent of said Refunded Bonds to give such notice on behalf of the City in accordance with this Section.

Section 14. Federal Tax Matters. The City and KUB recognize that the purchasers and owners of the Series AA-2021 Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon will not be included in gross income for purposes of federal income taxation under laws in force on the date of delivery of the Series AA-2021 Bonds. In this connection, KUB, on behalf of the City, agrees that it shall take no action which may render the interest on any of the Series AA-2021 Bonds includable in gross income for purposes of federal income taxation. It is the reasonable expectation of the City and KUB that the proceeds of the Series AA-2021 Bonds will not be used in a manner which will cause the Series AA-2021 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Series AA-2021 Bonds and other related funds established for the purposes herein set out, shall be used and spent expeditiously for the purposes described herein. In the event Section 148(f) of the Code shall require the payment of any investment proceeds of the

Series AA-2021 Bonds to the United States government, KUB will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Series AA-2021 Bonds from becoming taxable. The Chair of the Board, the Secretary of the Board, the President and Chief Executive Officer of KUB and Chief Financial Officer of KUB, or any of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as any or all shall deem appropriate, and such certifications shall constitute a representation and certification of the City and KUB.

Section 15. Official Statement. The President and Chief Executive Officer of KUB, or his designee, is hereby authorized and directed to provide for the preparation and distribution of a Preliminary Official Statement describing the Series AA-2021 Bonds. After the Series AA-2021 Bonds have been awarded, the President and Chief Executive Officer of KUB, or his designee, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The President and Chief Executive Officer of KUB, or his designee, shall arrange for the delivery to the purchaser of the Series AA-2021 Bonds of a reasonable number of copies of the Official Statement within seven business days after the Series AA-2021 Bonds have been awarded for subsequent delivery by the purchaser to each potential investor requesting a copy of the Official Statement and to each person to whom such purchaser and members of his group initially sell the Series AA-2021 Bonds.

The President and Chief Executive Officer of KUB, or his designee is authorized, on behalf of the Board, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the Board except for the omission in the Preliminary Official Statement of such pricing and other information.

Section 16. Continuing Disclosure. The City hereby covenants and agrees that KUB will provide annual financial information and material event notices for the Series AA-2021 Bonds as required by Rule 15c2-12 of the Securities and Exchange Commission. The Chief Financial Officer of KUB is authorized to execute at the closing of the sale of the Series AA-2021 Bonds, an agreement for the benefit of and enforceable by the owners of the Series AA-2021 Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of KUB to comply with the undertaking herein described and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause KUB to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 17. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 18. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Adopted and approved this 9th day of March, 2021.

Mayor

ATTEST:

City Recorder

EXHIBIT A

\$49,500,000
CITY OF KNOXVILLE, TENNESSEE
ACTING ON BEHALF OF KNOXVILLE UTILITIES BOARD
GAS SYSTEM REVENUE REFUNDING BONDS, SERIES AA-2021

BOND PURCHASE AGREEMENT

_____, 2021

Knoxville Utilities Board
445 South Gay Street
Knoxville, Tennessee 37902

Gentlemen:

The undersigned (the "Underwriter") offers to enter into this agreement with Knoxville Utilities Board ("KUB") which, upon your acceptance of this offer, will be binding upon you and upon us.

This offer is made subject to your acceptance of this agreement on or before 5:00 p.m., Eastern Standard Time, on _____, 2021.

1. Purchase Price.

Upon the terms and conditions and upon the basis of the respective representations, warranties and covenants set forth herein, the Underwriter hereby agrees to purchase from KUB, and KUB hereby agrees to sell to the Underwriter, all (but not less than all) of \$49,500,000 aggregate principal amount of KUB's Gas System Revenue Refunding Bonds, Series AA-2021 (the "Bonds"). The purchase price is \$ _____ plus accrued interest and shall be paid in accordance with paragraph 6 hereof. The purchase price is equal to the par amount of the Bonds less \$ _____ original issue discount, less \$ _____ underwriter's discount and plus accrued interest. The Bonds are to be issued under and pursuant to, and are to be secured by the Resolution (the "Bond Resolution") adopted on March 9, 2021, by the City Council of the City of Knoxville (the "City") at the request of KUB. The Bonds shall mature on the dates and shall bear interest at the rates all as described in the Official Statement referred to in Section 3 hereof. The maturities, rates and discount at which the Bonds are being sold are more fully described on **Schedule I** attached hereto.

The Bonds are being issued to provide funds to refinance the outstanding principal amount of the City's outstanding Gas System Revenue Refunding Bonds, Series Q-2012, dated April 20, 2012, maturing March 1, 2022 through March 1, 2029 (the "Series Q-2012 Bonds"), its outstanding Gas System Revenue Bonds, Series R-2012, dated December 18, 2012, maturing March 1, 2022 through March 1, 2033 (the "Series R-2012 Bonds"), its outstanding Gas System Revenue Refunding Bonds, Series S-2013, dated March 15, 2013, maturing March 1, 2022 through March 1, 2031 (the "Series S-2013 Bonds") and its outstanding Gas System Revenue Bonds, Series T-2013, dated October 1, 2013, maturing March 1, 2022 through March 1, 2035 (the "Series T-2013 Bonds" and together with the Series Q-2012 Bonds, the Series R-2012 Bonds and the Series S-2013 Bonds, the "Refunded Bonds"), including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the Bonds.

2. Public Offering.

The Underwriter intends to make an initial bona fide public offering of all of the Bonds at not in excess of the public offering prices set forth on the cover of the Official Statement and may subsequently change such offering price without any requirement of prior notice. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover of the Official Statement. The Underwriter reserves the right (i) to over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market; and (ii) to discontinue such stabilizing, if commenced at any time without prior notice.

3. Official Statement.

(a) KUB has provided the Underwriter with information that constitutes a "deemed final" official statement for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 ("Rule 15c2-12"). Concurrently with KUB's acceptance of this Bond Purchase Agreement, KUB shall deliver or cause to be delivered to the Underwriter two copies of the Official Statement (as hereinafter defined) relating to the Bonds dated the date hereof substantially in the same form as the Preliminary Official Statement with only such changes as shall have been accepted by the Underwriter.

(b) Within seven (7) business days from the date hereof and within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, KUB shall deliver to the Underwriter copies of the Official Statement of KUB, dated the date hereof, relating to the Bonds, in sufficient quantity as may reasonably be requested by the Underwriter in order to comply with Rule 15c2-12 and any applicable rules of the Municipal Securities Rulemaking Board, in substantially the form approved by KUB (which, together with the cover page, and all exhibits, appendices, and statements included therein or attached thereto and any amendments and supplements that may be authorized for use with respect to the Bonds is herein called the "Official Statement"), executed on behalf of KUB by a duly authorized officer of KUB. You hereby authorize and approve the Official Statement and other pertinent documents referred to in Section 6 hereof to be lawfully used in connection with the offering and sale of the Bonds. You also acknowledge and ratify the use by the Underwriter, prior to the date hereof, of the Preliminary Official Statement in connection with a public offering of the Bonds.

(c) If, prior to the Closing (as defined in Section 5 below) or within twenty-five (25) days subsequent to the end of the underwriting period as such term is used for purposes of Rule 15c2-12, any event shall occur with respect to KUB or KUB shall receive notice of the occurrence of any other event that might or would cause the information contained in the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, KUB shall so notify the Underwriter. KUB agrees to amend or supplement the Official Statement whenever requested by the Underwriter when in the reasonable judgment of the Underwriter such amendment or supplementation is required and to furnish the Underwriter with sufficient quantities of such amendment or supplement in order to permit the Underwriter to comply with Rule 15c2-12.

4. Representations and Warranties.

KUB hereby represents and warrants to the Underwriter that:

(a) KUB is duly existing pursuant to the Charter of the City and is authorized by such Charter to operate and manage the System. KUB has duly authorized all necessary action to be taken by it for: (i) the issuance and sale of the Bonds upon the terms set forth herein and in the Official Statement; (ii) the approval of the Official Statement and the signing of the Official Statement by a duly authorized officer; (iii) the execution, delivery and receipt of this Bond Purchase Agreement, the Bonds and any and all such

other agreements and documents as may be required to be executed, delivered and received by KUB in order to carry out, give effect to, and consummate the transactions contemplated hereby, by the Bonds, the Official Statement and the Bond Resolution;

(b) When executed by the respective parties thereto, this Bond Purchase Agreement will constitute legal, valid and binding obligation of KUB enforceable in accordance with its terms;

(c) The information and statements contained in the Preliminary Official Statement, as of its date and as of the date hereof, did not and do not contain any untrue statement of a material fact or omit to state any material fact which was necessary in order to make such information and statements, in the light of the circumstances under which they were made, not misleading;

(d) The information and statements contained in the Official Statement, as of its date and as of the Closing, are and will be correct and complete in all material respects and do not and will not contain any untrue statement of a material fact or omit to state any material fact which is necessary in order to make such information and statements, in the light of the circumstances under which they were made, not misleading;

(e) KUB has complied, and will at the Closing be in compliance, in all respects with the obligations on its part contained in the Bond Resolution and the laws of the State of Tennessee (the "State"), including the Act;

(f) The City has duly adopted the Bond Resolution, and the City and KUB have (a) duly authorized and approved the distribution of the Preliminary Official Statement, (b) duly authorized and approved the execution and delivery of the Official Statement, (c) duly authorized and approved the execution and delivery of, and the performance by KUB of the obligations on its part contained in, the Bonds, the Bond Resolution and this Bond Purchase Agreement, and (d) duly authorized and approved the consummation by it of all other transactions contemplated by this Bond Purchase Agreement and the Official Statement;

(g) KUB is not in breach of or default under any applicable law or administrative regulation of the State or the United States in any manner related to or affecting the transactions contemplated hereby or in breach of or default under any applicable judgment or decree or any loan agreement, note, resolution, ordinance, agreement or other instrument to which KUB is a party or to which it or any of its property is otherwise subject; and the execution and delivery of this Bond Purchase Agreement, the Bonds and the adoption of the Bond Resolution, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, note, resolution, ordinance, agreement or other instrument to which KUB is a party or to which it or any of its property is otherwise subject;

(h) Except as may be required under the securities or "blue sky" laws of any state, all approvals, consents, authorizations and orders of, filings with or certifications by any governmental authority, board, agency or commission having jurisdiction, which would constitute a condition precedent to the performance by KUB of its obligations hereunder and under the Bond Resolution and the Bonds, have been obtained;

(i) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of KUB, threatened against KUB or others (a) affecting KUB or the corporate existence of KUB or the titles of its officers to their respective offices, (b) seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of Net Revenues pledged to pay the principal of and interest on the Bonds, or the pledge thereof, (c) in any way contesting or affecting the transactions contemplated hereby or by the Official Statement or by the validity or enforceability of the Bonds, the Bond Resolution or this Bond Purchase

Agreement, (d) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or (e) contesting the powers or authority of KUB for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and delivery of this Bond Purchase Agreement;

(j) KUB will not take or omit to take any action that will in any way cause the proceeds from the sale of the Bonds and other moneys of KUB to be transferred on the date of issuance of the Bonds to be applied or result in such proceeds and other moneys being applied in a manner other than as provided in or permitted by the Bond Resolution and consistent with the utilization described in the Official Statement;

(k) KUB agrees reasonably to cooperate with the Underwriter and its counsel in any endeavor to qualify the Bonds for offering and sale under the securities or "blue sky" laws of such jurisdictions of the United States as the Underwriter may request. KUB hereby consents to the use of the Official Statement and the Bond Resolution by the Underwriter in obtaining any qualification required;

(l) If at any time from the date of this Bond Purchase Agreement through 25 days following the "end of the underwriting period" (as defined in Rule 15c2-12 described below) any event shall occur that might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, KUB shall notify the Underwriter and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, KUB will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter. If the Official Statement is so supplemented or amended prior to the Closing, such approval by the Underwriter of a supplement or amendment to the Official Statement shall not preclude the Underwriter from thereafter terminating this Bond Purchase Agreement, and if the Official Statement is so amended or supplemented subsequent to the date hereof and prior to the Closing, the Underwriter may terminate this Bond Purchase Agreement by notification to KUB at any time prior to the Closing if, in the judgment of the Underwriter, such amendment or supplement has or will have a material adverse effect on the marketability of the Bonds;

(m) KUB has duly authorized and approved the execution and delivery of this Bond Purchase Agreement and the performance by KUB of the obligations on its part contained herein;

(n) KUB is not, nor has it at any time, been in default in the payment of principal of or interest on any obligation issued or guaranteed by KUB;

(o) Any certificate signed by an authorized officer of KUB and delivered to the Underwriter at or prior to the Closing shall be deemed a representation and warranty by KUB in connection with this Bond Purchase Agreement to the Underwriter as to the statements made therein upon which the Underwriter shall be entitled to rely. KUB covenants that between the date hereof and the Closing, it will not take any action that will cause the representations and warranties made herein to be untrue as of the Closing;

(p) The Bonds, when issued, authenticated and delivered in accordance with the Bond Resolution and sold to the Underwriter as provided herein, will be validly issued and outstanding special obligations of KUB entitled to the benefits of the Bond Resolution;

(q) KUB has lawful authority to operate the System, to consummate the transactions contemplated by the Official Statement and collect revenues, fees and other charges in connection with the System and through its Board of Commissioners, to fix the rates, fees and other charges with respect to the System; and

(r) KUB hereby covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about KUB, for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under paragraph (b)(5) of Rule 15c2-12. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed in writing by the Underwriter. KUB represents that it has complied in all respects with its obligations to provide continuing disclosure of certain information as described in that certain Continuing Disclosure Certificate entered into in connection with the issuance of the Bonds.

5. Delivery of, and Payment for, the Bonds.

At 10:00 a.m. on or about _____, 2021, or at such other time or date as shall have been mutually agreed upon by KUB and the Underwriter, KUB will deliver, or cause to be delivered, to the Underwriter the other documents hereinafter mentioned and, subject to the conditions contained herein, the Underwriter will accept such delivery and pay the purchase price of the Bonds plus accrued interest payable to the order of KUB, in federal funds or other immediately available funds by delivering to KUB such funds by wire transfer to KUB or its designated agent except that physical delivery of the Bonds shall be made through the facilities of the Depository Trust Company.

Payment for the Bonds shall be confirmed and delivery of the documents as aforesaid shall be made at the offices of KUB, or such other place as may be agreed upon by the Underwriter and KUB. Such payment and delivery is herein called the "Closing." The Bonds will be delivered as fully registered bonds in such names and in such denominations as shall be designated in writing by the Underwriter to KUB at Closing.

6. Certain Conditions to Underwriter's Obligations.

The obligations of the Underwriter hereunder shall be subject to (i) the performance by KUB of its obligations to be performed hereunder, (ii) the accuracy in all material respects of the representations and warranties of KUB herein as of the date hereof and as of the date of the Closing, and (iii) to the following conditions:

(a) At the time of Closing, (i) the Bond Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, (ii) the proceeds of the sale of the Bonds shall be applied as described in the Official Statement, and (iii) KUB shall have duly adopted and there shall be in full force and effect such other resolutions as, in the opinion of Bass, Berry & Sims PLC, Knoxville, Tennessee ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby;

(b) At or prior to the Closing, the Underwriter shall have received an executed copy of each of the following documents:

(1) the approving opinion, dated the date of the Closing, of Bond Counsel addressed to KUB and the Underwriter, relating to, among other things, the validity of the Bonds [and the exclusion from gross income of the interest on the Bonds for federal and State of Tennessee income tax purposes,] in substantially the form set forth as Appendix _ to the Official Statement;

(2) a supplemental opinion, dated the date of the Closing, of Bond Counsel addressed to the Underwriter in substantially the form of Exhibit A hereto;

(3) an opinion, dated the date of the Closing, of Hodges, Doughty & Carson, Knoxville, Tennessee, counsel to KUB, addressed to KUB, Bond Counsel and the Underwriter in substantially the form of Exhibit B hereto;

(4) a certificate of KUB, dated the date of the Closing and signed by a duly authorized officer of KUB and in form and substance reasonably satisfactory to the Underwriter, to the effect that (i) since the execution of the Bond Purchase Agreement no material and adverse change has occurred in the financial position of the System or results of operations of the System; (ii) KUB has not incurred any material liabilities secured by the Net Revenues of the System other than in the ordinary course of business or as set forth in or contemplated by the Official Statement; and (iii) no event affecting KUB has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein not misleading as of the date of Closing;

(5) the Official Statement executed on behalf of KUB by a duly authorized officer thereof;

(6) the Bond Resolution and the Bonds;

(7) a certificate of a duly authorized officer of KUB, satisfactory to the Underwriter, dated the date of Closing, stating that such officer is charged, either alone or with others, with the responsibility for issuing the Bonds; setting forth, in the manner permitted by Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), the reasonable expectations of KUB as of such date as to the use of proceeds of the Bonds and of any other funds of KUB expected to be used to pay principal or interest on the Bonds and the facts and estimates on which such expectations are based; and stating that, to the best of the knowledge and belief of the certifying officer, KUB's expectations are reasonable;

(8) evidence indicating a rating on the Bonds of "___" by [rating agency];

(9) other certificates of KUB listed on a Closing Memorandum to be approved by counsel to KUB, Bond Counsel and counsel to the Underwriter, including any certificates or representations required in order for Bond Counsel to deliver the opinion referred to in Paragraph 6(b)(1) of this Bond Purchase Agreement; and such additional legal opinions, certificates, proceedings, instruments and other documents as the counsel to the Underwriter or Bond Counsel may reasonably request to evidence compliance by KUB with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of KUB contained herein and the due performance or satisfaction by KUB at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by KUB.

All such opinions, certificates, letters, agreements and documents will be in compliance with the provisions hereof only if they are satisfactory in form and substance to the Underwriter and counsel to the Underwriter. KUB will furnish the Underwriter with such conformed copies or photocopies of such opinions, certificates, letters, agreements and documents as the Underwriter may reasonably request.

(c) The Underwriter shall have received within seven (7) business days from the date hereof and within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, the Official Statement in sufficient quantity as may be reasonably requested by the Underwriter in order to comply with Rule 15(c) 2-12.

7. Termination.

The Underwriter shall have the right to cancel its obligation to purchase the Bonds if (i) between the date hereof and the Closing, legislation shall be enacted or recommended to the Congress or

otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, or a bill to amend the Internal Revenue Code (which, if enacted, would take effect in whole or in part prior to the Closing) shall be filed in either house, or recommended for passage by the Congress by any joint or conference committee thereof, or a decision by a court of the United States or the United States Tax Court shall be rendered, or a ruling, regulation or statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed to be made, with respect to the federal taxation upon interest on obligations of the general character of the Bonds, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly of changing the federal income tax consequences of any of the transactions contemplated in connection herewith, including the tax-exempt status of KUB and, in the opinion of the Underwriter, materially adversely affects the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, or (ii) there shall exist any event which in the Underwriter's judgment either (a) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (b) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect, or (iii) there shall have occurred any outbreak of hostilities or any national or international calamity or crisis including financial crisis, or a financial crisis or a default with respect to the debt obligations of, or the institution of proceedings under the federal or the state bankruptcy laws by or against the State of Tennessee or any subdivision, agency or instrumentality of such State, the effect of which on the financial markets of the United States being such as, in the reasonable judgment of the Underwriter, would make it impracticable for the Underwriter to market the Bonds or to enforce contracts for the sale of the Bonds, or (iv) there shall be in force a general suspension of trading on the New York Stock Exchange, or (v) a general banking moratorium shall have been declared by either federal, Tennessee or New York authorities, or (vi) there shall have occurred since the date of this Bond Purchase Agreement any material adverse change in the financial position of the System, except for changes which the Official Statement discloses have occurred or may occur, or (vii) legislation shall be enacted or any action shall be taken by the Securities and Exchange Commission which, in the opinion of counsel for the Underwriter, has the effect of requiring the contemplated distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or the Bond Resolution or any other document executed in connection with the transactions contemplated hereof to be qualified under the Trust Indenture Act of 1939, as amended, or (viii) a stop order, ruling, regulation or official statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of the Bonds, or of obligations of the general character of the Bonds as contemplated hereby, or the offering of any other obligation which may be represented by the Bonds is in violation of any provision of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or the Trust Indenture Act of 1939, as amended, or (ix) any state blue sky or securities commission shall have withheld registration, exemption or clearance of the offering, and in the reasonable judgment of the Underwriter the market for the Bonds is materially affected thereby.

If KUB shall be unable to satisfy any of the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement and such condition is not waived by the Underwriter, or if the obligations of the Underwriter to purchase and accept delivery of the Bonds shall be terminated or canceled for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor KUB shall be under further obligation hereunder; except that the respective obligations to pay expenses, as provided in Section 10 hereof, shall continue in full force and effect.

8. Particular Covenants.

KUB covenants and agrees with the Underwriter as follows:

(a) KUB shall use its best efforts to furnish or cause to be furnished to the Underwriter, without charge, as many copies of the Official Statement as the Underwriter may reasonably request;

(b) Before revising, amending or supplementing the Official Statement, KUB shall furnish a copy of the revised Official Statement or such amendment or supplement to the Underwriter. If in the opinion of KUB and the Underwriter a supplement or amendment to the Official Statement is required, KUB will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter and its counsel.

9. Survival of Representations.

All representations, warranties and agreements of KUB hereunder shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of the Bonds.

10. Payment of Expenses.

Whether or not the Bonds are sold to the Underwriter by KUB, KUB shall pay, but only out of the proceeds of the sale of the Bonds or other funds made available by KUB, any expenses incident to the performance of its obligations hereunder, including but not limited to: (i) the cost of the preparation and printing of the Official Statement and any supplements thereto, together with a number of copies which the Underwriter deems reasonable; (ii) the cost of the preparation and printing of the definitive Bonds; (iii) the rating agency fees; and (iv) the fees and disbursements of Counsel to KUB and Bond Counsel and any other experts or consultants retained by KUB.

Whether or not the Bonds are sold to the Underwriter, the Underwriter shall pay (i) all advertising expenses in connection with the public offering of the Bonds; (ii) the cost of preparing and printing the blue sky memorandum, if any, and filing fees in connection with the aforesaid blue sky memorandum other than the costs of preparation of the Preliminary Official Statement and the Official Statement; and (iii) all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds, including the fees and expenses of the Underwriter's counsel.

11. No Advisory or Fiduciary Role.

KUB acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between KUB and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as the agent, advisor or fiduciary of KUB, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of KUB with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter, or any affiliates of the Underwriter, has provided other services or are currently providing other services to KUB on other matters) and the Underwriter has no obligation to KUB with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Underwriter has financial and other interests that differ from those of KUB and (v) KUB has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

KUB and the Underwriter represent and warrant that no finder or other agent has been employed by either KUB or the Underwriter in connection with this transaction.

12. Notices.

Any notice or other communication to be given to KUB under this Bond Purchase Agreement may be given by delivering the same in writing at its address set forth above, and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to _____, _____, _____, _____.

13. Parties.

This Bond Purchase Agreement is made solely for the benefit of KUB and the Underwriter (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

14. Governing Law.

This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

15. General.

This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which will constitute one and the same instrument. The section headings of this Bond Purchase Agreement are for convenience of reference only and shall not affect its interpretation. This Bond Purchase Agreement shall become effective upon your acceptance hereof.

Very truly yours,

By: _____

Its: _____

Accepted and agreed to as of
the date first above written:

KNOXVILLE UTILITIES BOARD

By: _____

President and Chief Executive Officer

EXHIBIT A TO BOND PURCHASE AGREEMENT

[LETTERHEAD OF BASS, BERRY & SIMS PLC]

[Closing Date]

Ladies and Gentlemen:

This opinion is being rendered to you pursuant to Paragraph 6(b)(2) of the Bond Purchase Agreement, dated _____, 2021 (the "Bond Purchase Agreement"), between _____ (the "Underwriter"), and Knoxville Utilities Board ("KUB"), relating to the sale by KUB of its Gas System Revenue Refunding Bonds, Series AA-2021, in the aggregate principal amount of \$49,500,000 (the "Bonds"). Terms which are used herein and not otherwise defined shall have the meanings assigned to them in the Bond Purchase Agreement.

Of even date herewith, we have delivered our approving opinion in connection with the issuance of the Bonds. In our capacity as Bond Counsel, we have reviewed a record of proceedings in connection with the issuance of the Bonds and we have participated in conferences from time to time with counsel to KUB, representatives of the Underwriter and counsel to the Underwriter, relative to the Official Statement, dated _____, 2021, relating to the Bonds, and the related documents described below. We have also examined such other agreements, documents and certificates, and have made such investigations of law, as we have deemed necessary or appropriate in rendering the opinions set forth below.

Based on the foregoing, we are of the opinion that, as of the date hereof:

1. The offer and sale of the Bonds to the public do not require any registration under the Securities Act of 1933, as amended, and, in connection therewith, the Bond Resolution does not need to be qualified under the Trust Indenture Act of 1939, as amended.
2. The statements contained in the Official Statement under the captions "Introduction" to the extent the narrative thereunder purports to describe the terms of the Bonds and the legal authority by which they are issued, "The Bonds," and in Appendix A to the Official Statement, insofar as such statements purport to summarize certain provisions of the Bonds and the Bond Resolution, fairly summarize such provisions. The statements contained in the Official Statement under the caption "Opinion of Bond Counsel" are correct as to matters of law.

This opinion may be relied upon only by the Underwriter and by other persons to whom written permission to rely hereon is granted by us.

Very truly yours,

EXHIBIT B TO BOND PURCHASE AGREEMENT

_____, 2021

Bass, Berry & Sims PLC
900 South Gay Street, Suite 1700
Knoxville, Tennessee 37902

Ladies and Gentlemen:

Re: City of Knoxville, Tennessee acting on behalf of the Knoxville Utilities Board \$49,500,000 Gas System Revenue Refunding Bonds, Series AA-2021

Ladies and Gentlemen:

You have requested that the undersigned, General Counsel to the Knoxville Utilities Board of the City of Knoxville, Tennessee ("KUB"), render this opinion in connection with the execution, delivery and sale of the captioned bonds (the "Bonds"), the proceeds of which will be used to refinance a portion of the outstanding principal amount of the City's outstanding Gas System Revenue Refunding Bonds, Series Q-2012, dated April 20, 2012, maturing March 1, 2022 through March 1, 2029, its outstanding Gas System Revenue Bonds, Series R-2012, dated December 18, 2012, maturing March 1, 2022 through March 1, 2033, its outstanding Gas System Revenue Refunding Bonds, Series S-2013, dated March 15, 2013, maturing March 1, 2022 through March 1, 2031 and its outstanding Gas System Revenue Bonds, Series T-2013, dated October 1, 2013, maturing March 1, 2022 through March 1, 2035.

It is our opinion that KUB is duly established and validly existing pursuant to the Charter of the City of Knoxville, Tennessee (the "Municipality"), and, pursuant to said Charter, the natural gas distribution system of the Municipality (the "System") is under the jurisdiction, control and management of KUB.

The undersigned does hereby certify that no litigation of any nature is now pending or, to our knowledge, threatened

- (1) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds;
- (2) seeking to restrain or enjoin the charging of sufficient rates to pay the cost of operating, maintaining, repairing and insuring the System and to pay principal of and interest on the Bonds and all outstanding obligations payable from the revenues of the System;
- (3) in any manner questioning the proceedings or authority pursuant to which the Bonds are authorized or issued or such rates are charged;
- (4) in any manner questioning or relating to the validity of the Bonds;

(5) contesting in any way the completeness or accuracy of the Official Statement prepared and distributed in connection with the sale of the Bonds;

(6) in any way contesting the corporate existence or boundaries of the Municipality, except for various pending actions challenging past or present annexation efforts of the Municipality, which will have no material adverse effect on the revenues of the System;

(7) contesting the title of the present officers of KUB to their respective offices; or

(8) contesting the powers of KUB or the authority of KUB with respect to the Bonds, or proceedings authorizing the Bonds, or any act to be done or document or certificate to be executed or delivered in connection with the issuance and delivery of the Bonds.

Neither the voters of the Municipality nor its governing body nor the Board of Commissioners of KUB have approved any special, local or private act or legislation passed by the General Assembly of the State of Tennessee at its most recent session or any amendments to the Charter of the Municipality affecting the power of the Municipality to issue the Bonds or pay the principal of, premium, if any, and interest on the Bonds when due or affecting the power of the Board of Commissioners of KUB to manage and control the System.

I hereby certify that Jerry Askew and Mark Walker are the duly qualified, appointed and acting Chair and Secretary, respectively, of the Board of Commissioners of KUB with full power to act as such officers on behalf of KUB in connection with the execution and delivery of the Bonds.

Yours truly,

29775473.1

RESOLUTION SUPPLEMENTING RESOLUTION NO. R-129-90
ADOPTED BY THE CITY COUNCIL OF THE CITY OF KNOXVILLE,
TENNESSEE ON MAY 15, 1990 PROVIDING FOR THE ISSUANCE
OF NOT TO EXCEED TWO HUNDRED FORTY-ONE MILLION AND
NO/100 DOLLARS (\$241,000,000) OF WASTEWATER SYSTEM
REVENUE REFUNDING BONDS, SERIES 2021A.

RESOLUTION NO: _____

REQUESTED BY: _____

PREPARED BY: _____

APPROVED AS TO FORM

CORRECTNESS: _____

Law Director

FINANCIAL IMPACT STATEMENT:

Director of Finance

APPROVED: _____

APPROVED AS AN

EMERGENCY MEASURE: _____

MINUTE BOOK _____ PAGE _____

WHEREAS, the City of Knoxville (the "City"), pursuant to Resolution No. R-129-90 of the City Council adopted May 15, 1990 (which resolution as heretofore amended is hereinafter sometimes referred to as the "1990 Resolution"), authorized the issuance of series of Wastewater System Revenue Bonds; and

WHEREAS, pursuant to the 1990 Resolution, and for the purpose of financing the cost of extensions and improvements of the City's wastewater collection and treatment system (hereinafter sometimes referred to as the "System") and the refinancing of indebtedness issued for that purpose, the City issued Wastewater System Revenue Bonds, the series of which, the amount issued and the amount outstanding as of March 1, 2021, are as follows:

<u>Series</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
2010C	\$ 70,000,000	\$ 58,450,000
2012A	\$ 17,070,000	\$ 10,850,000
2012B	\$ 65,000,000	\$ 58,225,000
2013A	\$113,340,000	\$109,115,000
2014A	\$ 30,000,000	\$ 27,300,000
2015A	\$129,825,000	\$116,085,000
2015B	\$ 30,000,000	\$ 27,475,000
2016	\$ 20,000,000	\$ 18,275,000
2017A	\$ 11,965,000	\$ 7,575,000
2017B	\$ 25,000,000	\$ 23,745,000
2018	\$ 12,000,000	\$ 11,485,000
2019	\$ 16,000,000	\$ 15,750,000
2020A	\$ 28,230,000	\$ 28,230,000
2020B	\$ 27,460,000	\$ 27,460,000

WHEREAS, it is desirable that an additional series of bonds be issued to refinance the outstanding principal amount of the City's outstanding Wastewater System Revenue Bonds, Series 2010C (Federally Taxable Build America Bonds), dated December 8, 2010, maturing April 1, 2022 through April 1, 2035 (the "Series 2010C Bonds"), its outstanding Wastewater System Revenue Refunding Bonds, Series 2012A, dated April 20, 2012, maturing April 1, 2022 through April 1, 2029 (the "Series 2012A Bonds"), its outstanding Wastewater System Revenue Bonds, Series 2012B, dated December 18, 2012, maturing April 1, 2022 through April 1, 2047 (the "Series 2012B Bonds"), its outstanding Wastewater System Revenue Refunding Bonds, Series 2013A, dated March 15, 2013, maturing April 1, 2022 through April 1, 2037 (the "Series 2013A Bonds"), and its outstanding Wastewater System Revenue Bonds, Series 2014A, dated September 18, 2014, maturing April 1, 2022 through April 1, 2049 (the "Series 2014A Bonds" and together with the Series 2010C Bonds, the Series 2012A Bonds, the Series 2012B Bonds and the Series 2013A Bonds, the "Refunded Bonds"), including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the bonds, pursuant to the authorization contained in the 1990 Resolution and this resolution; and

WHEREAS, the Board of Commissioners (the "Board") of the Knoxville Utilities Board ("KUB") has duly adopted a resolution requesting the City Council of the City to adopt this resolution authorizing the issuance of bonds for the purposes and in the manner hereinafter more fully stated; and

WHEREAS, the plan of refunding for the Refunded Bonds has been submitted to the State Director of the Division of Local Government Finance (the "State Director") as required by Section 9-21-903, Tennessee Code Annotated, as amended, and she has acknowledged receipt thereof to the City and KUB and submitted her report thereon to the City and KUB, and such report has been provided to members of the City Council of the City; and

WHEREAS, it is the intention of the City Council of the City to adopt this resolution for the purpose of authorizing not to exceed \$241,000,000 in aggregate principal amount of wastewater system revenue refunding bonds for the purposes described above, establishing the terms of such bonds, providing for the issuance, sale and payment of the bonds and disposition of proceeds therefrom, and collection of revenues from the wastewater system of the City and the application thereof to the payment of principal of, premium, if any, and interest on said bonds.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Knoxville, Tennessee, as follows:

Section 1. Authority. The bonds authorized by this resolution are issued pursuant to Sections 7-34-101 et seq. and 9-21-101 et seq., Tennessee Code Annotated, and other applicable provisions of law.

Section 2. Definitions. Capitalized terms used herein and not defined in this Section 2 shall have the meanings ascribed to them in the 1990 Resolution (as hereinbelow defined). The following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise.

- (a) "Board" shall mean the Board of Commissioners of the Knoxville Utilities Board;
- (b) "Bond Purchase Agreement" means a Bond Purchase Agreement, dated as of the sale of the Series 2021A Bonds, entered into by and between KUB and the Underwriter, in substantially the form of the document attached hereto as Exhibit A, subject to such changes as permitted by Section 10 hereof, as approved by the President and Chief Executive Officer of KUB, consistent with the terms of this resolution;
- (c) "Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which physical Bond certificates in fully registered form are issued to a Depository, or to its nominee as Registered Owner, with the certificated Bonds being held by and "immobilized" in the custody of such Depository, and under which records maintained by persons, other than the City, KUB or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial "book-entry" interests in those Bonds;
- (d) "City" shall mean the City of Knoxville, Tennessee;
- (e) "Code" shall mean the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated or proposed thereunder;
- (f) "Depository" means any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-Entry System, including, but not limited to, DTC;
- (g) "DTC" means the Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns;
- (h) "DTC Participant(s)" means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC system;
- (i) "Governing Body" shall mean the City Council of the City;
- (j) "KUB" shall mean the Knoxville Utilities Board;

(k) "1990 Resolution" shall mean Resolution No. R-129-90 of the Governing Body, adopted May 15, 1990, as supplemented and amended by Resolution No. R-5-98, Resolution No. R-148-01 and Resolution No. 11-S and as otherwise supplemented prior to the date hereof;

(l) "Outstanding Bonds" shall mean the City's outstanding Wastewater System Revenue Bonds, Series 2010C (Federally Taxable Build America Bonds), dated December 8, 2010, maturing April 1, 2021 and thereafter to the extent, if any, not refunded with the proceeds of the Series 2021A Bonds, its outstanding Wastewater System Revenue Refunding Bonds, Series 2012A, dated April 20, 2012, maturing April 1, 2021 and thereafter to the extent, if any, not refunded with the proceeds of the Series 2021A Bonds, its outstanding Wastewater System Revenue Bonds, Series 2012B, dated December 18, 2012, maturing April 1, 2021 and thereafter to the extent, if any, not refunded with the proceeds of the Series 2021A Bonds, its outstanding Wastewater System Revenue Refunding Bonds, Series 2013A, dated March 15, 2013, maturing April 1, 2021 and thereafter to the extent, if any, not refunded with the proceeds of the Series 2021A Bonds, its outstanding Wastewater System Revenue Bonds, Series 2014A, dated September 18, 2014, maturing April 1, 2021 and thereafter to the extent, if any, not refunded with the proceeds of the Series 2021A Bonds, its outstanding Wastewater System Revenue Refunding Bonds, Series 2015A, dated May 1, 2015, maturing April 1, 2021 and thereafter, its outstanding Wastewater System Revenue Bonds, Series 2015B, dated May 20, 2015, maturing April 1, 2021 and thereafter, its outstanding Wastewater System Revenue Bonds, Series 2016, dated August 5, 2016, maturing April 1, 2021 and thereafter, its outstanding Wastewater System Revenue Refunding Bonds, Series 2017A, dated April 7, 2017, maturing April 1, 2021 and thereafter, its outstanding Wastewater System Revenue Bonds, Series 2017B, dated September 15, 2017, maturing April 1, 2021 and thereafter, its outstanding Wastewater System Revenue Bonds, Series 2018, dated September 14, 2018, maturing April 1, 2021 and thereafter, its outstanding Wastewater System Revenue Bonds, Series 2019, dated August 20, 2019, maturing April 1, 2021 and thereafter, its outstanding Wastewater System Revenue Refunding Bonds, Series 2020A, dated May 22, 2020, maturing April 1, 2021 and thereafter, and its outstanding Wastewater System Revenue Bonds, Series 2020B, dated October 30, 2020, maturing April 1, 2021 and thereafter;

(m) "Parity Bonds" shall mean any bonds issued pursuant to the 1990 Resolution on a parity with the Series 2021A Bonds and the Outstanding Bonds;

(n) "Refunded Bonds" shall mean those portions of the City's outstanding Wastewater System Revenue Bonds, Series 2010C (Federally Taxable Build America Bonds), dated December 8, 2010, maturing April 1, 2022 through April 1, 2035, its outstanding Wastewater System Revenue Refunding Bonds, Series 2012A, dated April 20, 2012, maturing April 1, 2022 through April 1, 2029, its outstanding Wastewater System Revenue Bonds, Series 2012B, dated December 18, 2012, maturing April 1, 2022 through April 1, 2047, its outstanding Wastewater System Revenue Refunding Bonds, Series 2013A, dated March 15, 2013, maturing April 1, 2022 through April 1, 2037, and its outstanding Wastewater System Revenue Bonds, Series 2014A, dated September 18, 2014, maturing April 1, 2022 through April 1, 2049;

(o) "Registration Agent" shall mean the registration and paying agent for the Series 2021A Bonds designated by the President and Chief Executive Officer of KUB, or any successor as designated by the Board;

(p) "Series 2021A Bonds" shall mean the City's Wastewater System Revenue Refunding Bonds, Series 2021A, issued pursuant to this resolution, to be dated the date of their issuance, or such other date as shall be determined by the Board pursuant to Section 9 hereof, authorized to be issued by the 1990 Resolution and this resolution in an aggregate principal amount not to exceed \$241,000,000;

(q) "State" shall mean the State of Tennessee; and

(r) "Underwriter" shall mean an investment banking firm qualified to underwrite bonds such as the Series 2021A Bonds in the State of Tennessee selected by the President and Chief Executive Officer of KUB.

Section 3. Declarations. It is hereby determined that all requirements of the 1990 Resolution have been or will have been met upon the issuance of the Series 2021A Bonds so that the Series 2021A Bonds will be issued as Parity Bonds.

Section 4. Findings of the Governing Body. It is hereby found and determined by the Governing Body that the refunding of the Refunded Bonds as set forth herein through the issuance of the Series 2021A Bonds will result in a reduction in debt service payable by the City and KUB over the term of the Refunded Bonds, thereby effecting a cost savings to the System.

Section 5. Authorization and Terms of the Series 2021A Bonds. (a) For the purpose of providing funds for the payment of principal of and premium and interest on the Refunded Bonds to the earliest practicable optional redemption date thereof, including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the Series 2021A Bonds as more fully set out in Section 10 hereof, there are hereby authorized to be issued revenue bonds of the City in the aggregate principal amount of not to exceed \$241,000,000. The Series 2021A Bonds shall be issued in fully registered form, without coupons, shall be known as "Wastewater System Revenue Refunding Bonds, Series 2021A" and shall be dated the date of their issuance or such other date as shall be determined by the Board or the President and Chief Executive Officer of KUB as its designee pursuant to Section 10 hereof. The Series 2021A Bonds shall bear interest at a rate or rates not to exceed five percent (5.00%) per annum, payable semi-annually on April 1 and October 1 in each year, commencing October 1, 2021 or such later date as is permitted pursuant to Section 10 hereof. The Series 2021A Bonds shall be initially issued in \$5,000 denominations or integral multiples thereof as shall be requested by the purchaser thereof. The Series 2021A Bonds shall mature and be payable either serially or through mandatory redemption on each April 1 in such years as is established by the Board or the President and Chief Executive Officer of KUB as its designee pursuant to Section 10, provided that the final maturity date shall not be later than April 1, 2049. The final maturity schedule shall be established by the award resolution or certificate awarding the Series 2021A Bonds to the successful purchaser thereof or in the Bond Purchase Agreement provided for in Section 10 if the Series 2021A Bonds are sold by negotiated sale.

(b) Subject to adjustment pursuant to Section 10 hereof, the Series 2021A Bonds maturing on or before April 1, 2030 shall mature without option of prior redemption, and the Series 2021A Bonds maturing on and after April 1, 2031 shall be subject to redemption prior to maturity at the option of the City, acting through the Board, on or after April 1, 2030, as a whole or in part at any time at a redemption price equal to the principal amount plus interest accrued to the redemption date.

If less than all of the Series 2021A Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board in its discretion. If less than all of the Series 2021A Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Series 2021A Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Series 2021A Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Series 2021A Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series 2021A Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

(c) Pursuant to Section 10 hereof, KUB is authorized to sell each the Series 2021A Bonds, or any maturities thereof, as term bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by KUB. In the event any or all of the Series 2021A Bonds are sold as term bonds, KUB shall redeem such term bonds on redemption dates corresponding to the maturity dates set forth in the award resolution or certificate awarding the Series 2021A Bonds, in amounts so as to achieve an amortization of the indebtedness approved by the Board or the President and Chief Executive Officer of KUB as its designee. DTC, as Depository for the Series 2021A Bonds, or any successor Depository for the Series 2021A Bonds, shall determine the interest of each Participant in the Series 2021A Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as Depository for the Series 2021A Bonds, the Series 2021A Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, KUB may (i) deliver to the Registration Agent for cancellation Series 2021A Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Series 2021A Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Series 2021A Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of KUB on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Series 2021A Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. KUB shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

(d) Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series 2021A Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Series 2021A Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Series 2021A Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the of Series 2021A Bonds, as and when above provided, and neither KUB, the City, nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices, in the case of term bonds with mandatory redemption requirements as and when provided herein and in the Series 2021A Bonds and, in the case of optional redemption, as and when directed by the Board pursuant to written instructions from an authorized representative of the Board given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Series 2021A Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the City or KUB to make funds

available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

(e) The Series 2021A Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the City with the manual or facsimile signature of the Chair of the Board and attested by the manual or facsimile signature of the Secretary of the Board.

(f) The City hereby authorizes and directs the Board to appoint a Registration Agent and paying agent for the Series 2021A Bonds, and the Registration Agent so appointed is authorized and directed to maintain Bond registration records with respect to the Series 2021A Bonds, to authenticate and deliver the Series 2021A Bonds as provided herein, either at original issuance, upon transfer, or as otherwise directed by the Board, to effect transfers of the Series 2021A Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Series 2021A Bonds as provided herein, to cancel and destroy Series 2021A Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish KUB at least annually a certificate of destruction with respect to Series 2021A Bonds canceled and destroyed, and to furnish KUB at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Series 2021A Bonds. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed. The Board hereby delegates to the President and Chief Executive Officer of KUB the authority to select and appoint the Registration Agent and any paying agents for the Series 2021A Bonds (as well as any successors to any of the foregoing). The Chair of the Board is hereby authorized to execute and the Secretary of the Board is hereby authorized to attest such written agreement between KUB and the Registration Agent as they shall deem necessary or proper with respect to the obligations, duties and rights of the Registration Agent.

(g) The Series 2021A Bonds shall be payable, principal and interest, in lawful money of the United States of America at the designated trust office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Series 2021A Bonds on each interest payment date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owners at their addresses shown on said Bond registration records, without, except for final payment, the presentation or surrender of such Series 2021A Bonds, and all such payments shall discharge the obligations of KUB in respect of such Series 2021A Bonds to the extent of the payments so made. Payment of principal of the Series 2021A Bonds shall be made upon presentation and surrender of such registered Series 2021A Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. In the event the Series 2021A Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Series 2021A Bonds, payment of interest on such Series 2021A Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

(h) Any interest on any Series 2021A Bond which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid to the persons in whose names the Series 2021A Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: KUB shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Series 2021A Bond and the date of the proposed payment,

and at the same time KUB shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify KUB of such Special Record Date and, in the name and at the expense of KUB, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in any of the Series 2021A Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of KUB to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on any of the Series 2021A Bonds when due.

(i) The Series 2021A Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Series 2021A Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Series 2021A Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Series 2021A Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Series 2021A Bond or Series 2021A Bonds to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Series 2021A Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Series 2021A Bond, nor to transfer or exchange any Series 2021A Bond after notice calling such Series 2021A Bond for redemption has been made, nor to transfer or exchange any Series 2021A Bond during the period following the receipt of instructions from KUB to call such Series 2021A Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Series 2021A Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Series 2021A Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither KUB nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Series 2021A Bonds shall be overdue. Series 2021A Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Series 2021A Bonds of the same maturity in any authorized denomination or denominations. This subsection shall be applicable only if the Series 2021A Bonds are no longer held by a Depository, and as long as the Series 2021A Bonds are held by a Depository, transfers of ownership interests in the Series 2021A Bonds shall be governed by the rules of the Depository.

(j) Except as otherwise authorized herein, the Series 2021A Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as the Depository for the Series 2021A Bonds except as otherwise provided herein. References in this Section to a Series 2021A Bond or the Series 2021A Bonds shall be construed to mean the Series 2021A Bond or the Series 2021A Bonds that are held under the Book-Entry System. One Bond for each maturity of the Series 2021A Bonds shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Bond Registrar is a custodian and agent for DTC, and the Series 2021A Bond will be immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Series 2021A Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Series 2021A Bonds. Beneficial ownership interests in the Series 2021A Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Series 2021A Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Series 2021A Bonds. Transfers of ownership interests in the Series 2021A Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE SERIES 2021A BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE SERIES 2021A BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2021A BONDS, RECEIPT OF NOTICES, VOTING AND TAKING OR NOT TAKING, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Series 2021A Bonds, so long as DTC is the only owner of the Series 2021A Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co. as provided in the Letter of Representation relating to the Series 2021A Bonds from the City, acting by and through KUB, and the Registration Agent to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. Neither the City, KUB nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as Depository for the Series 2021A Bonds or (2) to the extent permitted by the rules of DTC, the Board determines to discontinue the Book-Entry System, the Book-Entry System with DTC shall be discontinued. If the Board fails to identify another qualified securities depository to replace DTC, the Board shall cause the Registration Agent to authenticate and deliver replacement Series 2021A Bonds in the form of fully registered Series 2021A Bonds to each Beneficial Owner.

NEITHER THE CITY, KUB NOR THE REGISTRATION AGENT SHALL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE SERIES 2021A BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2021A BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS, (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2021A BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

If the purchaser or Underwriter certifies that it intends to hold the Series 2021A Bonds for its own account, then the City may issue, acting by and through KUB, certified Bonds without the utilization of DTC and the Book-Entry System.

(k) In case any Series 2021A Bond shall become mutilated, or be lost, stolen, or destroyed, the City, acting by and through KUB, in its discretion, shall issue, and the Registration Agent, upon written direction from KUB, shall authenticate and deliver, a new Series 2021A Bond of like tenor, amount,

maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Series 2021A Bond, or in lieu of and in substitution for such lost, stolen or destroyed Series 2021A Bond, or if any such Series 2021A Bond shall have matured or shall be about to mature, instead of issuing a substituted Series 2021A Bond KUB may pay or authorize payment of such Series 2021A Bond without surrender thereof. In every case the applicant shall furnish evidence satisfactory to KUB and the Registration Agent of the destruction, theft or loss of such Series 2021A Bond, and indemnity satisfactory to KUB and the Registration Agent; and KUB may charge the applicant for the issue of such new Series 2021A Bond an amount sufficient to reimburse KUB for the expense incurred by it in the issue thereof.

(l) The Registration Agent is hereby authorized to authenticate and deliver the Series 2021A Bonds to DTC, on behalf of the initial purchaser thereof, or an agent of DTC, upon receipt by KUB of the proceeds of the sale thereof and, subject to the rules of the Depository, to authenticate and deliver Series 2021A Bonds in exchange for Series 2021A Bonds of the same principal amount delivered for transfer upon receipt of the Series 2021A Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Series 2021A Bonds shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an authorized representative thereof on the certificate set forth herein on the Series 2021A Bond form.

(m) The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Series 2021A Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Series 2021A Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Series 2021A Bonds and provision of notices with respect to Series 2021A Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the Beneficial Owners of the Series 2021A Bonds, provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this section.

Section 6. Source of Payment. The Series 2021A Bonds shall be payable solely from and be secured by a pledge of the Net Revenues of the System as hereinafter provided and as provided in the 1990 Resolution on a parity and equality of lien with the Outstanding Bonds. The punctual payment of principal of and interest on the Series 2021A Bonds, the Outstanding Bonds, and any Parity Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of series, number or time of sale and delivery. The owners of the Series 2021A Bonds shall have no recourse to the power of taxation of the City.

Section 7. Form of Series 2021A Bonds. The Series 2021A Bonds shall be in substantially the following form, the omissions to be appropriately completed when the Series 2021A Bonds are prepared and delivered:

(Form of Series 2021A Bond)

REGISTERED
Number _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF KNOX
CITY OF KNOXVILLE
WASTEWATER SYSTEM REVENUE REFUNDING BOND,
SERIES 2021A

Interest Rate:

Maturity Date:

Date of Bond:

CUSIP No.

Registered Owner:

Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Knoxville, a municipal corporation lawfully organized and existing in Knox County, Tennessee (the "City"), acting by and through the Knoxville Utilities Board ("KUB"), for value received hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth, or upon earlier redemption, as set forth herein, and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date or redemption date, said interest being payable on October 1, 2021, and semi-annually thereafter on the first day of April and October in each year until this Bond matures or is redeemed. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the designated trust office of _____, _____, Tennessee, as registration agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond by check or draft on each interest payment date directly to the registered owner hereof shown on the bond registration records maintained by the Registration Agent as of the close of business on the day which is the fifteenth (15th) day of the month next preceding the interest payment date (the "Regular Record Date") by depositing said payment in the United States mail, postage prepaid, addressed to such owner at such owner's address shown on said bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the City and KUB to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of and premium, if any, on the Bonds shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds of the series of which this Bond is one. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody or a custodian of DTC. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Bond Registrar is a custodian and agent for DTC, and the Bond will be immobilized in its custody. A book-entry system (the "Book-Entry System") shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, as defined in the Resolution, pursuant to rules and procedures established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the City, KUB and the Registration Agent shall treat Cede & Co., as the only owner of the Bonds for all purposes under the Resolution, including receipt of all principal of, premium, if any, and interest on the Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal, maturity amounts, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners, as defined in the Resolution. Neither the City, KUB, nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) to the extent permitted by the rules of DTC, the Board of Commissioners of KUB (the "Board") determines to discontinue the Book-

Entry System, the Book-Entry System with DTC shall be discontinued. If the Board fails to identify another qualified securities depository to replace DTC, the Board shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. Neither the City, KUB nor the Registration Agent shall have any responsibility or obligations to any DTC Participant or any Beneficial Owner with respect to (i) the Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts of and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners, (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

The Bonds of the issue of which this Bond is one maturing on or before April 1, 2030 shall mature without option of prior redemption. The Bonds maturing on April 1, 2031 and thereafter shall be subject to redemption prior to maturity at the option of the City, acting through the Board, on or after April 1, 2030, as a whole or in part at any time at a redemption price equal to the principal amount plus interest accrued to the redemption date.

[If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Series Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.]

[Subject to the credit hereinafter provided, the City acting by and through KUB, shall redeem Bonds maturing on the redemption dates set forth below opposite such maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, as securities depository for the series of Bonds of which this Bond is one, or any successor Depository for the Bonds, shall determine the interest of each Participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as securities depository for the Bonds, the Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and amount of Bonds to be redeemed on said dates are as follows:

<u>Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds to be Redeemed</u>
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*final maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the City, acting through KUB, may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive credit in respect of its redemption obligation under the mandatory redemption provision for any Bonds to be redeemed which prior to said date have been purchased or redeemed (otherwise than by mandatory redemption) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under the mandatory redemption provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of KUB on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of the Bonds to be redeemed by operation of the mandatory redemption provision shall be accordingly reduced. KUB shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this paragraph are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

Notice of call for redemption, whether optional or mandatory shall be given by the Registration Agent on behalf of the City, but only upon direction of the Board, not fewer than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly given as set forth in the Resolution, as hereafter defined. In the case of a Conditional Redemption, the failure of the City or KUB to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.]

The Bonds of the issue of which this Bond is one are issuable only as fully registered Bonds, without coupons, in the denomination of Five Thousand Dollars (\$5,000) or any authorized integral multiple thereof. At the designated trust office of the Registration Agent, in the manner and subject to the limitations, conditions and charges provided in the Resolution, fully registered Bonds may be exchanged for an equal aggregate principal amount of fully registered Bonds of the same maturity, of authorized denominations, and bearing interest at the same rate. The Bonds shall be numbered consecutively from one upwards and will be made eligible for the Book-Entry System of DTC. Except as otherwise provided in this paragraph and the Resolution, as hereinafter defined, the Bonds shall be registered in the name of Cede & Co. as nominee of DTC. The Board may discontinue use of DTC for Bonds at any time upon determination by the Board that the use of DTC is no longer in the best interest of the beneficial owners of the Bonds. Upon such determination, registered ownership of the Bonds may be transferred on the registration books maintained by the Registration Agent, and the Bonds may be delivered in physical form to the following:

- i. any successor of DTC or its nominee;
- ii. any substitute depository to which the Registration Agent does not unreasonably object, upon (a) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (b) a determination by the Board that DTC or its

successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; or

iii. any person, upon (a) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository, or (b) termination by the Board of the use of DTC (or substitute depository or its successor).

In the event that this Bond is no longer held in a Book-Entry System by DTC, this Bond shall be transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the designated trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denomination or denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the City, KUB nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the Board to call such Bond for redemption.

This Bond is one of a total authorized issue aggregating \$241,000,000 and issued by the City, acting by and through KUB, for the purpose of providing funds to refinance the outstanding principal amount of the City's outstanding Wastewater System Revenue Bonds, Series 2010C (Federally Taxable Build America Bonds), dated December 8, 2010, maturing April 1, 2022 through April 1, 2035 (the "Series 2010C Bonds"), its outstanding Wastewater System Revenue Refunding Bonds, Series 2012A, dated April 20, 2012, maturing April 1, 2022 through April 1, 2029 (the "Series 2012A Bonds"), its outstanding Wastewater System Revenue Bonds, Series 2012B, dated December 18, 2012, maturing April 1, 2022 through April 1, 2047 (the "Series 2012B Bonds"), its outstanding Wastewater System Revenue Refunding Bonds, Series 2013A, dated March 15, 2013, maturing April 1, 2022 through April 1, 2037 (the "Series 2013A Bonds"), and its outstanding Wastewater System Revenue Bonds, Series 2014A, dated September 18, 2014, maturing April 1, 2022 through April 1, 2049 (the "Series 2014A Bonds" and together with the Series 2010C Bonds, the Series 2012A Bonds, the Series 2012B Bonds and the Series 2013A Bonds, the "Refunded Bonds"), including the payment of legal, fiscal and administrative costs incident thereto and costs incident to the issuance of the Bonds, under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 7-34-101 et seq. and Section 9-21-101 et seq., Tennessee Code Annotated, and pursuant to Resolution No. R-129-90 duly adopted by the City Council of the City on May 15, 1990, as supplemented and amended by Resolution No. R-5-98, Resolution No. R-148-01 and Resolution No. 11-S and as otherwise supplemented prior to the date hereof (as supplemented and amended, the "Resolution").

This Bond, and interest hereon, are payable solely from and secured by a pledge of the income and the revenues to be derived from the operation of the System, subject to the payment of the reasonable and necessary costs of operating, maintaining, repairing, and insuring the System. The Bonds of the series of which this Bond is one shall enjoy complete parity and equality of lien with the City's outstanding Wastewater System Revenue Bonds, Series 2010C (Federally Taxable Build America Bonds), dated December 8, 2010, maturing April 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series 2021A Bonds, the City's outstanding Wastewater System Revenue Refunding Bonds, Series 2012A, dated April 20, 2012, maturing April 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series 2021A Bonds, the City's outstanding Wastewater System Revenue Bonds,

Series 2012B, dated December 18, 2012, maturing April 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series 2021A Bonds, the City's outstanding Wastewater System Revenue Refunding Bonds, Series 2013A, dated March 15, 2013, maturing April 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series 2021A Bonds, the City's outstanding Wastewater System Revenue Bonds, Series 2014A, dated September 18, 2014, maturing April 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series 2021A Bonds, the City's outstanding Wastewater System Revenue Refunding Bonds, Series 2015A, dated May 1, 2015, maturing April 1, 2022 and thereafter, the City's outstanding Wastewater System Revenue Bonds, Series 2015B, dated May 20, 2015, maturing April 1, 2022 and thereafter, the City's outstanding Wastewater System Revenue Bonds, Series 2016, dated August 5, 2016, maturing April 1, 2022 and thereafter, the City's outstanding Wastewater System Revenue Refunding Bonds, Series 2017A, dated April 7, 2017, maturing April 1, 2022 and thereafter, the City's outstanding Wastewater System Revenue Bonds, Series 2017B, dated September 15, 2017, maturing April 1, 2022 and thereafter, the City's outstanding Wastewater System Revenue Bonds, Series 2018, dated September 14, 2018, maturing April 1, 2022 and thereafter, and the City's outstanding Wastewater System Revenue Bonds, Series 2019, dated August 20, 2019, maturing April 1, 2022 and thereafter, the City's outstanding Wastewater System Revenue Refunding Bonds, Series 2020A, dated May 22, 2020, maturing April 1, 2022 and thereafter, and its outstanding Wastewater System Revenue Bond, Series 2020B, dated October 30, 2020, maturing April 1, 2022 and thereafter (collectively the "Outstanding Bonds") and any bonds or other obligations hereafter issued on a parity therewith. As provided in the Resolution, the punctual payment of principal of, premium, if any, and interest on the series of Bonds of which this Bond is one, the Outstanding Bonds and any other bonds issued on a parity therewith pursuant to the terms of the Resolution shall be secured equally and ratably by said revenues without priority by reason of series, number or time of sale or delivery. The owner of this Bond shall have no recourse to the power of taxation of the City. The Board has covenanted that it will fix and impose such rates and charges for the services rendered by the System and will collect and account for sufficient revenues to pay promptly the principal of and interest on this Bond and the issue of which it is a part, as each payment becomes due. For a more complete statement of the revenues from which and conditions under which this Bond is payable, a statement of the conditions on which obligations may hereafter be issued on a parity with this Bond, the general covenants and provisions pursuant to which this Bond is issued and the terms upon which the Resolution may be modified, reference is hereby made to the Resolution.

Under existing law, this Bond and the income therefrom are exempt from all present state, county and municipal taxation in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on this Bond during the period such Bond is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of this Bond in the Tennessee franchise tax base or any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of either the City or KUB, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the City acting by and through the Board has caused this Bond to be signed by the Chair of the Board by his manual or facsimile signature and attested by the Secretary of the Board by his manual or facsimile signature, all as of the date hereinabove set forth.

CITY OF KNOXVILLE
by and through the
KNOXVILLE UTILITIES BOARD

By: _____
Chair

ATTESTED:

Secretary

Transferable and payable at the
designated trust office of: _____
_____, Tennessee

Date of Registration: _____

This Bond is one of the issue of Bonds issued pursuant to the Resolution hereinabove described.

Registration Agent

By: _____
Authorized Representative

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto
_____, [Please insert Federal Tax Identification Number or Social Security
Number of Assignee _____] whose address is _____
_____, the within bond of the City of Knoxville, Tennessee,
and does hereby irrevocably constitute and appoint _____, attorney, to transfer
the said bond on the records kept for registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this
assignment must correspond with
the name of the registered owner
as it appears on the face of the
within Bond in every particular,
without alteration or enlargement
or any change whatsoever.

Signature guaranteed:

NOTICE: Signature(s) must be
guaranteed by a member firm of
a Medallion Program acceptable
to the Registration Agent.

Section 8. Equality of Lien; Pledge of Net Revenues. The punctual payment of principal of, premium, if any, and interest on the Outstanding Bonds, the Series 2021A Bonds authorized herein, and any Parity Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of series, number or time of sale or execution or delivery, and the Net Revenues of the System are hereby irrevocably pledged to the punctual payment of such principal, premium and interest as the same become due.

Section 9. Applicability of the 1990 Resolution. The Series 2021A Bonds are issued in compliance with the 1990 Resolution so as to be on a parity with the Outstanding Bonds, and, when duly delivered, the Series 2021A Bonds shall constitute a series of bonds issued under the authority of the 1990 Resolution. All recitals, provisions, covenants and agreements contained in the 1990 Resolution, as supplemented and amended herein (except insofar as any of said recitals, provisions, covenants and agreements necessarily relate exclusively to any series of the Outstanding Bonds) are hereby ratified and confirmed and incorporated herein by reference and, for so long as any of the Series 2021A Bonds shall be outstanding and unpaid either as to principal or interest, or until discharge and satisfaction of the Series 2021A Bonds as provided in Section 12 hereof, shall be applicable to the Series 2021A Bonds, shall inure to the benefit of owners of the Series 2021A Bonds as if set out in full herein, and shall be fully enforceable by the owner of any Series 2021A Bond.

All references to "holder" or "holders" in the 1990 Resolution shall be deemed to include owners of the Series 2021A Bonds, and all references to "Bonds" in the 1990 Resolution shall be deemed to include the Series 2021A Bonds.

Section 10. Sale of Series 2021A Bonds.

(a) The Series 2021A Bonds or any emission thereof may be sold at negotiated sale to the Underwriter or at public sale as determined by the President and Chief Executive Officer of KUB at a price of not less than 98.00% of par, exclusive of original issue discount, plus accrued interest, if any, provided, however, that no emission of Series 2021A Bonds may be sold at negotiated sale unless the Audit and Finance Committee of the Board has previously approved the sale of such emission at negotiated sale. The sale of any emission of the Series 2021A Bonds to the Underwriter or by public sale shall be binding on the City and KUB, and no further action of the Board with respect thereto shall be required.

(b) The President and Chief Executive Officer of KUB, as the designee of the Board, is further authorized with respect to each emission of Series 2021A Bonds to:

- (1) change the dated date to a date other than the date of issuance;
- (2) specify or change the series designation of the Series 2021A Bonds to a designation other than "Wastewater System Revenue Refunding Bonds";
- (3) change the first interest payment date to a date other than October 1, 2021, provided that such date is not later than twelve months from the dated date of such emission of Series 2021A Bonds;
- (4) establish and adjust the principal and interest payment dates and determine maturity or mandatory redemption amounts of the Series 2021A Bonds or any emission thereof, provided that (A) the total principal amount of all emissions of the Series 2021A Bonds does not exceed the total amount of Series 2021A Bonds authorized herein; (B) the final maturity date of each emission shall be not later than April 1, 2049; and (C) the debt service schedule is substantially the same as what was presented to the State Director in connection with requesting a report on the refunding of the Refunded Bonds;

(5) modify or remove the optional redemption provisions contained herein, provided that the premium amount to be paid in connection with any redemption provision shall not exceed two percent (2%) of the principal amount thereof;

(6) sell the Series 2021A Bonds, or any emission thereof, or any maturities thereof as term bonds with mandatory redemption requirements as determined by the Board, as it shall deem most advantageous to KUB; and

(7) cause all or a portion of the Series 2021A Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company to achieve the purposes set forth herein and to serve the best interests of KUB and to enter into agreements with such insurance company to the extent not inconsistent with this resolution.

(c) If any emission of Series 2021A Bonds is sold at negotiated sale, the President and Chief Executive Officer of KUB is authorized to execute a Bond Purchase Agreement with respect to such emission of Series 2021A Bonds, providing for the purchase and sale of the Series 2021A Bonds, or any emission thereof. Each Bond Purchase Agreement shall be in substantially the form attached hereto as Exhibit A, with such changes as the President and Chief Executive Officer deems necessary or advisable in connection with the sale of such Series 2021A Bonds, provided any such changes are not inconsistent with the terms of this Section. If the Underwriter does not intend to reoffer the Series 2021A Bonds to the public, then the Bond Purchase Agreement shall be conformed to reflect such intention. The form of the Series 2021A Bond set forth in Section 7 hereof shall be conformed to reflect any changes made pursuant to this Section 10.

(d) The President and Chief Executive Officer and the Chief Financial Officer of KUB, or either of them, are authorized to cause the Series 2021A Bonds, in book-entry form (except as otherwise authorized herein), to be authenticated and delivered by the Registration Agent to the purchaser(s), and to execute, publish, and deliver all certificates and documents, including an official statement, the Bond Purchase Agreement and closing certificates, as they shall deem necessary in connection with the sale and delivery of each emission of the Bonds.

(e) If the Series 2021A Bonds are sold at public sale, the Series 2021A Bonds shall be awarded by the President and Chief Executive Officer of KUB to the bidder that offers to purchase the Bonds for the lowest true interest cost to KUB.

Section 11. Disposition of Series 2021A Bond Proceeds. The proceeds of the sale of the Series 2021A Bonds shall be paid to KUB and used and applied by KUB as follows:

(a) All accrued interest, if any, shall be deposited to the Debt Service Fund created under the 1990 Resolution and used to pay interest on the Series 2021A Bonds on the first interest payment date following delivery of the Series 2021A Bonds;

(b) An amount, which together with investment earnings thereon and legally available funds of KUB, if any, will be sufficient to pay principal of, premium, if any, and interest on the Refunded Bonds (subject to adjustments permitted by Section 10 above), shall be applied by KUB directly to refund the Refunded Bonds; and

(c) The remainder shall be applied to the payment of costs of issuance relating to the Series 2021A Bonds. If there are any remaining proceeds of the Series 2021A Bonds after application as provided above, such remaining proceeds shall be used to pay principal and/or interest on the Series 2021A Bonds.

Section 12. Discharge and Satisfaction of Series 2021A Bonds. The Series 2021A Bonds may be defeased, discharged and satisfied at any time as provided in Article XII of the 1990 Resolution.

Section 13. Notice of Refunding. Prior to the issuance of the Series 2021A Bonds, notice of the City's intention to refund the Refunded Bonds, to the extent required by applicable law, shall be given by the registration agent for the Refunded Bonds to be mailed by first-class mail, postage prepaid, to the registered holders thereof, as of the date of the notice, as shown on the bond registration records maintained by such registration agent of said Refunded Bonds. The President and Chief Executive Officer of KUB and the Secretary of the Board, or either of them, is hereby authorized and directed to authorize the registration agent of said Refunded Bonds to give such notice on behalf of the City in accordance with this Section.

Section 14. Federal Tax Matters. The City and KUB recognize that the purchasers and owners of the Series 2021A Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon will not be included in gross income for purposes of federal income taxation under laws in force on the date of delivery of the Series 2021A Bonds. In this connection, KUB, on behalf of the City, agrees that it shall take no action which may render the interest on any of the Series 2021A Bonds includable in gross income for purposes of federal income taxation. It is the reasonable expectation of the City and KUB that the proceeds of the Series 2021A Bonds will not be used in a manner which will cause the Series 2021A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Series 2021A Bonds and other related funds established for the purposes herein set out, shall be used and spent expeditiously for the purposes described herein. In the event Section 148(f) of the Code shall require the payment of any investment proceeds of the Series 2021A Bonds to the United States government, KUB will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Series 2021A Bonds from becoming taxable. The Chair of the Board, the Secretary of the Board, the President and Chief Executive Officer of KUB and Chief Financial Officer of KUB, or any of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as any or all shall deem appropriate, and such certifications shall constitute a representation and certification of the City and KUB.

Section 15. Official Statement. The President and Chief Executive Officer of KUB, or his designee, is hereby authorized and directed to provide for the preparation and distribution of a Preliminary Official Statement describing the Series 2021A Bonds. After the Series 2021A Bonds have been awarded, the President and Chief Executive Officer of KUB, or his designee, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The President and Chief Executive Officer of KUB, or his designee, shall arrange for the delivery to the purchaser of the Series 2021A Bonds of a reasonable number of copies of the Official Statement within seven business days after the Series 2021A Bonds have been awarded for subsequent delivery by the purchaser to each potential investor requesting a copy of the Official Statement and to each person to whom such purchaser and members of his group initially sell the Series 2021A Bonds.

The President and Chief Executive Officer of KUB, or his designee, is authorized, on behalf of the Board, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the Board except for the omission in the Preliminary Official Statement of such pricing and other information.

Section 16. Continuing Disclosure. The City hereby covenants and agrees that KUB will provide annual financial information and material event notices for the Series 2021A Bonds as required by Rule 15c2-12 of the Securities and Exchange Commission. The Chief Financial Officer of KUB is authorized to execute at the closing of the sale of the Series 2021A Bonds, an agreement for the benefit of and

enforceable by the owners of the Series 2021A Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of KUB to comply with the undertaking herein described and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause KUB to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 17. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 18. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Adopted and approved this 9th day of March, 2021.

Mayor

ATTEST:

City Recorder

STATE OF TENNESSEE)
)
COUNTY OF KNOX)

I, Will Johnson, hereby certify that I am the duly qualified and acting City Recorder of the City of Knoxville, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of the governing body of the City Council held on March 9, 2021; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original records relate to an amount not to exceed \$241,000,000 Wastewater Revenue Refunding Bonds, Series 2021A.

WITNESS my official signature of the City of Knoxville, Tennessee, this ____ day of _____, 2021.

City Recorder

EXHIBIT A

\$241,000,0000
CITY OF KNOXVILLE, TENNESSEE
ACTING ON BEHALF OF KNOXVILLE UTILITIES BOARD
WASTEWATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2021A

BOND PURCHASE AGREEMENT

_____, 2021

Knoxville Utilities Board
445 South Gay Street
Knoxville, Tennessee 37902

Ladies and Gentlemen:

The undersigned (the "Underwriter") offers to enter into this agreement with Knoxville Utilities Board ("KUB") which, upon your acceptance of this offer, will be binding upon you and upon us.

This offer is made subject to your acceptance of this agreement on or before 5:00 p.m., Eastern Standard Time, on _____, 2021.

1. Purchase Price.

Upon the terms and conditions and upon the basis of the respective representations, warranties and covenants set forth herein, the Underwriter hereby agrees to purchase from KUB, and KUB hereby agrees to sell to the Underwriter, all (but not less than all) of \$241,000,0000 aggregate principal amount of KUB's Wastewater System Revenue Refunding Bonds, Series 2021A (the "Bonds"). The purchase price is \$ _____ plus accrued interest and shall be paid in accordance with paragraph 6 hereof. The purchase price is equal to the par amount of the Bonds less \$ _____ original issue discount, less \$ _____ underwriter's discount and plus accrued interest. The Bonds are to be issued under and pursuant to, and are to be secured by the Resolution (the "Bond Resolution") adopted on March 9, 2021, by the City Council of the City of Knoxville (the "City") at the request of KUB. The Bonds shall mature on the dates and shall bear interest at the rates all as described in the Official Statement referred to in Section 3 hereof. The maturities, rates and discount at which the Bonds are being sold are more fully described on **Schedule I** attached hereto.

The Bonds are being issued to provide funds to refinance the outstanding principal amount of the City's outstanding Wastewater System Revenue Bonds, Series 2010C (Federally Taxable Build America Bonds), dated December 8, 2010, maturing April 1, 2022 through April 1, 2035 (the "Series 2010C Bonds"), its outstanding Wastewater System Revenue Refunding Bonds, Series 2012A, dated April 20, 2012, maturing April 1, 2022 through April 1, 2029 (the "Series 2012A Bonds"), its outstanding Wastewater System Revenue Bonds, Series 2012B, dated December 18, 2012, maturing April 1, 2022 through April 1, 2047 (the "Series 2012B Bonds"), its outstanding Wastewater System Revenue Refunding Bonds, Series 2013A, dated March 15, 2013, maturing April 1, 2022 through April 1, 2037 (the "Series 2013A Bonds"), and its outstanding Wastewater System Revenue Bonds, Series 2014A, dated September 18, 2014, maturing April 1, 2022 through April 1, 2049 (the "Series 2014A Bonds" and together with the Series 2010C Bonds,

the Series 2012A Bonds, the Series 2012B Bonds and the Series 2013A Bonds, the "Refunded Bonds"), including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the Bonds.

2. Public Offering.

The Underwriter intends to make an initial bona fide public offering of all of the Bonds at not in excess of the public offering prices set forth on the cover of the Official Statement and may subsequently change such offering price without any requirement of prior notice. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover of the Official Statement. The Underwriter reserves the right (i) to over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market; and (ii) to discontinue such stabilizing, if commenced at any time without prior notice.

3. Official Statement.

(a) KUB has provided the Underwriter with information that constitutes a "deemed final" official statement for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 ("Rule 15c2-12"). Concurrently with KUB's acceptance of this Bond Purchase Agreement, KUB shall deliver or cause to be delivered to the Underwriter two copies of the Official Statement (as hereinafter defined) relating to the Bonds dated the date hereof substantially in the same form as the Preliminary Official Statement with only such changes as shall have been accepted by the Underwriter.

(b) Within seven (7) business days from the date hereof and within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, KUB shall deliver to the Underwriter copies of the Official Statement of KUB, dated the date hereof, relating to the Bonds, in sufficient quantity as may reasonably be requested by the Underwriter in order to comply with Rule 15c2-12 and any applicable rules of the Municipal Securities Rulemaking Board, in substantially the form approved by KUB (which, together with the cover page, and all exhibits, appendices, and statements included therein or attached thereto and any amendments and supplements that may be authorized for use with respect to the Bonds is herein called the "Official Statement"), executed on behalf of KUB by a duly authorized officer of KUB. You hereby authorize and approve the Official Statement and other pertinent documents referred to in Section 6 hereof to be lawfully used in connection with the offering and sale of the Bonds. You also acknowledge and ratify the use by the Underwriter, prior to the date hereof, of the Preliminary Official Statement in connection with a public offering of the Bonds.

(c) If, prior to the Closing (as defined in Section 5 below) or within twenty-five (25) days subsequent to the end of the underwriting period as such term is used for purposes of Rule 15c2-12, any event shall occur with respect to KUB or KUB shall receive notice of the occurrence of any other event that might or would cause the information contained in the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, KUB shall so notify the Underwriter. KUB agrees to amend or supplement the Official Statement whenever requested by the Underwriter when in the reasonable judgment of the Underwriter such amendment or supplementation is required and to furnish the Underwriter with sufficient quantities of such amendment or supplement in order to permit the Underwriter to comply with Rule 15c2-12.

4. Representations and Warranties.

KUB hereby represents and warrants to the Underwriter that:

(a) KUB is duly existing pursuant to the Charter of the City and is authorized by such Charter to operate and manage the System. KUB has duly authorized all necessary action to be taken by it for: (i) the issuance and sale of the Bonds upon the terms set forth herein and in the Official Statement; (ii) the approval of the Official Statement and the signing of the Official Statement by a duly authorized officer; (iii) the execution, delivery and receipt of this Bond Purchase Agreement, the Bonds and any and all such other agreements and documents as may be required to be executed, delivered and received by KUB in order to carry out, give effect to, and consummate the transactions contemplated hereby, by the Bonds, the Official Statement and the Bond Resolution;

(b) When executed by the respective parties thereto, this Bond Purchase Agreement will constitute legal, valid and binding obligation of KUB enforceable in accordance with its terms;

(c) The information and statements contained in the Preliminary Official Statement, as of its date and as of the date hereof, did not and do not contain any untrue statement of a material fact or omit to state any material fact which was necessary in order to make such information and statements, in the light of the circumstances under which they were made, not misleading;

(d) The information and statements contained in the Official Statement, as of its date and as of the Closing, are and will be correct and complete in all material respects and do not and will not contain any untrue statement of a material fact or omit to state any material fact which is necessary in order to make such information and statements, in the light of the circumstances under which they were made, not misleading;

(e) KUB has complied, and will at the Closing be in compliance, in all respects with the obligations on its part contained in the Bond Resolution and the laws of the State of Tennessee (the "State"), including the Act;

(f) The City has duly adopted the Bond Resolution, and the City and KUB have (a) duly authorized and approved the distribution of the Preliminary Official Statement, (b) duly authorized and approved the execution and delivery of the Official Statement, (c) duly authorized and approved the execution and delivery of, and the performance by KUB of the obligations on its part contained in, the Bonds, the Bond Resolution and this Bond Purchase Agreement, and (d) duly authorized and approved the consummation by it of all other transactions contemplated by this Bond Purchase Agreement and the Official Statement;

(g) KUB is not in breach of or default under any applicable law or administrative regulation of the State or the United States in any manner related to or affecting the transactions contemplated hereby or in breach of or default under any applicable judgment or decree or any loan agreement, note, resolution, ordinance, agreement or other instrument to which KUB is a party or to which it or any of its property is otherwise subject; and the execution and delivery of this Bond Purchase Agreement, the Bonds and the adoption of the Bond Resolution, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, note, resolution, ordinance, agreement or other instrument to which KUB is a party or to which it or any of its property is otherwise subject;

(h) Except as may be required under the securities or "blue sky" laws of any state, all approvals, consents, authorizations and orders of, filings with or certifications by any governmental authority, board, agency or commission having jurisdiction, which would constitute a condition precedent to the performance by KUB of its obligations hereunder and under the Bond Resolution and the Bonds, have been obtained;

(i) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of KUB, threatened against

KUB or others (a) affecting KUB or the corporate existence of KUB or the titles of its officers to their respective offices, (b) seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of Net Revenues pledged to pay the principal of and interest on the Bonds, or the pledge thereof, (c) in any way contesting or affecting the transactions contemplated hereby or by the Official Statement or by the validity or enforceability of the Bonds, the Bond Resolution or this Bond Purchase Agreement, (d) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or (e) contesting the powers or authority of KUB for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and delivery of this Bond Purchase Agreement;

(j) KUB will not take or omit to take any action that will in any way cause the proceeds from the sale of the Bonds and other moneys of KUB to be transferred on the date of issuance of the Bonds to be applied or result in such proceeds and other moneys being applied in a manner other than as provided in or permitted by the Bond Resolution and consistent with the utilization described in the Official Statement;

(k) KUB agrees reasonably to cooperate with the Underwriter and its counsel in any endeavor to qualify the Bonds for offering and sale under the securities or "blue sky" laws of such jurisdictions of the United States as the Underwriter may request. KUB hereby consents to the use of the Official Statement and the Bond Resolution by the Underwriter in obtaining any qualification required;

(l) If at any time from the date of this Bond Purchase Agreement through 25 days following the "end of the underwriting period" (as defined in Rule 15c2-12 described below) any event shall occur that might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, KUB shall notify the Underwriter and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, KUB will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter. If the Official Statement is so supplemented or amended prior to the Closing, such approval by the Underwriter of a supplement or amendment to the Official Statement shall not preclude the Underwriter from thereafter terminating this Bond Purchase Agreement, and if the Official Statement is so amended or supplemented subsequent to the date hereof and prior to the Closing, the Underwriter may terminate this Bond Purchase Agreement by notification to KUB at any time prior to the Closing if, in the judgment of the Underwriter, such amendment or supplement has or will have a material adverse effect on the marketability of the Bonds;

(m) KUB has duly authorized and approved the execution and delivery of this Bond Purchase Agreement and the performance by KUB of the obligations on its part contained herein;

(n) KUB is not, nor has it at any time, been in default in the payment of principal of or interest on any obligation issued or guaranteed by KUB;

(o) Any certificate signed by an authorized officer of KUB and delivered to the Underwriter at or prior to the Closing shall be deemed a representation and warranty by KUB in connection with this Bond Purchase Agreement to the Underwriter as to the statements made therein upon which the Underwriter shall be entitled to rely. KUB covenants that between the date hereof and the Closing, it will not take any action that will cause the representations and warranties made herein to be untrue as of the Closing;

(p) The Bonds, when issued, authenticated and delivered in accordance with the Bond Resolution and sold to the Underwriter as provided herein, will be validly issued and outstanding special obligations of KUB entitled to the benefits of the Bond Resolution;

(q) KUB has lawful authority to operate the System, to consummate the transactions contemplated by the Official Statement and collect revenues, fees and other charges in connection with the System and through its Board of Commissioners, to fix the rates, fees and other charges with respect to the System; and

(r) KUB hereby covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about KUB, for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under paragraph (b)(5) of Rule 15c2-12. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed in writing by the Underwriter. KUB represents that it has complied in all respects with its obligations to provide continuing disclosure of certain information as described in that certain Continuing Disclosure Certificate entered into in connection with the issuance of the Bonds.

5. Delivery of, and Payment for, the Bonds.

At 10:00 a.m. on or about _____, 2021, or at such other time or date as shall have been mutually agreed upon by KUB and the Underwriter, KUB will deliver, or cause to be delivered, to the Underwriter the other documents hereinafter mentioned and, subject to the conditions contained herein, the Underwriter will accept such delivery and pay the purchase price of the Bonds plus accrued interest payable to the order of KUB, in federal funds or other immediately available funds by delivering to KUB such funds by wire transfer to KUB or its designated agent except that physical delivery of the Bonds shall be made through the facilities of the Depository Trust Company.

Payment for the Bonds shall be confirmed and delivery of the documents as aforesaid shall be made at the offices of KUB, or such other place as may be agreed upon by the Underwriter and KUB. Such payment and delivery is herein called the "Closing." The Bonds will be delivered as fully registered bonds in such names and in such denominations as shall be designated in writing by the Underwriter to KUB at Closing.

6. Certain Conditions to Underwriter's Obligations.

The obligations of the Underwriter hereunder shall be subject to (i) the performance by KUB of its obligations to be performed hereunder, (ii) the accuracy in all material respects of the representations and warranties of KUB herein as of the date hereof and as of the date of the Closing, and (iii) to the following conditions:

(a) At the time of Closing, (i) the Bond Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, (ii) the proceeds of the sale of the Bonds shall be applied as described in the Official Statement, and (iii) KUB shall have duly adopted and there shall be in full force and effect such other resolutions as, in the opinion of Bass, Berry & Sims PLC, Knoxville, Tennessee ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby;

(b) At or prior to the Closing, the Underwriter shall have received an executed copy of each of the following documents:

(1) the approving opinion, dated the date of the Closing, of Bond Counsel addressed to KUB and the Underwriter, relating to, among other things, the validity of the Bonds [and the exclusion from gross income of the interest on the Bonds for federal and State of Tennessee income tax purposes,] in substantially the form set forth as Appendix _ to the Official Statement;

(2) a supplemental opinion, dated the date of the Closing, of Bond Counsel addressed to the Underwriter in substantially the form of Exhibit A hereto;

(3) an opinion, dated the date of the Closing, of Hodges, Doughty & Carson, Knoxville, Tennessee, counsel to KUB, addressed to KUB, Bond Counsel and the Underwriter in substantially the form of Exhibit B hereto;

(4) a certificate of KUB, dated the date of the Closing and signed by a duly authorized officer of KUB and in form and substance reasonably satisfactory to the Underwriter, to the effect that (i) since the execution of the Bond Purchase Agreement no material and adverse change has occurred in the financial position of the System or results of operations of the System; (ii) KUB has not incurred any material liabilities secured by the Net Revenues of the System other than in the ordinary course of business or as set forth in or contemplated by the Official Statement; and (iii) no event affecting KUB has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein not misleading as of the date of Closing;

(5) the Official Statement executed on behalf of KUB by a duly authorized officer thereof;

(6) the Bond Resolution and the Bonds;

(7) a certificate of a duly authorized officer of KUB, satisfactory to the Underwriter, dated the date of Closing, stating that such officer is charged, either alone or with others, with the responsibility for issuing the Bonds; setting forth, in the manner permitted by Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), the reasonable expectations of KUB as of such date as to the use of proceeds of the Bonds and of any other funds of KUB expected to be used to pay principal or interest on the Bonds and the facts and estimates on which such expectations are based; and stating that, to the best of the knowledge and belief of the certifying officer, KUB's expectations are reasonable;

(8) evidence indicating a rating on the Bonds of "___" by [rating agency];

(9) other certificates of KUB listed on a Closing Memorandum to be approved by counsel to KUB, Bond Counsel and counsel to the Underwriter, including any certificates or representations required in order for Bond Counsel to deliver the opinion referred to in Paragraph 6(b)(1) of this Bond Purchase Agreement; and such additional legal opinions, certificates, proceedings, instruments and other documents as the counsel to the Underwriter or Bond Counsel may reasonably request to evidence compliance by KUB with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of KUB contained herein and the due performance or satisfaction by KUB at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by KUB.

All such opinions, certificates, letters, agreements and documents will be in compliance with the provisions hereof only if they are satisfactory in form and substance to the Underwriter and counsel to the Underwriter. KUB will furnish the Underwriter with such conformed copies or photocopies of such opinions, certificates, letters, agreements and documents as the Underwriter may reasonably request.

(c) The Underwriter shall have received within seven (7) business days from the date hereof and within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, the Official Statement in sufficient quantity as may be reasonably requested by the Underwriter in order to comply with Rule 15(c) 2-12.

7. Termination.

The Underwriter shall have the right to cancel its obligation to purchase the Bonds if (i) between the date hereof and the Closing, legislation shall be enacted or recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, or a bill to amend the Internal Revenue Code (which, if enacted, would take effect in whole or in part prior to the Closing) shall be filed in either house, or recommended for passage by the Congress by any joint or conference committee thereof, or a decision by a court of the United States or the United States Tax Court shall be rendered, or a ruling, regulation or statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed to be made, with respect to the federal taxation upon interest on obligations of the general character of the Bonds, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly of changing the federal income tax consequences of any of the transactions contemplated in connection herewith, including the tax-exempt status of KUB and, in the opinion of the Underwriter, materially adversely affects the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, or (ii) there shall exist any event which in the Underwriter's judgment either (a) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (b) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect, or (iii) there shall have occurred any outbreak of hostilities or any national or international calamity or crisis including financial crisis, or a financial crisis or a default with respect to the debt obligations of, or the institution of proceedings under the federal or the state bankruptcy laws by or against the State of Tennessee or any subdivision, agency or instrumentality of such State, the effect of which on the financial markets of the United States being such as, in the reasonable judgment of the Underwriter, would make it impracticable for the Underwriter to market the Bonds or to enforce contracts for the sale of the Bonds, or (iv) there shall be in force a general suspension of trading on the New York Stock Exchange, or (v) a general banking moratorium shall have been declared by either federal, Tennessee or New York authorities, or (vi) there shall have occurred since the date of this Bond Purchase Agreement any material adverse change in the financial position of the System, except for changes which the Official Statement discloses have occurred or may occur, or (vii) legislation shall be enacted or any action shall be taken by the Securities and Exchange Commission which, in the opinion of counsel for the Underwriter, has the effect of requiring the contemplated distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or the Bond Resolution or any other document executed in connection with the transactions contemplated hereof to be qualified under the Trust Indenture Act of 1939, as amended, or (viii) a stop order, ruling, regulation or official statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of the Bonds, or of obligations of the general character of the Bonds as contemplated hereby, or the offering of any other obligation which may be represented by the Bonds is in violation of any provision of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or the Trust Indenture Act of 1939, as amended, or (ix) any state blue sky or securities commission shall have withheld registration, exemption or clearance of the offering, and in the reasonable judgment of the Underwriter the market for the Bonds is materially affected thereby.

If KUB shall be unable to satisfy any of the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement and such condition is not waived by the Underwriter, or if the obligations of the Underwriter to purchase and accept delivery of the Bonds shall be terminated or canceled for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor KUB shall be under further obligation hereunder; except that the respective obligations to pay expenses, as provided in Section 10 hereof, shall continue in full force and effect.

8. Particular Covenants.

KUB covenants and agrees with the Underwriter as follows:

(a) KUB shall use its best efforts to furnish or cause to be furnished to the Underwriter, without charge, as many copies of the Official Statement as the Underwriter may reasonably request;

(b) Before revising, amending or supplementing the Official Statement, KUB shall furnish a copy of the revised Official Statement or such amendment or supplement to the Underwriter. If in the opinion of KUB and the Underwriter a supplement or amendment to the Official Statement is required, KUB will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter and its counsel.

9. Survival of Representations.

All representations, warranties and agreements of KUB hereunder shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of the Bonds.

10. Payment of Expenses.

Whether or not the Bonds are sold to the Underwriter by KUB, KUB shall pay, but only out of the proceeds of the sale of the Bonds or other funds made available by KUB, any expenses incident to the performance of its obligations hereunder, including but not limited to: (i) the cost of the preparation and printing of the Official Statement and any supplements thereto, together with a number of copies which the Underwriter deems reasonable; (ii) the cost of the preparation and printing of the definitive Bonds; (iii) the rating agency fees; and (iv) the fees and disbursements of Counsel to KUB and Bond Counsel and any other experts or consultants retained by KUB.

Whether or not the Bonds are sold to the Underwriter, the Underwriter shall pay (i) all advertising expenses in connection with the public offering of the Bonds; (ii) the cost of preparing and printing the blue sky memorandum, if any, and filing fees in connection with the aforesaid blue sky memorandum other than the costs of preparation of the Preliminary Official Statement and the Official Statement; and (iii) all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds, including the fees and expenses of the Underwriter's counsel.

11. No Advisory or Fiduciary Role.

KUB acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between KUB and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and are not acting as the agent, advisor or fiduciary of KUB, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of KUB with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter, or any affiliates of the Underwriter, has provided other services or are currently providing other services to KUB on other matters) and the Underwriter has no obligation to KUB with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Underwriter has financial and other interests that differ from those of KUB and (v) KUB has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

KUB and the Underwriter represent and warrant that no finder or other agent has been employed by either KUB or the Underwriter in connection with this transaction.

12. Notices.

Any notice or other communication to be given to KUB under this Bond Purchase Agreement may be given by delivering the same in writing at its address set forth above, and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to _____, _____, _____, _____.

13. Parties.

This Bond Purchase Agreement is made solely for the benefit of KUB and the Underwriter (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

14. Governing Law.

This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

15. General.

This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which will constitute one and the same instrument. The section headings of this Bond Purchase Agreement are for convenience of reference only and shall not affect its interpretation. This Bond Purchase Agreement shall become effective upon your acceptance hereof.

Very truly yours,

By: _____

Its: _____

Accepted and agreed to as of
the date first above written:

KNOXVILLE UTILITIES BOARD

By: _____
President and Chief Executive Officer

EXHIBIT A TO BOND PURCHASE AGREEMENT

[LETTERHEAD OF BASS, BERRY & SIMS PLC]

[Closing Date]

Ladies and Gentlemen:

This opinion is being rendered to you pursuant to Paragraph 6(b)(2) of the Bond Purchase Agreement, dated _____, 2021 (the "Bond Purchase Agreement"), between _____ (the "Underwriter"), and Knoxville Utilities Board ("KUB"), relating to the sale by KUB of its Wastewater System Revenue Refunding Bonds, Series 2021A, in the aggregate principal amount of \$241,000,000 (the "Bonds"). Terms which are used herein and not otherwise defined shall have the meanings assigned to them in the Bond Purchase Agreement.

Of even date herewith, we have delivered our approving opinion in connection with the issuance of the Bonds. In our capacity as Bond Counsel, we have reviewed a record of proceedings in connection with the issuance of the Bonds and we have participated in conferences from time to time with counsel to KUB, representatives of the Underwriter and counsel to the Underwriter, relative to the Official Statement, dated _____, 2021, relating to the Bonds, and the related documents described below. We have also examined such other agreements, documents and certificates, and have made such investigations of law, as we have deemed necessary or appropriate in rendering the opinions set forth below.

Based on the foregoing, we are of the opinion that, as of the date hereof:

1. The offer and sale of the Bonds to the public do not require any registration under the Securities Act of 1933, as amended, and, in connection therewith, the Bond Resolution does not need to be qualified under the Trust Indenture Act of 1939, as amended.
2. The statements contained in the Official Statement under the captions "Introduction" to the extent the narrative thereunder purports to describe the terms of the Bonds and the legal authority by which they are issued, "The Bonds," and in Appendix A to the Official Statement, insofar as such statements purport to summarize certain provisions of the Bonds and the Bond Resolution, fairly summarize such provisions. The statements contained in the Official Statement under the caption "Opinion of Bond Counsel" are correct as to matters of law.

This opinion may be relied upon only by the Underwriter and by other persons to whom written permission to rely hereon is granted by us.

Very truly yours,

EXHIBIT B TO BOND PURCHASE AGREEMENT

_____, 2021

Bass, Berry & Sims PLC
900 South Gay Street, Suite 1700
Knoxville, Tennessee 37902

Re: City of Knoxville, Tennessee acting on behalf of the Knoxville Utilities Board \$241,000,000 Wastewater System Revenue Refunding Bonds, Series 2021A

Ladies and Gentlemen:

You have requested that the undersigned, General Counsel to the Knoxville Utilities Board of the City of Knoxville, Tennessee ("KUB"), render this opinion in connection with the execution, delivery and sale of the captioned bonds (the "Bonds"), the proceeds of which will be used to refinance the outstanding principal amount of the City's outstanding Wastewater System Revenue Bonds, Series 2010C (Federally Taxable Build America Bonds), dated December 8, 2010, maturing April 1, 2022 through April 1, 2035, its outstanding Wastewater System Revenue Refunding Bonds, Series 2012A, dated April 20, 2012, maturing April 1, 2022 through April 1, 2029, its outstanding Wastewater System Revenue Bonds, Series 2012B, dated December 18, 2012, maturing April 1, 2022 through April 1, 2047, its outstanding Wastewater System Revenue Refunding Bonds, Series 2013A, dated March 15, 2013, maturing April 1, 2022 through April 1, 2037, and its outstanding Wastewater System Revenue Bonds, Series 2014A, dated September 18, 2014, maturing April 1, 2022 through April 1, 2049.

It is our opinion that KUB is duly established and validly existing pursuant to the Charter of the City of Knoxville, Tennessee (the "Municipality"), and, pursuant to said Charter, the wastewater system of the Municipality (the "System") is under the jurisdiction, control and management of KUB.

The undersigned does hereby certify that no litigation of any nature is now pending or, to our knowledge, threatened

- (1) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds;
- (2) seeking to restrain or enjoin the charging of sufficient rates to pay the cost of operating, maintaining, repairing and insuring the System and to pay principal of and interest on the Bonds and all outstanding obligations payable from the revenues of the System;
- (3) in any manner questioning the proceedings or authority pursuant to which the Bonds are authorized or issued or such rates are charged;
- (4) in any manner questioning or relating to the validity of the Bonds;
- (5) contesting in any way the completeness or accuracy of the Official Statement prepared and distributed in connection with the sale of the Bonds;

(6) in any way contesting the corporate existence or boundaries of the Municipality, except for various pending actions challenging past or present annexation efforts of the Municipality, which will have no material adverse effect on the revenues of the System;

(7) contesting the title of the present officers of KUB to their respective offices; or

(8) contesting the powers of KUB or the authority of KUB with respect to the Bonds, or proceedings authorizing the Bonds, or any act to be done or document or certificate to be executed or delivered in connection with the issuance and delivery of the Bonds.

Neither the voters of the Municipality nor its governing body nor the Board of Commissioners of KUB have approved any special, local or private act or legislation passed by the General Assembly of the State of Tennessee at its most recent session or any amendments to the Charter of the Municipality affecting the power of the Municipality to issue the Bonds or pay the principal of, premium, if any, and interest on the Bonds when due or affecting the power of the Board of Commissioners of KUB to manage and control the System.

I hereby certify that Jerry Askew and Mark Walker are the duly qualified, appointed and acting Chair and Secretary, respectively, of the Board of Commissioners of KUB with full power to act as such officers on behalf of KUB in connection with the execution and delivery of the Bonds.

Yours truly,

29793859.2

A RESOLUTION SUPPLEMENTING RESOLUTION NO. 2075 ADOPTED BY THE CITY COUNCIL OF THE CITY OF KNOXVILLE, TENNESSEE ON APRIL 20, 1954 ENTITLED "A RESOLUTION PROVIDING FOR THE ISSUANCE OF WATER REVENUE BONDS" SO AS TO PROVIDE FOR THE ISSUANCE OF NOT TO EXCEED FORTY-ONE MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$41,500,000) OF WATER SYSTEM REVENUE REFUNDING BONDS, SERIES LL-2021.

RESOLUTION NO: _____

REQUESTED BY: _____

PREPARED BY: _____

APPROVED AS TO FORM

CORRECTNESS: _____

Law Director

FINANCIAL IMPACT STATEMENT:

Director of Finance

APPROVED: _____

APPROVED AS AN

EMERGENCY MEASURE: _____

MINUTE BOOK _____ PAGE _____

WHEREAS, the City of Knoxville (the "City"), pursuant to a resolution entitled "A Resolution Providing for the Issuance of Water Revenue Bonds," being Resolution No. 2075 of the City Council adopted April 20, 1954 (which resolution as heretofore amended is hereinafter sometimes referred to as "Resolution No. 2075"), authorized an issue of Water Revenue Bonds; and

WHEREAS, pursuant to Resolution No. 2075, and for the purpose of financing the cost of the extensions and improvements to the City's water distribution and treatment system (the "System") and the refinancing of indebtedness issued for that purpose, the City issued Water Revenue Bonds, the series of which, the amount issued, and the amount outstanding as of March 1, 2021 are as follows:

<u>Series</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
X-2012	\$10,050,000	\$ 5,835,000
Y-2013	\$ 9,285,000	\$ 7,380,000
Z-2013	\$25,000,000	\$21,025,000
AA-2014	\$ 8,000,000	\$ 6,925,000
BB-2015	\$23,005,000	\$19,075,000
CC-2015	\$20,000,000	\$17,575,000
DD-2016	\$25,000,000	\$22,675,000
EE-2016	\$20,875,000	\$18,430,000
FF-2017	\$ 5,310,000	\$ 3,405,000
GG-2017	\$20,000,000	\$18,610,000
HH-2018	\$19,995,000	\$18,695,000
II-2019	\$19,995,000	\$19,230,000
JJ-2020	\$19,520,000	\$18,890,000
KK-2020	\$ 9,045,000	\$ 8,835,000

WHEREAS, it is desirable that an additional series of bonds be issued to refinance the outstanding principal amount of the City's outstanding Water System Revenue Refunding Bonds, Series X-2012, dated April 20, 2012, maturing March 1, 2022 through March 1, 2029 (the "Series X-2012 Bonds"), its outstanding Water System Revenue Refunding Bonds, Series Y-2013, dated March 15, 2013, maturing March 1, 2022 through March 1, 2030 (the "Series Y-2013 Bonds"), its outstanding Water System Revenue Bonds, Series Z-2013, dated October 1, 2013, maturing March 1, 2022 through March 1, 2044 (the "Series Z-2013 Bonds"), and its outstanding Water System Revenue Bonds, Series AA-2014, dated September 18, 2014, maturing March 1, 2022 through March 1, 2044 (the "Series AA-2014 Bonds" and together with the Series X-2012 Bonds, the Series Y-2013 Bonds, and the Series Z-2013 Bonds, the "Refunded Bonds"), including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the bonds, pursuant to the authority of Resolution No. 2075 and pursuant to the authority of this resolution; and

WHEREAS, the Board of Commissioners (the "Board") of the Knoxville Utilities Board ("KUB") has duly adopted a resolution requesting the City Council of the City to adopt this resolution authorizing the issuance of bonds for the purposes and in the manner hereinafter more fully stated; and

WHEREAS, the plan of refunding for the Refunded Bonds has been submitted to the State Director of the Division of Local Government Finance (the "State Director") as required by Section 9-21-903, Tennessee Code Annotated, as amended, and she has acknowledged receipt thereof to the City and KUB and submitted her report thereon to the City and KUB, and such report has been provided to members of the City Council of the City; and

WHEREAS, it is the intention of the City Council of the City to adopt this resolution for the purpose of authorizing not to exceed \$41,500,000 in aggregate principal amount of water revenue refunding bonds for the purposes described above, establishing the terms of such bonds, providing for the issuance, sale and payment of the bonds and disposition of proceeds therefrom, and collection of revenues from the System and the application thereof to the payment of principal of, premium, if any, and interest on said bonds.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Knoxville, Tennessee, as follows:

Section 1. Authority. The bonds authorized by this resolution are issued pursuant to Sections 7-34-101 et seq. and 9-21-101 et seq., Tennessee Code Annotated, and other applicable provisions of law.

Section 2. Definitions. Capitalized terms used herein and not defined in this Section 2 shall have the meanings ascribed to them in the 1954 Resolution (as hereinbelow defined). The following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise.

- (a) "Board" shall mean the Board of Commissioners of the Knoxville Utilities Board;
- (b) "Bond Purchase Agreement" means a Bond Purchase Agreement, dated as of the sale of the Series LL- Bonds, entered into by and between KUB and the Underwriter, in substantially the form of the document attached hereto as Exhibit A, subject to such changes as permitted by Section 10 hereof, as approved by the President and Chief Executive Officer of KUB, consistent with the terms of this resolution;
- (c) "Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which physical Bond certificates in fully registered form are issued to a Depository, or to its nominee as Registered Owner, with the certificated Bonds being held by and "immobilized" in the custody of such Depository, and under which records maintained by persons, other than the City, KUB or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial "book-entry" interests in those Bonds;
- (d) "City" shall mean the City of Knoxville, Tennessee;
- (e) "Code" shall mean the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated or proposed thereunder;
- (f) "Depository" means any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-Entry System, including, but not limited to, DTC;
- (g) "DTC" means the Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns;
- (h) "DTC Participant(s)" means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC system;
- (i) "Governing Body" shall mean the City Council of the City;
- (j) "KUB" shall mean the Knoxville Utilities Board;
- (k) "1954 Resolution" shall mean Resolution No. 2075 of the Governing Body, adopted April 20, 1954, as amended and supplemented by Resolution No. 3633, Resolution No. R-26-88, Resolution No.

R-8-98, Resolution No. R-151-01 and Resolution No. R-228-2018, and as otherwise supplemented prior to the date hereof;

(l) "Outstanding Bonds" shall mean the City's outstanding Water System Revenue Refunding Bonds, Series X-2012, dated April 20, 2012, maturing March 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series LL-2021 Bonds, the City's outstanding Water System Revenue Refunding Bonds, Series Y-2013, dated March 15, 2013, maturing March 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series LL-2021 Bonds, the City's outstanding Water System Revenue Bonds, Series Z-2013, dated October 1, 2013, maturing March 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series LL-2021 Bonds, the City's outstanding Water System Revenue Bonds, Series AA-2014, dated September 18, 2014, maturing March 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series LL-2021 Bonds, the City's outstanding Water System Revenue Refunding Bonds, Series BB-2015, dated May 1, 2015, maturing March 1, 2022 and thereafter, the City's outstanding Water System Revenue Bonds, Series CC-2015, dated May 20, 2015, maturing March 1, 2022 and thereafter, the City's outstanding Water System Revenue Bonds, Series DD-2016, dated August 5, 2016, maturing March 1, 2022 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series EE-2016, dated August 5, 2016, maturing March 1, 2022 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series FF-2017, dated April 7, 2017, maturing March 1, 2022 and thereafter, the City's outstanding Water System Revenue Bonds, Series GG-2017, dated September 15, 2017, maturing March 1, 2022 and thereafter, the City's outstanding Water System Revenue Bonds, Series HH-2018, dated September 14, 2018, maturing March 1, 2022 and thereafter, the City's outstanding Water System Revenue Bonds, Series II-2019, dated August 20, 2019, maturing March 1, 2022 and thereafter, the City's Water System Revenue Refunding Bonds, Series JJ-2020, dated May 22, 2020, maturing March 1, 2022 and thereafter, and the City's Water System Revenue Bonds, Series KK-2020, dated October 30, 2020, maturing March 1, 2022 and thereafter;

(m) "Parity Bonds" shall mean any bonds issued on a parity with the Series LL-2021 Bonds and the Outstanding Bonds pursuant to the 1954 Resolution;

(n) "Refunded Bonds" shall mean those portions of the City's outstanding Water System Revenue Refunding Bonds, Series X-2012, dated April 20, 2012, maturing March 1, 2022 through March 1, 2029, its outstanding Water System Revenue Refunding Bonds, Series Y-2013, dated March 15, 2013, maturing March 1, 2022 through March 1, 2030, its outstanding Water System Revenue Bonds, Series Z-2013, dated October 1, 2013, maturing March 1, 2022 through March 1, 2044, and its outstanding Water System Revenue Bonds, Series AA-2014, dated September 18, 2014, maturing March 1, 2022 through March 1, 2044 that are selected for refunding pursuant to Section 10 hereof;

(o) "Registration Agent" shall mean the registration and paying agent for the Series LL-2021 Bonds designated by the President and Chief Executive Officer of KUB, or any successor as designated by the Board;

(p) "Series LL-2021 Bonds" shall mean the City's Water System Revenue Refunding Bonds, Series LL-2021, dated the date of their issuance, or such other date as shall be determined by the Board pursuant to Section 10 hereof, authorized to be issued by the 1954 Resolution and this resolution in an aggregate principal amount not to exceed \$41,500,000;

(q) "State" shall mean the State of Tennessee; and

(r) "Underwriter" shall mean an investment banking firm qualified to underwrite bonds such as the Series LL-2021 Bonds in the State of Tennessee selected by the President and Chief Executive Officer of KUB.

Section 3. Declarations. It is hereby determined that all requirements of the 1954 Resolution have been or will have been met upon the issuance of the Series LL-2021 Bonds so that the Series LL-2021 Bonds will be issued as Parity Bonds.

Section 4. Findings of the Governing Body. It is hereby found and determined by the Governing Body that the refunding of the Refunded Bonds as set forth herein through the issuance of the Series LL-2021 Bonds will result in a reduction in debt service payable by the City and KUB over the term of the Refunded Bonds, thereby effecting a cost savings to the System.

Section 5. Authorization and Terms of the Series LL-2021 Bonds. (a) For the purpose of providing funds for the payment of principal of and premium and interest on the Refunded Bonds to the earliest practicable optional redemption date thereof, including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the Series LL-2021 Bonds as more fully set out in Section 10 hereof, there are hereby authorized to be issued revenue bonds of the City in the aggregate principal amount of not to exceed \$41,500,000. The Series LL-2021 Bonds shall be issued in fully registered form, without coupons, shall be known as "Water System Revenue Refunding Bonds, Series LL-2021" and shall be dated the date of their issuance or such other date as shall be determined by the Board or the President and Chief Executive Officer of KUB as its designee pursuant to Section 10 hereof. The Series LL-2021 Bonds shall bear interest at a rate or rates not to exceed five percent (5.00%) per annum, payable semi-annually on March 1 and September 1 in each year, commencing September 1, 2021 or such later date as is permitted pursuant to Section 10 hereof. The Series LL-2021 Bonds shall be initially issued in \$5,000 denominations or integral multiples thereof as shall be requested by the purchaser thereof. The Series LL-2021 Bonds shall mature and be payable either serially or through mandatory redemption on each March 1 in such years as is established by the Board or the President and Chief Executive Officer of KUB as its designee pursuant to Section 10, provided that the final maturity date shall not be later than March 1, 2044. The final maturity schedule shall be established by the award resolution or certificate awarding the Series LL-2021 Bonds to the successful purchaser thereof or in the Bond Purchase Agreement provided for in Section 10 if the Series LL-2021 Bonds are sold by negotiated sale.

(b) Subject to adjustment pursuant to Section 10 hereof, the Series LL-2021 Bonds maturing on or before March 1, 2030 shall mature without option of prior redemption, and the Series LL-2021 Bonds maturing on and after March 1, 2031 shall be subject to redemption prior to maturity at the option of the City, acting through the Board, on or after March 1, 2030, as a whole or in part at any time at a redemption price equal to the principal amount plus interest accrued to the redemption date.

If less than all the Series LL-2021 Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board in its discretion. If less than all the Series LL-2021 Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Series LL-2021 Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Series LL-2021 Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Series LL-2021 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series LL-2021 Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

(c) Pursuant to Section 10 hereof, KUB is authorized to sell the Series LL-2021 Bonds, or any maturities thereof, as term bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by KUB. In the event any or all the Series LL-2021 Bonds are sold as

term bonds, KUB shall redeem such term bonds on redemption dates corresponding to the maturity dates set forth in the award resolution or certificate awarding the Series LL-2021 Bonds, in amounts so as to achieve an amortization of the indebtedness approved by the Board or the President and Chief Executive Officer of KUB as its designee. DTC, as Depository for the Series LL-2021 Bonds, or any successor Depository for the Series LL-2021 Bonds, shall determine the interest of each Participant in the Series LL-2021 Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as Depository for the Series LL-2021 Bonds, the Series LL-2021 Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, KUB may (i) deliver to the Registration Agent for cancellation Series LL-2021 Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Series LL-2021 Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Series LL-2021 Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of KUB on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Series LL-2021 Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. KUB shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

(d) Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series LL-2021 Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Series LL-2021 Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Series LL-2021 Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series LL-2021 Bonds, as and when above provided, and neither KUB, the City, nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices, in the case of term bonds with mandatory redemption requirements as and when provided herein and in the Series LL-2021 Bonds and, in the case of optional redemption, as and when directed by the Board pursuant to written instructions from an authorized representative of the Board given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Series LL-2021 Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the City or KUB to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

(e) The Series LL-2021 Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the City with the manual or facsimile signature of the Chair of the Board and attested by the manual or facsimile signature of the Secretary of the Board.

(f) The City hereby authorizes and directs the Board to appoint a Registration Agent and paying agent for the Series LL-2021 Bonds, and the Registration Agent so appointed is authorized and directed to maintain Bond registration records with respect to the Series LL-2021 Bonds, to authenticate and deliver the Series LL-2021 Bonds as provided herein, either at original issuance, upon transfer, or as otherwise directed by the Board, to effect transfers of the Series LL-2021 Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Series LL-2021 Bonds as provided herein, to cancel and destroy the Series LL-2021 Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish KUB at least annually a certificate of destruction with respect to Series LL-2021 Bonds canceled and destroyed, and to furnish KUB at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Series LL-2021 Bonds. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed. The Board hereby delegates to the President and Chief Executive Officer of KUB the authority to select and appoint the Registration Agent and any paying agents for the Series LL-2021 Bonds (as well as any successors to any of the foregoing). The Chair of the Board is hereby authorized to execute and the Secretary of the Board is hereby authorized to attest such written agreement between KUB and the Registration Agent as they shall deem necessary or proper with respect to the obligations, duties and rights of the Registration Agent.

(g) The Series LL-2021 Bonds shall be payable, principal and interest, in lawful money of the United States of America at the designated trust office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds on each interest payment date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owners at their addresses shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Series LL-2021 Bonds, and all such payments shall discharge the obligations of KUB in respect of such Series LL-2021 Bonds to the extent of the payments so made. Payment of principal of the Series LL-2021 Bonds shall be made upon presentation and surrender of such Series LL-2021 Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. In the event the Series LL-2021 Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Series LL-2021 Bonds, payment of interest on such Series LL-2021 Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

(h) Any interest on any Series LL-2021 Bond which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid to the persons in whose names the Series LL-2021 Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: KUB shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Series LL-2021 Bond and the date of the proposed payment, and at the same time KUB shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest

as in this Section 5 provided. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify KUB of such Special Record Date and, in the name and at the expense of KUB, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section 5 or in the Series LL-2021 Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of KUB to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Series LL-2021 Bonds when due.

(i) The Series LL-2021 Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Series LL-2021 Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Series LL-2021 Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Series LL-2021 Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Series LL-2021 Bond or Series LL-2021 Bonds to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Series LL-2021 Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Series LL-2021 Bond, nor to transfer or exchange any Series LL-2021 Bond after notice calling such Series LL-2021 Bond for redemption has been made, nor to transfer or exchange any Series LL-2021 Bond during the period following the receipt of instructions from KUB to call such Series LL-2021 Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Series LL-2021 Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Series LL-2021 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither KUB nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Series LL-2021 Bonds shall be overdue. Series LL-2021 Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Series LL-2021 Bonds of the same maturity in any authorized denomination or denominations. This subsection shall be applicable only if the Series LL-2021 Bonds are no longer held by a Depository, and as long as the Series LL-2021 Bonds are held by a Depository, transfers of ownership interests in the Series LL-2021 Bonds shall be governed by the rules of the Depository.

(j) Except as otherwise authorized herein, the Series LL-2021 Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as the Depository for the Series LL-2021 Bonds except as otherwise provided herein. References in this Section 5 to a Series LL-2021 Bond or the Series LL-2021 Bonds shall be construed to mean the Series LL-2021 Bond or the Series LL-2021 Bonds that are held under the Book-Entry System. One Bond for each maturity of the Series LL-2021 Bonds shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Bond Registrar is a custodian and agent for DTC, and the Series LL-2021 Bond will be immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Series LL-2021 Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Series LL-2021 Bonds. Beneficial ownership interests in the Series LL-2021 Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership

interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Series LL-2021 Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Series LL-2021 Bonds. Transfers of ownership interests in the Series LL-2021 Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE SERIES LL-2021 BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE SERIES LL-2021 BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES LL-2021 BONDS, RECEIPT OF NOTICES, VOTING AND TAKING OR NOT TAKING, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Series LL-2021 Bonds, so long as DTC is the only owner of the Series LL-2021 Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co. as provided in the Letter of Representation relating to the Series LL-2021 Bonds from the City, acting by and through KUB, and the Registration Agent to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. Neither the City, KUB nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as Depository for the Series LL-2021 Bonds or (2) to the extent permitted by the rules of DTC, the Board determines to discontinue the Book-Entry System, the Book-Entry System with DTC shall be discontinued. If the Board fails to identify another qualified securities depository to replace DTC, the Board shall cause the Registration Agent to authenticate and deliver replacement Series LL-2021 Bonds in the form of fully registered Series LL-2021 Bonds to each Beneficial Owner.

NEITHER THE CITY, KUB NOR THE REGISTRATION AGENT SHALL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE SERIES LL-2021 BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES LL-2021 BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS, (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES LL-2021 BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

If the purchaser or Underwriter certifies that it intends to hold the Series LL-2021 Bonds for its own account, then the City may issue, acting by and through KUB, certificated Bonds without the utilization of DTC and the Book-Entry System.

(k) In case any Series LL-2021 Bond shall become mutilated, or be lost, stolen, or destroyed, the City, acting by and through KUB, in its discretion, shall issue, and the Registration Agent, upon written direction from KUB, shall authenticate and deliver, a new Series LL-2021 Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Series LL-2021 Bond, or in lieu of and in substitution for such lost, stolen or destroyed Series LL-2021 Bond, or if any such Series LL-2021 Bond shall have matured or shall be about to mature, instead of issuing a

substituted Series LL-2021 Bond KUB may pay or authorize payment of such Series LL-2021 Bond without surrender thereof. In every case the applicant shall furnish evidence satisfactory to KUB and the Registration Agent of the destruction, theft or loss of such Series LL-2021 Bond, and indemnity satisfactory to KUB and the Registration Agent; and KUB may charge the applicant for the issue of such new Series LL-2021 Bond an amount sufficient to reimburse KUB for the expense incurred by it in the issue thereof.

(l) The Registration Agent is hereby authorized to authenticate and deliver the Series LL-2021 Bonds to DTC, on behalf of the initial purchaser thereof, or an agent of DTC, upon receipt by KUB of the proceeds of the sale thereof and, subject to the rules of the Depository, and to authenticate and deliver Series LL-2021 Bonds in exchange for Series LL-2021 Bonds of the same principal amount delivered for transfer upon receipt of the Series LL-2021 Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Series LL-2021 Bonds shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an authorized representative thereof on the certificate set forth herein on the Series LL-2021 Bond form.

(m) The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Series LL-2021 Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Series LL-2021 Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Series LL-2021 Bonds and provision of notices with respect to Series LL-2021 Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the Beneficial Owners of the Series LL-2021 Bonds, provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this Section 5.

Section 6. Source of Payment. The Series LL-2021 Bonds shall be payable solely from and be secured by a pledge of the Net Revenues of the System as hereinafter provided and as provided in the 1954 Resolution on a parity and equality of lien with the Outstanding Bonds. The punctual payment of principal of and interest on the Series LL-2021 Bonds, the Outstanding Bonds and any Parity Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of series, number or time of sale and delivery. The owners of the Series LL-2021 Bonds shall have no recourse to the power of taxation of the City.

Section 7. Form of Series LL-2021 Bonds. The Series LL-2021 Bonds shall be in substantially the following form, the omissions to be appropriately completed when the Series LL-2021 Bonds are prepared and delivered:

(Form of Series LL-2021 Bond)

REGISTERED
Number _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF KNOX
CITY OF KNOXVILLE
WATER SYSTEM REVENUE REFUNDING BOND, SERIES LL-2021

Interest Rate:

Maturity Date:

Date of Bond:

CUSIP No.:

Registered Owner:
Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Knoxville, a municipal corporation lawfully organized and existing in Knox County, Tennessee (the "City"), acting by and through the Knoxville Utilities Board ("KUB"), for value received hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth, or upon earlier redemption, as set forth herein, and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date or redemption date, said interest being payable on September 1, 2021, and semi-annually thereafter on the first day of March and September in each year until this Bond matures or is redeemed. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the designated trust office of _____, _____, Tennessee, as registration agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond by check or draft on each interest payment date directly to the registered owner hereof shown on the bond registration records maintained by the Registration Agent as of the close of business on the day which is the fifteenth (15th) day of the month next preceding the interest payment date (the "Regular Record Date") by depositing said payment in the United States mail, postage prepaid, addressed to such owner at such owner's address shown on said bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the City and KUB to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of and premium, if any, on the Bonds shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds of the series of which this Bond is one. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Bond Registrar is a custodian and agent for DTC, and the Bond will be immobilized in its custody. A book-entry system (the "Book-Entry System") shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, as defined in the Resolution, pursuant to rules and procedures established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the City, KUB and the Registration Agent shall treat Cede & Co., as the only owner of the Bonds for all purposes under the Resolution, including receipt of all principal of, premium, if any, and interest on the Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal, maturity amounts, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners, as defined in the Resolution. Neither the City, KUB, nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) to the extent permitted by the rules of DTC, the Board of Commissioners of KUB (the "Board") determines to discontinue the Book-Entry System, the Book-Entry System with DTC shall be discontinued. If the Board fails to identify another qualified securities depository to replace DTC, the Board shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. Neither the City, KUB nor the Registration Agent shall have any responsibility or obligations to any DTC Participant or any Beneficial Owner with respect to (i) the

Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts of and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners, (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

The Bonds of the issue of which this Bond is one maturing on or before March 1, 2030 shall mature without option of prior redemption. The Bonds maturing on March 1, 2031 and thereafter shall be subject to redemption prior to maturity at the option of the City, acting through the Board, on or after March 1, 2030, as a whole or in part at any time at a redemption price equal to the principal amount plus interest accrued to the redemption date.

[If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Series Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.]

[Subject to the credit hereinafter provided, the City acting by and through KUB, shall redeem Bonds maturing on the redemption dates set forth below opposite such maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, as securities depository for the series of Bonds of which this Bond is one, or any successor Depository for the Bonds, shall determine the interest of each Participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as securities depository for the Bonds, the Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and amount of Bonds to be redeemed on said dates are as follows:

<u>Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds to be Redeemed</u>
-----------------	----------------------------	---

*final maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the City, acting through KUB, may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive credit in respect of its redemption obligation under the mandatory redemption provision for any Bonds to be redeemed which prior to said date have been purchased or redeemed (otherwise than by mandatory redemption) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under

the mandatory redemption provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of KUB on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of the Bonds to be redeemed by operation of the mandatory redemption provision shall be accordingly reduced. KUB shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this paragraph are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the City, but only upon direction of the Board, not fewer than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly given as set forth in the Resolution, as hereafter defined. In the case of a Conditional Redemption, the failure of the City or KUB to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.]

The Bonds of the issue of which this Bond is one are issuable only as fully registered Bonds, without coupons, in the denomination of Five Thousand Dollars (\$5,000) or any authorized integral multiple thereof. At the designated trust office of the Registration Agent, in the manner and subject to the limitations, conditions and charges provided in the Resolution, fully registered Bonds may be exchanged for an equal aggregate principal amount of fully registered Bonds of the same maturity, of authorized denominations, and bearing interest at the same rate. The Bonds shall be numbered consecutively from one upwards and will be made eligible for the Book-Entry System of DTC. Except as otherwise provided in this paragraph and the Resolution, as hereinafter defined, the Bonds shall be registered in the name of Cede & Co. as nominee of DTC. The Board may discontinue use of DTC for Bonds at any time upon determination by the Board that the use of DTC is no longer in the best interest of the beneficial owners of the Bonds. Upon such determination, registered ownership of the Bonds may be transferred on the registration books maintained by the Registration Agent, and the Bonds may be delivered in physical form to the following:

- i. any successor of DTC or its nominee;
- ii. any substitute depository to which the Registration Agent does not unreasonably object, upon (a) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (b) a determination by the Board that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; or
- iii. any person, upon (a) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository, or (b) termination by the Board of the use of DTC (or substitute depository or its successor).

In the event that this Bond is no longer held in a Book-Entry System by DTC, this Bond shall be transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the principal trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denomination or denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the City, KUB nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the Board to call such Bond for redemption.

This Bond is one of a total authorized issue aggregating \$41,500,000 and issued by the City, acting by and through KUB, for the purpose of providing funds to refinance the outstanding principal amount of the City's outstanding Water System Revenue Refunding Bonds, Series X-2012, dated April 20, 2012, maturing March 1, 2022 through March 1, 2029 (the "Series X-2012 Bonds"), its outstanding Water System Revenue Refunding Bonds, Series Y-2013, dated March 15, 2013, maturing March 1, 2022 through March 1, 2030 (the "Series Y-2013 Bonds"), its outstanding Water System Revenue Bonds, Series Z-2013, dated October 1, 2013, maturing March 1, 2022 through March 1, 2044 (the "Series Z-2013 Bonds"), and its outstanding Water System Revenue Bonds, Series AA-2014, dated September 18, 2014, maturing March 1, 2022 through March 1, 2044 (the "Series AA-2014 Bonds" and together with the Series X-2012 Bonds, the Series Y-2013 Bonds, and the Series Z-2013 Bonds, the "Refunded Bonds"), including the payment of legal, fiscal and administrative costs incident thereto and costs incident to the issuance of the Bonds, under and in full compliance with the Constitution and statutes of the State of Tennessee, including Sections 7-34-101 et seq. and Sections 9-21-101 et seq., Tennessee Code Annotated, and pursuant to Resolution No. 2075 duly adopted by the City Council of the City on April 20, 1954, as amended and supplemented by Resolution No. 3633, Resolution No. R-26-88, Resolution No. R-8-98, Resolution No. R-151-01 and Resolution No. R-228-2018, and as otherwise supplemented prior to the date hereof (as supplemented and amended, the "Resolution").

This Bond, and interest hereon, are payable solely from and secured by a pledge of the income and revenues to be derived from the operation of the water distribution and treatment system of the City (the "System"), subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing, and insuring the System. The Bonds of the series of which this Bond is one shall enjoy complete parity and equality of lien with the City's outstanding Water System Revenue Refunding Bonds, Series X-2012, dated April 20, 2012, maturing March 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series LL-2021 Bonds, the City's outstanding Water System Revenue Refunding Bonds, Series Y-2013, dated March 15, 2013, maturing March 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series LL-2021 Bonds, the City's outstanding Water System Revenue Bonds, Series Z-2013, dated October 1, 2013, maturing March 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series LL-2021 Bonds, the City's outstanding Water System Revenue Bonds, Series AA-2014, dated September 18, 2014, maturing March 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series LL-2021 Bonds, the City's outstanding Water System Revenue Refunding Bonds, Series BB-2015, dated May 1, 2015, maturing March 1, 2022 and thereafter, the City's outstanding Water System Revenue Bonds, Series CC-2015, dated May 20, 2015, maturing March 1, 2022 and thereafter, the City's outstanding Water System Revenue Bonds, Series DD-2016, dated August 5, 2016, maturing March 1, 2022 and thereafter, the City's outstanding Water System Revenue

Refunding Bonds, Series EE-2016, dated August 5, 2016, maturing March 1, 2022 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series FF-2017, dated April 7, 2017, maturing March 1, 2022 and thereafter, the City's outstanding Water System Revenue Bonds, Series GG-2017, dated September 15, 2017, maturing March 1, 2022 and thereafter, the City's outstanding Water System Revenue Bonds, Series HH-2018, dated September 14, 2018, maturing March 1, 2022 and thereafter, the City's outstanding Water System Revenue Bonds, Series II-2019, dated August 20, 2019, maturing March 1, 2022 and thereafter, the City's Water System Revenue Refunding Bonds, Series JJ-2020, dated May 22, 2020, maturing March 1, 2022 and thereafter, and the City's Water System Revenue Bonds, Series KK-2020, dated October 30, 2020, maturing March 1, 2022 and thereafter. As provided in the Resolution, the punctual payment of principal of, premium, if any, and interest on the series of Bonds of which this Bond is one, the Outstanding Bonds and any other bonds issued on a parity therewith pursuant to the terms of the Resolution shall be secured equally and ratably by said revenues without priority by reason of series, number or time of sale or delivery. The owner of this Bond shall have no recourse to the power of taxation of the City. The Board has covenanted that it will fix and impose such rates and charges for the services rendered by the System and will collect and account for sufficient revenues to pay promptly the principal of and interest on this Bond and the issue of which it is a part, as each payment becomes due. For a more complete statement of the revenues from which and conditions under which this Bond is payable, a statement of the conditions on which obligations may hereafter be issued on a parity with this Bond, the general covenants and provisions pursuant to which this Bond is issued and the terms upon which the Resolution may be modified, reference is hereby made to the Resolution.

Under existing law, this Bond and the income therefrom are exempt from all present state, county and municipal taxation in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on this Bond during the period such Bond is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of this Bond in the Tennessee franchise tax base or any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of either the City or KUB, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the City acting by and through the Board has caused this Bond to be signed by the Chair of the Board by his manual or facsimile signature and attested by the Secretary of the Board by his manual or facsimile signature, all as of the date hereinabove set forth.

CITY OF KNOXVILLE
by and through the
KNOXVILLE UTILITIES BOARD

By: _____
Chair

ATTESTED:

Secretary

Transferable and payable at the
designated trust office of: _____

_____, Tennessee

Date of Registration: _____

This Bond is one of the issue of Bonds issued pursuant to the Resolution hereinabove described.

Registration Agent

By: _____
Authorized Representative

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto _____, [Please insert Federal Tax Identification Number or Social Security Number of Assignee _____] whose address is _____

_____, the within bond of the City of Knoxville, Tennessee, and does hereby irrevocably constitute and appoint _____, _____, Tennessee, attorney, to transfer the said bond on the records kept for registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of a Medallion Program acceptable to the Registration Agent.

Section 8. Equality of Lien; Pledge of Net Revenues. The punctual payment of principal of, premium, if any, and interest on the Series LL-2021 Bonds, the Outstanding Bonds and any Parity Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of series, number or time of sale or execution or delivery, and the Net Revenues of the System are hereby irrevocably pledged to the punctual payment of such principal, premium and interest as the same become due.

Section 9. Applicability of the 1954 Resolution. The Series LL-2021 Bonds are issued in compliance with the 1954 Resolution so as to be on a parity with the Outstanding Bonds, and, when duly delivered, the Series LL-2021 Bonds shall constitute a series of bonds issued under the authority of the 1954 Resolution. All recitals, provisions, covenants and agreements contained in the 1954 Resolution, as supplemented and amended herein (except insofar as any of said recitals, provisions, covenants and agreements necessarily relate exclusively to any series of the Outstanding Bonds) are hereby ratified and confirmed and incorporated herein by reference and, for so long as any of the Series LL-2021 Bonds shall

be outstanding and unpaid either as to principal or interest, or until discharge and satisfaction of the Series LL-2021 Bonds as provided in Section 12 hereof, shall be applicable to the Series LL-2021 Bonds, shall inure to the benefit of owners of the Series LL-2021 Bonds as if set out in full herein, and shall be fully enforceable by the owner of any Series LL-2021 Bond.

All references to "holder" or "holders" in the 1954 Resolution shall be deemed to include owners of the Series LL-2021 Bonds, and all references to "Bonds" in the 1954 Resolution shall be deemed to include the Series LL-2021 Bonds.

Section 10. Sale of Series LL-2021 Bonds.

(a) The Series LL-2021 Bonds or any emission thereof may be sold at negotiated sale to the Underwriter or at public sale as determined by the President and Chief Executive Officer of KUB at a price of not less than 98.00% of par, exclusive of original issue discount, plus accrued interest, if any, provided, however, that no emission of Series LL-2021 Bonds may be sold at negotiated sale unless the Audit and Finance Committee of the Board has previously approved the sale of such emission at negotiated sale. The sale of any emission of the Series LL-2021 Bonds to the Underwriter or by public sale shall be binding on the City and KUB, and no further action of the Board with respect thereto shall be required.

(b) The President and Chief Executive Officer of KUB, as the designee of the Board, is further authorized with respect to each emission of Series LL-2021 Bonds to:

- (1) change the dated date to a date other than the date of issuance;
- (2) specify or change the series designation of the Series LL-2021 Bonds other than "Water System Revenue Refunding Bonds, Series LL-2021";
- (3) change the first interest payment date to a date other than September 1, 2021, provided that such date is not later than twelve months from the dated date of such emission of Series LL-2021 Bonds;
- (4) establish and adjust the principal and interest payment dates and determine maturity or mandatory redemption amounts of the Series LL-2021 Bonds or any emission thereof, provided that (A) the total principal amount of all emissions of the Series LL-2021 Bonds does not exceed the total amount of Series LL-2021 Bonds authorized herein; (B) the final maturity date of each emission shall be not later than March 1, 2044; and (C) the debt service schedule is substantially the same as what was presented to the State Director in connection with requesting a report on the refunding of the Refunded Bonds;
- (5) modify or remove the optional redemption provisions contained herein, provided that the premium amount to be paid in connection with any redemption provision shall not exceed two percent (2%) of the principal amount thereof;
- (6) sell the Series LL-2021 Bonds, or any emission thereof, or any maturities thereof as term bonds with mandatory redemption requirements as determined by the Board, as it shall deem most advantageous to KUB; and
- (7) cause all or a portion of the Series LL-2021 Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company to achieve the purposes set forth herein and to serve the best interests of KUB and to enter into agreements with such insurance company to the extent not inconsistent with this resolution.

(c) If any emission of Series LL-2021 Bonds is sold at negotiated sale, the President and Chief Executive Officer of KUB is authorized to execute a Bond Purchase Agreement with respect to such emission of Series LL-2021 Bonds, providing for the purchase and sale of the Series LL-2021 Bonds, or any emission thereof. Each Bond Purchase Agreement shall be in substantially the form attached hereto as Exhibit A, with such changes as the President and Chief Executive Officer deems necessary or advisable in connection with the sale of such Series LL-2021 Bonds, provided any such changes are not inconsistent with the terms of this Section 10. If the Underwriter does not intend to reoffer the Series LL-2021 Bonds to the public, then the Bond Purchase Agreement shall be conformed to reflect such intention. The form of the Series LL-2021 Bond set forth in Section 7 hereof shall be conformed to reflect any changes made pursuant to this Section 10.

(d) The President and Chief Executive Officer and the Chief Financial Officer of KUB, or either of them, are authorized to cause the Series LL-2021 Bonds, in book-entry form (except as otherwise authorized herein), to be authenticated and delivered by the Registration Agent to the purchaser(s), and to execute, publish, and deliver all certificates and documents, including an official statement, the Bond Purchase Agreement and closing certificates, as they shall deem necessary in connection with the sale and delivery of each emission of the Bonds.

(e) If the Series LL-2021 Bonds are sold at public sale, the Series LL-2021 Bonds shall be awarded by the President and Chief Executive Officer of KUB to the bidder that offers to purchase the Bonds for the lowest true interest cost to KUB.

Section 11. Disposition of Series LL-2021 Bond Proceeds. The proceeds of the sale of the Series LL-2021 Bonds shall be paid to KUB and used and applied by KUB as follows:

(a) All accrued interest, if any, shall be deposited to the Debt Service Fund created under the 1954 Resolution and used to pay interest on the Series LL-2021 Bonds on the first interest payment date following delivery of the Series LL-2021 Bonds;

(b) An amount, which together with investment earnings thereon and legally available funds of KUB, if any, will be sufficient to pay principal of, premium, if any, and interest on the Refunded Bonds (subject to adjustments permitted by Section 10 above), shall be applied by KUB directly to refund the Refunded Bonds; and

(c) The remainder shall be applied to the payment of costs of issuance relating to the Series LL-2021 Bonds. If there are any remaining proceeds of the Series LL-2021 Bonds after application as provided above, such remaining proceeds shall be used to pay principal and/or interest on the Series LL-2021 Bonds.

Section 12. Discharge and Satisfaction of Series LL-2021 Bonds. If KUB, on behalf of the City, shall pay and discharge the indebtedness evidenced by any of the Series LL-2021 Bonds or Parity Bonds (referred to hereinafter, collectively, in this Section 12 as the "Bonds") in any one or more of the following ways:

(a) By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

(b) By depositing or causing to be deposited with any financial institution which has trust powers and which is regulated by and the deposits of which are insured by the Federal Deposit Insurance Corporation or similar federal agency ("an Agent"; which Agent may be the Registration Agent), in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or

redeem such Bonds and to pay premium, if any, and interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice); or

(c) By delivering such Bonds to the Registration Agent, for cancellation by it;

and if KUB, on behalf of the City, shall also pay or cause to be paid all other sums payable hereunder by KUB or the City with respect to such Bonds or make adequate provision therefor, and by resolution of the Board instruct any such Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest and redemption premiums, if any, on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, liens, pledges, agreements and obligations entered into, created, or imposed hereunder, including the pledge of and lien on the Net Revenues of the System set forth herein, shall be fully discharged and satisfied with respect to such Bonds and the owners thereof and shall thereupon cease, terminate and become void.

If KUB, on behalf of the City, shall pay and discharge or cause to be paid and discharged the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

Except as otherwise provided in this Section 12, neither Defeasance Obligations nor moneys deposited with the Agent pursuant to this Section 12 nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and premium, if any, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to KUB as received by the Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and premium, if any, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments, to the extent not needed for the payment of such principal, premium and interest, shall be paid over to KUB, as received by the Agent. For the purposes of this Section 12, Defeasance Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee Law for the purposes described in this Section 12, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

No redemption privilege shall be exercised with respect to the Series LL-2021 Bonds or any Parity Bonds except at the option and election of the Board. The right of redemption set forth herein shall not be exercised by any Registration Agent or Agent unless expressly so directed in writing by an authorized representative of the Board.

Section 13. Notice of Refunding. Prior to the issuance of the Series LL-2021 Bonds, notice of the City's intention to refund the Refunded Bonds, to the extent required by applicable law, shall be given by the registration agent for the Refunded Bonds to be mailed by first-class mail, postage prepaid, to the registered holders thereof, as of the date of the notice, as shown on the bond registration records maintained by such registration agent of said Refunded Bonds. The President and Chief Executive Officer of KUB and the Secretary of the Board, or either of them, is hereby authorized and directed to authorize the registration agent of said Refunded Bonds to give such notice on behalf of the City in accordance with this Section 14.

Section 14. Federal Tax Matters. The City and KUB recognize that the purchasers and owners of the Series LL-2021 Bonds will have accepted them on, and paid therefor a price that reflects the understanding that interest thereon will not be included in gross income for purposes of federal income taxation under laws in force on the date of delivery of the Series LL-2021 Bonds. In this connection, KUB, on behalf of the City, agrees that it shall take no action which may render the interest on any of the Series LL-2021 Bonds includable in gross income for purposes of federal income taxation. It is the reasonable expectation of the City and KUB that the proceeds of the Series LL-2021 Bonds will not be used in a manner which will cause the Series LL-2021 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Series LL-2021 Bonds and other related funds established for the purposes herein set out, shall be used and spent expeditiously for the purposes described herein. In the event Section 148(f) of the Code shall require the payment of any investment proceeds of the Series LL-2021 Bonds to the United States government, KUB will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Series LL-2021 Bonds from becoming taxable. The Chair of the Board, the Secretary of the Board, the President and Chief Executive Officer of KUB and Chief Financial Officer of KUB, or any of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as any or all shall deem appropriate, and such certifications shall constitute a representation and certification of the City and KUB.

Section 15. Official Statement. The President and Chief Executive Officer of KUB, or his designee, is hereby authorized and directed to provide for the preparation and distribution of a Preliminary Official Statement describing the Series LL-2021 Bonds. After the Series LL-2021 Bonds have been awarded, the President and Chief Executive Officer of KUB, or his designee, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The President and Chief Executive Officer of KUB, or his designee, shall arrange for the delivery to the purchaser of the Series LL-2021 Bonds of a reasonable number of copies of the Official Statement within seven business days after the Series LL-2021 Bonds have been awarded for subsequent delivery by the purchaser to each potential investor requesting a copy of the Official Statement and to each person to whom such purchaser and members of his group initially sell the Series LL-2021 Bonds.

The President and Chief Executive Officer of KUB, or his designee, is authorized, on behalf of the Board, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the Board except for the omission in the Preliminary Official Statement of such pricing and other information.

Section 16. Continuing Disclosure. The City hereby covenants and agrees that KUB will provide annual financial information and material event notices for the Series LL-2021 Bonds as required by Rule 15c2-12 of the Securities and Exchange Commission. The Chief Financial Officer of KUB is authorized to execute at the closing of the sale of the Series LL-2021 Bonds, an agreement for the benefit of and enforceable by the owners of the Series LL-2021 Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of KUB to comply with the undertaking herein described and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause KUB to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 17. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 18. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Adopted and approved this 9^h day of March, 2021.

Mayor

ATTEST:

City Recorder

STATE OF TENNESSEE)
)
COUNTY OF KNOX)

I, Will Johnson, hereby certify that I am the duly qualified and acting City Recorder of the City of Knoxville, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of the governing body of the City Council held on Tuesday, March 9, 2021; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original records relate to an amount not to exceed \$41,500,000 Water System Revenue Refunding Bonds, Series LL-2021.

WITNESS my official signature of the City of Knoxville, Tennessee, this ____ day of _____, 2021.

City Recorder

EXHIBIT A

\$41,500,000
CITY OF KNOXVILLE, TENNESSEE
ACTING ON BEHALF OF KNOXVILLE UTILITIES BOARD
WATER SYSTEM REVENUE REFUNDING BONDS, SERIES LL-2021

BOND PURCHASE AGREEMENT

_____, 2021

Knoxville Utilities Board
445 South Gay Street
Knoxville, Tennessee 37902

Ladies and Gentlemen:

The undersigned (the "Underwriter") offers to enter into this agreement with Knoxville Utilities Board ("KUB") which, upon your acceptance of this offer, will be binding upon you and upon us.

This offer is made subject to your acceptance of this agreement on or before 5:00 p.m., Eastern Standard Time, on _____, 2021.

1. Purchase Price.

Upon the terms and conditions and upon the basis of the respective representations, warranties and covenants set forth herein, the Underwriter hereby agrees to purchase from KUB, and KUB hereby agrees to sell to the Underwriter, all (but not less than all) of \$41,500,000 aggregate principal amount of KUB's Water System Revenue Refunding Bonds, Series LL-2021 (the "Bonds"). The purchase price is \$ _____ plus accrued interest and shall be paid in accordance with paragraph 6 hereof. The purchase price is equal to the par amount of the Bonds less \$ _____ original issue discount, less \$ _____ underwriter's discount and plus accrued interest. The Bonds are to be issued under and pursuant to, and are to be secured by the Resolution (the "Bond Resolution") adopted on March 9, 2021, by the City Council of the City of Knoxville (the "City") at the request of KUB. The Bonds shall mature on the dates and shall bear interest at the rates all as described in the Official Statement referred to in Section 3 hereof. The maturities, rates and discount at which the Bonds are being sold are more fully described on **Schedule I** attached hereto.

The Bonds are being issued to provide funds to refinance the outstanding principal amount of the City's outstanding Water System Revenue Refunding Bonds, Series X-2012, dated April 20, 2012, maturing March 1, 2022 through March 1, 2029 (the "Series X-2012 Bonds"), its outstanding Water System Revenue Refunding Bonds, Series Y-2013, dated March 15, 2013, maturing March 1, 2022 through March 1, 2030 (the "Series Y-2013 Bonds"), its outstanding Water System Revenue Bonds, Series Z-2013, dated October 1, 2013, maturing March 1, 2022 through March 1, 2044 (the "Series Z-2013 Bonds"), and its outstanding Water System Revenue Bonds, Series AA-2014, dated September 18, 2014, maturing March 1, 2022 through March 1, 2044 (the "Series AA-2014 Bonds" and together with the Series X-2012 Bonds, the Series Y-2013 Bonds, and the Series Z-2013 Bonds, the "Refunded Bonds"), including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the Bonds.

2. Public Offering.

The Underwriter intends to make an initial bona fide public offering of all of the Bonds at not in excess of the public offering prices set forth on the cover of the Official Statement and may subsequently change such offering price without any requirement of prior notice. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover of the Official Statement. The Underwriter reserves the right (i) to over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market; and (ii) to discontinue such stabilizing, if commenced at any time without prior notice.

3. Official Statement.

(a) KUB has provided the Underwriter with information that constitutes a "deemed final" official statement for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 ("Rule 15c2-12"). Concurrently with KUB's acceptance of this Bond Purchase Agreement, KUB shall deliver or cause to be delivered to the Underwriter two copies of the Official Statement (as hereinafter defined) relating to the Bonds dated the date hereof substantially in the same form as the Preliminary Official Statement with only such changes as shall have been accepted by the Underwriter.

(b) Within seven (7) business days from the date hereof and within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, KUB shall deliver to the Underwriter copies of the Official Statement of KUB, dated the date hereof, relating to the Bonds, in sufficient quantity as may reasonably be requested by the Underwriter in order to comply with Rule 15c2-12 and any applicable rules of the Municipal Securities Rulemaking Board, in substantially the form approved by KUB (which, together with the cover page, and all exhibits, appendices, and statements included therein or attached thereto and any amendments and supplements that may be authorized for use with respect to the Bonds is herein called the "Official Statement"), executed on behalf of KUB by a duly authorized officer of KUB. You hereby authorize and approve the Official Statement and other pertinent documents referred to in Section 6 hereof to be lawfully used in connection with the offering and sale of the Bonds. You also acknowledge and ratify the use by the Underwriter, prior to the date hereof, of the Preliminary Official Statement in connection with a public offering of the Bonds.

(c) If, prior to the Closing (as defined in Section 5 below) or within twenty-five (25) days subsequent to the end of the underwriting period as such term is used for purposes of Rule 15c2-12, any event shall occur with respect to KUB or KUB shall receive notice of the occurrence of any other event that might or would cause the information contained in the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, KUB shall so notify the Underwriter. KUB agrees to amend or supplement the Official Statement whenever requested by the Underwriter when in the reasonable judgment of the Underwriter such amendment or supplementation is required and to furnish the Underwriter with sufficient quantities of such amendment or supplement in order to permit the Underwriter to comply with Rule 15c2-12.

4. Representations and Warranties.

KUB hereby represents and warrants to the Underwriter that:

(a) KUB is duly existing pursuant to the Charter of the City and is authorized by such Charter to operate and manage the System. KUB has duly authorized all necessary action to be taken by it for: (i) the issuance and sale of the Bonds upon the terms set forth herein and in the Official Statement; (ii) the approval of the Official Statement and the signing of the Official Statement by a duly authorized officer; (iii) the execution, delivery and receipt of this Bond Purchase Agreement, the Bonds and any and all such

other agreements and documents as may be required to be executed, delivered and received by KUB in order to carry out, give effect to, and consummate the transactions contemplated hereby, by the Bonds, the Official Statement and the Bond Resolution;

(b) When executed by the respective parties thereto, this Bond Purchase Agreement will constitute legal, valid and binding obligation of KUB enforceable in accordance with its terms;

(c) The information and statements contained in the Preliminary Official Statement, as of its date and as of the date hereof, did not and do not contain any untrue statement of a material fact or omit to state any material fact which was necessary in order to make such information and statements, in the light of the circumstances under which they were made, not misleading;

(d) The information and statements contained in the Official Statement, as of its date and as of the Closing, are and will be correct and complete in all material respects and do not and will not contain any untrue statement of a material fact or omit to state any material fact which is necessary in order to make such information and statements, in the light of the circumstances under which they were made, not misleading;

(e) KUB has complied, and will at the Closing be in compliance, in all respects with the obligations on its part contained in the Bond Resolution and the laws of the State of Tennessee (the "State"), including the Act;

(f) The City has duly adopted the Bond Resolution, and the City and KUB have (a) duly authorized and approved the distribution of the Preliminary Official Statement, (b) duly authorized and approved the execution and delivery of the Official Statement, (c) duly authorized and approved the execution and delivery of, and the performance by KUB of the obligations on its part contained in, the Bonds, the Bond Resolution and this Bond Purchase Agreement, and (d) duly authorized and approved the consummation by it of all other transactions contemplated by this Bond Purchase Agreement and the Official Statement;

(g) KUB is not in breach of or default under any applicable law or administrative regulation of the State or the United States in any manner related to or affecting the transactions contemplated hereby or in breach of or default under any applicable judgment or decree or any loan agreement, note, resolution, ordinance, agreement or other instrument to which KUB is a party or to which it or any of its property is otherwise subject; and the execution and delivery of this Bond Purchase Agreement, the Bonds and the adoption of the Bond Resolution, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, note, resolution, ordinance, agreement or other instrument to which KUB is a party or to which it or any of its property is otherwise subject;

(h) Except as may be required under the securities or "blue sky" laws of any state, all approvals, consents, authorizations and orders of, filings with or certifications by any governmental authority, board, agency or commission having jurisdiction, which would constitute a condition precedent to the performance by KUB of its obligations hereunder and under the Bond Resolution and the Bonds, have been obtained;

(i) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of KUB, threatened against KUB or others (a) affecting KUB or the corporate existence of KUB or the titles of its officers to their respective offices, (b) seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of Net Revenues pledged to pay the principal of and interest on the Bonds, or the pledge thereof, (c) in any way contesting or affecting the transactions contemplated hereby or by the Official Statement or by the validity or enforceability of the Bonds, the Bond Resolution or this Bond Purchase

Agreement, (d) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or (e) contesting the powers or authority of KUB for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and delivery of this Bond Purchase Agreement;

(j) KUB will not take or omit to take any action that will in any way cause the proceeds from the sale of the Bonds and other moneys of KUB to be transferred on the date of issuance of the Bonds to be applied or result in such proceeds and other moneys being applied in a manner other than as provided in or permitted by the Bond Resolution and consistent with the utilization described in the Official Statement;

(k) KUB agrees reasonably to cooperate with the Underwriter and its counsel in any endeavor to qualify the Bonds for offering and sale under the securities or "blue sky" laws of such jurisdictions of the United States as the Underwriter may request. KUB hereby consents to the use of the Official Statement and the Bond Resolution by the Underwriter in obtaining any qualification required;

(l) If at any time from the date of this Bond Purchase Agreement through 25 days following the "end of the underwriting period" (as defined in Rule 15c2-12 described below) any event shall occur that might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, KUB shall notify the Underwriter and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, KUB will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter. If the Official Statement is so supplemented or amended prior to the Closing, such approval by the Underwriter of a supplement or amendment to the Official Statement shall not preclude the Underwriter from thereafter terminating this Bond Purchase Agreement, and if the Official Statement is so amended or supplemented subsequent to the date hereof and prior to the Closing, the Underwriter may terminate this Bond Purchase Agreement by notification to KUB at any time prior to the Closing if, in the judgment of the Underwriter, such amendment or supplement has or will have a material adverse effect on the marketability of the Bonds;

(m) KUB has duly authorized and approved the execution and delivery of this Bond Purchase Agreement and the performance by KUB of the obligations on its part contained herein;

(n) KUB is not, nor has it at any time, been in default in the payment of principal of or interest on any obligation issued or guaranteed by KUB;

(o) Any certificate signed by an authorized officer of KUB and delivered to the Underwriter at or prior to the Closing shall be deemed a representation and warranty by KUB in connection with this Bond Purchase Agreement to the Underwriter as to the statements made therein upon which the Underwriter shall be entitled to rely. KUB covenants that between the date hereof and the Closing, it will not take any action that will cause the representations and warranties made herein to be untrue as of the Closing;

(p) The Bonds, when issued, authenticated and delivered in accordance with the Bond Resolution and sold to the Underwriter as provided herein, will be validly issued and outstanding special obligations of KUB entitled to the benefits of the Bond Resolution;

(q) KUB has lawful authority to operate the System, to consummate the transactions contemplated by the Official Statement and collect revenues, fees and other charges in connection with the System and through its Board of Commissioners, to fix the rates, fees and other charges with respect to the System; and

(r) KUB hereby covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about KUB, for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under paragraph (b)(5) of Rule 15c2-12. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed in writing by the Underwriter. KUB represents that it has complied in all respects with its obligations to provide continuing disclosure of certain information as described in that certain Continuing Disclosure Certificate entered into in connection with the issuance of the Bonds.

5. Delivery of, and Payment for, the Bonds.

At 10:00 a.m. on or about _____, 2021, or at such other time or date as shall have been mutually agreed upon by KUB and the Underwriter, KUB will deliver, or cause to be delivered, to the Underwriter the other documents hereinafter mentioned and, subject to the conditions contained herein, the Underwriter will accept such delivery and pay the purchase price of the Bonds plus accrued interest payable to the order of KUB, in federal funds or other immediately available funds by delivering to KUB such funds by wire transfer to KUB or its designated agent except that physical delivery of the Bonds shall be made through the facilities of the Depository Trust Company.

Payment for the Bonds shall be confirmed and delivery of the documents as aforesaid shall be made at the offices of KUB, or such other place as may be agreed upon by the Underwriter and KUB. Such payment and delivery is herein called the "Closing." The Bonds will be delivered as fully registered bonds in such names and in such denominations as shall be designated in writing by the Underwriter to KUB at Closing.

6. Certain Conditions to Underwriter's Obligations.

The obligations of the Underwriter hereunder shall be subject to (i) the performance by KUB of its obligations to be performed hereunder, (ii) the accuracy in all material respects of the representations and warranties of KUB herein as of the date hereof and as of the date of the Closing, and (iii) to the following conditions:

(a) At the time of Closing, (i) the Bond Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, (ii) the proceeds of the sale of the Bonds shall be applied as described in the Official Statement, and (iii) KUB shall have duly adopted and there shall be in full force and effect such other resolutions as, in the opinion of Bass, Berry & Sims PLC, Knoxville, Tennessee ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby;

(b) At or prior to the Closing, the Underwriter shall have received an executed copy of each of the following documents:

(1) the approving opinion, dated the date of the Closing, of Bond Counsel addressed to KUB and the Underwriter, relating to, among other things, the validity of the Bonds [and the exclusion from gross income of the interest on the Bonds for federal and State of Tennessee income tax purposes,] in substantially the form set forth as Appendix _ to the Official Statement;

(2) a supplemental opinion, dated the date of the Closing, of Bond Counsel addressed to the Underwriter in substantially the form of Exhibit A hereto;

(3) an opinion, dated the date of the Closing, of Hodges, Doughty & Carson, Knoxville, Tennessee, counsel to KUB, addressed to KUB, Bond Counsel and the Underwriter in substantially the form of Exhibit B hereto;

(4) a certificate of KUB, dated the date of the Closing and signed by a duly authorized officer of KUB and in form and substance reasonably satisfactory to the Underwriter, to the effect that (i) since the execution of the Bond Purchase Agreement no material and adverse change has occurred in the financial position of the System or results of operations of the System; (ii) KUB has not incurred any material liabilities secured by the Net Revenues of the System other than in the ordinary course of business or as set forth in or contemplated by the Official Statement; and (iii) no event affecting KUB has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein not misleading as of the date of Closing;

(5) the Official Statement executed on behalf of KUB by a duly authorized officer thereof;

(6) the Bond Resolution and the Bonds;

(7) a certificate of a duly authorized officer of KUB, satisfactory to the Underwriter, dated the date of Closing, stating that such officer is charged, either alone or with others, with the responsibility for issuing the Bonds; setting forth, in the manner permitted by Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), the reasonable expectations of KUB as of such date as to the use of proceeds of the Bonds and of any other funds of KUB expected to be used to pay principal or interest on the Bonds and the facts and estimates on which such expectations are based; and stating that, to the best of the knowledge and belief of the certifying officer, KUB's expectations are reasonable;

(8) evidence indicating a rating on the Bonds of "___" by [rating agency];

(9) other certificates of KUB listed on a Closing Memorandum to be approved by counsel to KUB, Bond Counsel and counsel to the Underwriter, including any certificates or representations required in order for Bond Counsel to deliver the opinion referred to in Paragraph 6(b)(1) of this Bond Purchase Agreement; and such additional legal opinions, certificates, proceedings, instruments and other documents as the counsel to the Underwriter or Bond Counsel may reasonably request to evidence compliance by KUB with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of KUB contained herein and the due performance or satisfaction by KUB at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by KUB.

All such opinions, certificates, letters, agreements and documents will be in compliance with the provisions hereof only if they are satisfactory in form and substance to the Underwriter and counsel to the Underwriter. KUB will furnish the Underwriter with such conformed copies or photocopies of such opinions, certificates, letters, agreements and documents as the Underwriter may reasonably request.

(c) The Underwriter shall have received within seven (7) business days from the date hereof and within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, the Official Statement in sufficient quantity as may be reasonably requested by the Underwriter in order to comply with Rule 15(c) 2-12.

7. Termination.

The Underwriter shall have the right to cancel its obligation to purchase the Bonds if (i) between the date hereof and the Closing, legislation shall be enacted or recommended to the Congress or

otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, or a bill to amend the Internal Revenue Code (which, if enacted, would take effect in whole or in part prior to the Closing) shall be filed in either house, or recommended for passage by the Congress by any joint or conference committee thereof, or a decision by a court of the United States or the United States Tax Court shall be rendered, or a ruling, regulation or statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed to be made, with respect to the federal taxation upon interest on obligations of the general character of the Bonds, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly of changing the federal income tax consequences of any of the transactions contemplated in connection herewith, including the tax-exempt status of KUB and, in the opinion of the Underwriter, materially adversely affects the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, or (ii) there shall exist any event which in the Underwriter's judgment either (a) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (b) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect, or (iii) there shall have occurred any outbreak of hostilities or any national or international calamity or crisis including financial crisis, or a financial crisis or a default with respect to the debt obligations of, or the institution of proceedings under the federal or the state bankruptcy laws by or against the State of Tennessee or any subdivision, agency or instrumentality of such State, the effect of which on the financial markets of the United States being such as, in the reasonable judgment of the Underwriter, would make it impracticable for the Underwriter to market the Bonds or to enforce contracts for the sale of the Bonds, or (iv) there shall be in force a general suspension of trading on the New York Stock Exchange, or (v) a general banking moratorium shall have been declared by either federal, Tennessee or New York authorities, or (vi) there shall have occurred since the date of this Bond Purchase Agreement any material adverse change in the financial position of the System, except for changes which the Official Statement discloses have occurred or may occur, or (vii) legislation shall be enacted or any action shall be taken by the Securities and Exchange Commission which, in the opinion of counsel for the Underwriter, has the effect of requiring the contemplated distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or the Bond Resolution or any other document executed in connection with the transactions contemplated hereof to be qualified under the Trust Indenture Act of 1939, as amended, or (viii) a stop order, ruling, regulation or official statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of the Bonds, or of obligations of the general character of the Bonds as contemplated hereby, or the offering of any other obligation which may be represented by the Bonds is in violation of any provision of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or the Trust Indenture Act of 1939, as amended, or (ix) any state blue sky or securities commission shall have withheld registration, exemption or clearance of the offering, and in the reasonable judgment of the Underwriter the market for the Bonds is materially affected thereby.

If KUB shall be unable to satisfy any of the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement and such condition is not waived by the Underwriter, or if the obligations of the Underwriter to purchase and accept delivery of the Bonds shall be terminated or canceled for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor KUB shall be under further obligation hereunder; except that the respective obligations to pay expenses, as provided in Section 11 hereof, shall continue in full force and effect.

8. Particular Covenants.

KUB covenants and agrees with the Underwriter as follows:

(a) KUB shall use its best efforts to furnish or cause to be furnished to the Underwriter, without charge, as many copies of the Official Statement as the Underwriter may reasonably request;

(b) Before revising, amending or supplementing the Official Statement, KUB shall furnish a copy of the revised Official Statement or such amendment or supplement to the Underwriter. If in the opinion of KUB and the Underwriter a supplement or amendment to the Official Statement is required, KUB will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter and its counsel.

9. Survival of Representations.

All representations, warranties and agreements of KUB hereunder shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of the Bonds.

10. Payment of Expenses.

Whether or not the Bonds are sold to the Underwriter by KUB, KUB shall pay, but only out of the proceeds of the sale of the Bonds or other funds made available by KUB, any expenses incident to the performance of its obligations hereunder, including but not limited to: (i) the cost of the preparation and printing of the Official Statement and any supplements thereto, together with a number of copies which the Underwriter deems reasonable; (ii) the cost of the preparation and printing of the definitive Bonds; (iii) the rating agency fees; and (iv) the fees and disbursements of Counsel to KUB and Bond Counsel and any other experts or consultants retained by KUB.

Whether or not the Bonds are sold to the Underwriter, the Underwriter shall pay (i) all advertising expenses in connection with the public offering of the Bonds; (ii) the cost of preparing and printing the blue sky memorandum, if any, and filing fees in connection with the aforesaid blue sky memorandum other than the costs of preparation of the Preliminary Official Statement and the Official Statement; and (iii) all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds, including the fees and expenses of the Underwriter's counsel.

11. No Advisory or Fiduciary Role.

KUB acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between KUB and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and are not acting as the agent, advisor or fiduciary of KUB, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of KUB with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter, or any affiliates of the Underwriter, has provided other services or are currently providing other services to KUB on other matters) and the Underwriter has no obligation to KUB with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Underwriter has financial and other interests that differ from those of KUB and (v) KUB has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

KUB and the Underwriter represent and warrant that no finder or other agent has been employed by either KUB or the Underwriter in connection with this transaction.

12. Notices.

Any notice or other communication to be given to KUB under this Bond Purchase Agreement may be given by delivering the same in writing at its address set forth above, and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to _____, _____, _____, _____.

13. Parties.

This Bond Purchase Agreement is made solely for the benefit of KUB and the Underwriter (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

14. Governing Law.

This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

15. General.

This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which will constitute one and the same instrument. The section headings of this Bond Purchase Agreement are for convenience of reference only and shall not affect its interpretation. This Bond Purchase Agreement shall become effective upon your acceptance hereof.

Very truly yours,

By: _____
Its: _____

Accepted and agreed to as of
the date first above written:

KNOXVILLE UTILITIES BOARD

By: _____
President and Chief Executive Officer

EXHIBIT A TO BOND PURCHASE AGREEMENT

[LETTERHEAD OF BASS, BERRY & SIMS PLC]

[Closing Date]

Ladies and Gentlemen:

This opinion is being rendered to you pursuant to Paragraph 6(b)(2) of the Bond Purchase Agreement, dated _____, 2021 (the "Bond Purchase Agreement"), between _____ (the "Underwriter"), and Knoxville Utilities Board ("KUB"), relating to the sale by KUB of its Water System Revenue Refunding Bonds, Series LL-2021, in the aggregate principal amount of \$41,500,000 (the "Bonds"). Terms which are used herein and not otherwise defined shall have the meanings assigned to them in the Bond Purchase Agreement.

Of even date herewith, we have delivered our approving opinion in connection with the issuance of the Bonds. In our capacity as Bond Counsel, we have reviewed a record of proceedings in connection with the issuance of the Bonds and we have participated in conferences from time to time with counsel to KUB, representatives of the Underwriter and counsel to the Underwriter, relative to the Official Statement, dated _____, 2021, relating to the Bonds, and the related documents described below. We have also examined such other agreements, documents and certificates, and have made such investigations of law, as we have deemed necessary or appropriate in rendering the opinions set forth below.

Based on the foregoing, we are of the opinion that, as of the date hereof:

1. The offer and sale of the Bonds to the public do not require any registration under the Securities Act of 1933, as amended, and, in connection therewith, the Bond Resolution does not need to be qualified under the Trust Indenture Act of 1939, as amended.
2. The statements contained in the Official Statement under the captions "Introduction" to the extent the narrative thereunder purports to describe the terms of the Bonds and the legal authority by which they are issued, "The Bonds," and in Appendix A to the Official Statement, insofar as such statements purport to summarize certain provisions of the Bonds and the Bond Resolution, fairly summarize such provisions. The statements contained in the Official Statement under the caption "Opinion of Bond Counsel" are correct as to matters of law.

This opinion may be relied upon only by the Underwriter and by other persons to whom written permission to rely hereon is granted by us.

Very truly yours,

EXHIBIT B TO BOND PURCHASE AGREEMENT

_____, 2021

Bass, Berry & Sims PLC
900 South Gay Street, Suite 1700
Knoxville, Tennessee 37902

Re: City of Knoxville, Tennessee acting on behalf of the Knoxville Utilities Board \$41,500,000 Water System Revenue Refunding Bonds, Series LL-2021

Ladies and Gentlemen:

You have requested that the undersigned, General Counsel to the Knoxville Utilities Board of the City of Knoxville, Tennessee ("KUB"), render this opinion in connection with the execution, delivery and sale of the captioned bonds (the "Bonds"), the proceeds of which will be used to refinance a portion of the City's outstanding Water System Revenue Refunding Bonds, Series X-2012, dated April 20, 2012, maturing March 1, 2022 through March 1, 2029, its outstanding Water System Revenue Refunding Bonds, Series Y-2013, dated March 15, 2013, maturing March 1, 2022 through March 1, 2030, its outstanding Water System Revenue Bonds, Series Z-2013, dated October 1, 2013, maturing March 1, 2022 through March 1, 2044, and its outstanding Water System Revenue Bonds, Series AA-2014, dated September 18, 2014, maturing March 1, 2022 through March 1, 2044.

It is our opinion that KUB is duly established and validly existing pursuant to the Charter of the City of Knoxville, Tennessee (the "Municipality"), and, pursuant to said Charter and the water system of the Municipality (the "System") is under the jurisdiction, control and management of KUB.

The undersigned does hereby certify that no litigation of any nature is now pending or, to our knowledge, threatened

- (1) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds;
- (2) seeking to restrain or enjoin the charging of sufficient rates to pay the cost of operating, maintaining, repairing and insuring the System and to pay principal of and interest on the Bonds and all outstanding obligations payable from the revenues of the System;
- (3) in any manner questioning the proceedings or authority pursuant to which the Bonds are authorized or issued or such rates are charged;
- (4) in any manner questioning or relating to the validity of the Bonds;
- (5) contesting in any way the completeness or accuracy of the Official Statement prepared and distributed in connection with the sale of the Bonds;

(6) in any way contesting the corporate existence or boundaries of the Municipality, except for various pending actions challenging past or present annexation efforts of the Municipality, which will have no material adverse effect on the revenues of the System;

(7) contesting the title of the present officers of KUB to their respective offices; or

(8) contesting the powers of KUB or the authority of KUB with respect to the Bonds, or proceedings authorizing the Bonds, or any act to be done or document or certificate to be executed or delivered in connection with the issuance and delivery of the Bonds.

Neither the voters of the Municipality nor its governing body nor the Board of Commissioners of KUB have approved any special, local or private act or legislation passed by the General Assembly of the State of Tennessee at its most recent session or any amendments to the Charter of the Municipality affecting the power of the Municipality to issue the Bonds or pay the principal of, premium, if any, and interest on the Bonds when due or affecting the power of the Board of Commissioners of KUB to manage and control the System.

I hereby certify that Jerry Askew and Mark Walker are the duly qualified, appointed and acting Chair and Secretary, respectively, of the Board of Commissioners of KUB with full power to act as such officers on behalf of KUB in connection with the execution and delivery of the Bonds.

Yours truly,

29776595.2

RESOLUTION NO. 1432

A Resolution Authorizing Participation in the Tennessee Valley Authority's Electric Vehicle Charging Power (EVC) Rate and Amending the Existing Rate Schedules of the Electric Division to Provide for an EVC Rate Schedule

Whereas, Knoxville Utilities Board ("KUB") purchases its full electric power requirements from the Tennessee Valley Authority ("TVA"); and

Whereas, KUB supports the environment through numerous programs such as home weatherization assistance, participation in TVA's Green Invest Program, and TVA's Green Switch and Green Switch Match programs; and

Whereas, KUB supports the adoption and utilization of electric vehicles through its participation in Drive Electric Tennessee, its first-in-the-Valley Electric Vehicle (EV) rebate program, and by offering Time of Use rates to support charging EV's at home; and

Whereas, TVA has developed a wholesale rate in support of electric vehicle charging stations which supports public stations as well as business fleets; and

Whereas, the EVC Rate is an optional rate for eligible KUB customers designed to encourage and support EV adoption throughout the Tennessee Valley; and

Whereas, KUB participates in other programs offered by TVA for the benefit of the environment and customer choice; and

Whereas, KUB customers have previously shown great support for electric vehicles as evidenced by their participation in the EV rebate program; and

Whereas, KUB desires to be one of the first local power companies in the Tennessee Valley to provide the EVC Rate to its customers; and

Whereas, the Board previously adopted Resolution 1060, as heretofore amended, providing rate schedules for the Electric Division of KUB; and

Whereas, the Board has determined, upon recommendation from KUB staff, that it is in the best interest of KUB, its customers, and the community to participate in TVA's EVC Rate; and

Whereas, in accordance with Section 1107(L) of the Charter, KUB has provided the required public notice of not less than five (5) days prior to a meeting of the Board when a rate change is to be considered.

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

Section 1. That the Board hereby authorizes KUB's participation in TVA's EVC Rate.

Section 2. That the President and CEO is hereby authorized on behalf of KUB to enter any agreements or take any actions reasonably necessary for KUB and its customers to participate in the EVC Rate.

Section 3. That the rate schedules of the Electric Division as set forth in section 1 of Resolution No. 1060, as heretofore amended, be amended to include a rate schedule for EVC, as set forth in Exhibit A to this Resolution, to be effective April 1, 2021.

Jerry Askew, Chair

Mark Walker, Board Secretary

APPROVED ON 1st
READING: 2-18-21
APPROVED ON 2nd
READING: _____
EFFECTIVE DATE _____
MINUTE BOOK 43 PAGE 10523-10529

**RESOLUTION 1432
EXHIBIT A
EVC RATE SCHEDULE OF THE ELECTRIC DIVISION
EFFECTIVE APRIL 1, 2021**

ELECTRIC VEHICLE CHARGING POWER RATE - SCHEDULE EVC

Availability

This rate shall exclusively apply to separately metered charging stations for electric vehicles where the charging station's demand is greater than 50 kW but not more than 5,000 kW.

All customers participating under this rate schedule shall agree to a full requirements service from KUB. In addition, customers must agree that the sole use of the electric service is for the purpose of charging electric vehicles used for transportation purposes only.

Unless otherwise provided for in a written agreement between TVA and KUB, the customer's "meter-reading time" shall be 0000 hours Central Standard Time (CST) or Central Daylight Time (CDT), whichever is currently effective, on the first day of the calendar month following the month for which a bill under this rate schedule is being calculated.

Character of Service

Alternating current, single- or three-phase, 60 hertz. Power shall be delivered at a transmission voltage of 161 kV or, if such transmission voltage is not available, at the highest voltage available in the vicinity, unless at the customer's request a lower standard voltage is agreed upon.

Base Charges

Customer Charge: \$100 per delivery point per month

Energy Charge:

All Seasons:

Onpeak 14.225¢ per kWh per month for all metered onpeak kWh, plus

Offpeak 14.225¢ per kWh per month for all metered offpeak kWh, plus

Distribution Delivery Charge: 8.219¢ per total metered kWh per month

Adjustment

Charges under this rate schedule may be increased or decreased to reflect changes in purchased power costs as determined by any purchased power adjustment adopted by the Board.

Facilities Rental Charge

Where the charging station's demand is greater than 50 kW, but not more than 1,000 kW, there shall be no facilities rental charge under this rate schedule.

Where the charging station's demand is greater than 1,000 kW there shall be no facilities rental charge under this rate schedule for delivery at bulk transmission voltage levels of 161 kV or higher. For delivery at less than 161 kV, there shall be added to the customer's bill a facilities rental charge. This charge shall be 37¢ per kW per month except for delivery at voltages below 46 kV, in which case the charge shall be 97¢ per kW per month for the first 10,000 kW and 76¢ per kW per month for the excess over 10,000 kW. Such charge shall be applied to the higher of (1) the highest billing demand established during the latest 12-consecutive-month period or (2) the customer's currently effective onpeak or offpeak contract demand, whichever is higher, and shall be in addition to all other charges under this rate schedule, including minimum bill charges.

Reactive Demand Charges

If the reactive demand (in kVAR) is lagging during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's highest metered demand occurs, there shall be added to the customer's bill a reactive charge of \$1.46 per kVAR of the amount, if any, by which the reactive demand exceeds 33 percent of such metered demand. If the reactive demand (in kVAR) is leading during the 30-consecutive-minute period beginning or ending on a clock hour of the month in which the customer's lowest metered demand (excluding any metered demands which are less than 25 percent of the highest metered demand) occurs, there shall be added to the customer's bill a reactive charge of \$1.14 per kVAR of the amount of reactive demand. Such charges shall be in addition to all other charges under this rate schedule, including minimum bill charges.

Determination of Seasonal Periods

Summer Period shall mean the June, July, August, and September billing months. Winter Period shall mean the December, January, February, and March billing months. Transition Period shall mean the April, May, October, and November billing months. The Seasonal Periods under this rate schedule are subject to change by KUB. In the event KUB determines that changed Seasonal Periods are appropriate, such decision shall be made at least 11 months prior to the effective date of such changed periods, and KUB shall promptly notify customer.

Determination of Onpeak and Offpeak Hours

Except for Saturdays, Sundays, November 1, and the weekdays that are observed as Federal holidays for New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day, onpeak hours for each day shall for purposes of this rate schedule be from 1 p.m. to 7 p.m. during the months of April, May, June, July, August, September and October and from 4 a.m. to 10 a.m. during the months of January, February, March, November, and December. For all other hours of each day and all hours of such excepted days shall be offpeak hours. Such times shall be CST or CDT, whichever is then in effect. Said onpeak and offpeak hours are subject to change by KUB. In the event KUB determines that such changed onpeak and offpeak hours are appropriate, such decision shall be made at least 11 months prior to the effective date of such changed hours, and KUB shall promptly notify customer.

Determination of Onpeak and Offpeak Demands, Maximum Metered Demand, and Energy Amounts

The onpeak and offpeak kWh for any month shall be the energy amounts taken during the respective hours of the month designated under this rate schedule as onpeak and offpeak hours; provided, however, that notwithstanding the metered energy amount, the Distribution Delivery energy for any month shall in no case be less than the product of (1) the maximum billing demand as calculated in the paragraph below and (2) 37 hours (reflecting a 5 percent load factor applied to the average number of hours in a month).

KUB shall meter the onpeak and offpeak demands in kW of all customers taking service under this rate schedule. The onpeak metered demand and offpeak metered demand for any month shall be determined separately for the respective hours of the month designated under this rate schedule as onpeak and offpeak hours and, in each case, shall be the highest average during any 30-consecutive-minute period beginning or ending on a clock hour.

Except as provided below, (1) the onpeak billing demand shall be the highest onpeak metered demand in the month, (2) the offpeak billing demand shall be the highest offpeak metered demand in the month, and (3) the maximum billing demand shall be the higher of the onpeak billing demand or offpeak billing demand in the month.

The onpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW and (2) 40 percent of any kW in excess of 5,000 kW of the higher of the currently effective onpeak contract demand or the highest onpeak billing demand established during the preceding 12 months.

The offpeak billing demand shall in no case be less than the sum of (1) 30 percent of the first 5,000 kW and (2) 40 percent of any kW in excess of 5,000 kW of the higher of the currently effective offpeak contract demand or the highest offpeak billing demand established during the preceding 12 months.

Minimum Bill

The monthly bill under this rate schedule, excluding any facilities rental charges and any reactive charges, shall not be less than the sum of (1) the base customer charge, (2) the base onpeak energy charge, as adjusted, applied to the customer's onpeak energy takings, (3) the base offpeak energy charge, as adjusted, applied to the customer's offpeak energy takings, and (4) the base distribution delivery charge applied to the higher of the customer's total energy takings or the minimum energy takings amount provided for in the first paragraph of the section of this rate schedule entitled "Determination of Onpeak and Offpeak Demands, Maximum Metered Demand, and Energy Amounts."

KUB may require minimum bills higher than those stated above.

Contract Requirement

All customers shall be required to execute contracts and such contracts shall be for an initial term of at least 1 year. The customer shall contract for its maximum requirements, which shall not exceed the amount of power capable of being used by customer, and KUB shall not be obligated to supply power in greater amount at any time than the customer's currently effective contract demand. The customer is prohibited from using any power other than that supplied by KUB under this rate schedule. The contract may include other special provisions. The rate schedule in any power contract shall be subject to adjustment, modification, change, or replacement from time to time as approved by the Board.

After having received service for at least 1 year under this rate schedule, the customer, subject to 90 days prior written notice and appropriate amendments in its power contract with KUB, may receive service under the General Power Rate - Schedule GSA. In such case the term of the power contract shall remain the same and the contract demand for service under the General Power Rate - Schedule GSA shall not be less than the contract demand in effect when service was taken under this rate schedule.

Single-Point Delivery

The charges under this rate schedule are based upon the supply of service through a single delivery and metering point, and at a single voltage. If service is supplied to the same customer through more than one point of delivery or at different voltages, the supply of service at each delivery and metering point and at each different voltage shall be separately metered and billed.

Rules and Regulations

Service is subject to Rules and Regulations of KUB.

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