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**Thursday, April 21, 2016  
9:00 a.m.  
April Board Meeting Agenda**

**Call to Order**

**Roll Call**

**Approval of Minutes**

**Official Action**

Resolution 1341 – Resolution 1341 – Amending Resolution No. 1329, the Caption of Which is as Follows: “A Resolution Making and Fixing the Annual Budget Appropriations of the Knoxville Utilities Board from the Funds of the Electric Division, the Gas Division, the Water Division, and the Wastewater Division for the Fiscal Year Beginning July 1, 2015, Providing for Expenditures Paid for the Period Beginning July 1, 2015 and Ending June 30, 2016”

**President’s Report**

**Other Business**

**Public Comments**

**Adjournment**



Knoxville Utilities Board

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April 15, 2016

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

Commissioners:

The April 21 Board meeting agenda includes one official action item, requesting additional budget appropriations for fiscal year 2016.

Last May the Board adopted budget appropriations totaling \$888.8 million. At the March 23 meeting of the Board's Audit and Finance Committee, staff discussed the need for additional budget appropriations for the Water Division to cover higher than anticipated expenditures for the current fiscal year.

Based on the latest forecast of cash expenditures, the Water Division is projected to exceed its original budget appropriation by \$3.7 million, due primarily to higher than anticipated capital construction costs for water system work associated with the City's Cumberland Avenue Streetscape project and the acceleration of Century II water system improvements in downtown Knoxville. The Water Division will also have higher than expected debt service payments in fiscal year 2016, the result of accelerating the sale of bonds originally planned for fall 2015 to May 2015 to take advantage of favorable interest rates.

Resolution 1341 provides for an additional \$4 million in budget appropriations for the Water Division. A letter from Mr. Walker, KUB's Chief Financial Officer, has been prepared certifying the availability of these funds.

I recommend the adoption of Resolution 1341 on first and final reading.

Respectfully submitted,

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

Mintha E. Roach  
President and CEO

## RESOLUTION NO. 1341

**A Resolution to Amend Resolution No. 1329, the Caption of Which is as Follows:  
“A Resolution Making and Fixing the Annual Budget Appropriations of the  
Knoxville Utilities Board from the Funds of the Electric Division, the Gas Division,  
the Water Division, and the Wastewater Division for the Fiscal Year Beginning  
July 1, 2015, Providing for Expenditures Paid for the Period Beginning July 1,  
2015 and Ending June 30, 2016”**

**Whereas**, Section 1109 of the Charter of the City of Knoxville provides that “No money shall be drawn from the treasury of the system nor shall any obligation for the expenditure of money be incurred except in pursuance of appropriations made by the board”; and

**Whereas**, the Knoxville Utilities Board of Commissioners (hereinafter referred to as the “Board”) adopted Resolution No. 1329, making and fixing the annual budget appropriations for the Electric, Gas, Water, and Wastewater Divisions of the Knoxville Utilities Board (hereinafter referred to as “KUB”) for the fiscal year beginning July 1, 2015; and

**Whereas**, KUB staff met with the Board’s Audit and Finance Committee and reviewed the need for additional budget appropriations for the fiscal year beginning July 1, 2015; and,

**Whereas**, the Board has determined it is appropriate to amend the budget appropriations for the Water Division for the current fiscal year, by increasing the amount of expenditures authorized to be paid on or before June 30, 2016; and,

**Whereas**, the Chief Financial Officer has certified to the Board the availability of funds to fund the proposed increase in budget appropriations.

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

**Section 1.** That Section 3 of Resolution No. 1329 previously approved by this Board, be amended by adding **\$4,000,000** to the budget appropriations of the Water Division for expenditures to be paid on or before June 30, 2016, thereby increasing the existing budget appropriations of the Water Division from **\$67,046,000** to **\$71,046,000**.

**Section 2.** That funds will be available for the Water Division to fund the expenditures to be paid for the fiscal year beginning July 1, 2015, as noted in Section 1 of this resolution. The availability of funds has been certified by letter from the Senior Vice President and Chief Financial Officer, whereby said letter is attached to and incorporated by reference as part of this Resolution.

**Section 3.** That this Resolution shall take effect from and after its passage.

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Nikitia Thompson, Chair

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Mark Walker, Board Secretary

APPROVED ON 1<sup>st</sup>  
& FINAL READING: \_\_\_\_\_  
EFFECTIVE DATE: \_\_\_\_\_  
MINUTE BOOK \_\_\_PAGE\_\_\_\_\_



Knoxville Utilities Board

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April 21, 2016

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

Commissioners,

I hereby certify that within the meaning of Section 1109 of the City of Knoxville Charter and Article IX.B.2.e. of the Board's By-Laws there are sufficient funds adequate to fund the proposed additional budget appropriations.

\$4,000,000 for the Water Division, thereby increasing the existing budget appropriations from \$67,046,000 to \$71,046,000 for the fiscal year beginning July 1, 2015.

The availability of funds for budget appropriations is based on general fund cash and all available cash reserves of the respective divisions as of July 1, 2015, and all monies anticipated to come into the general fund of each division on or before June 30, 2016 from utility sales at rates approved by the KUB Board; from other fees, charges, sales proceeds, accounts and notes receivable, or other credits in the process of collection; and from proceeds of authorized debt issues.

Please see the attached worksheet which demonstrates the availability of funds to support the proposed additional Water budget appropriations.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Mark A. Walker'. The signature is written in a cursive style.

Mark A. Walker  
Senior Vice President and CFO

Enclosure

## April 2016: Certification of Available Funds - FY 2016 Budget Appropriations

### Water Division: Certification of Available Funds

	<u>FY 2016</u>
Beginning General Fund Cash	\$21,304,000
Sales Revenues	\$45,329,000
Other Revenues/Receipts	\$3,262,000
Cash Reserves	\$11,889,000
Bond Proceeds	<u>\$9,930,000</u>
Total	\$91,714,000
FY 2016 Budget Appropriations (Res. 1329)	\$67,046,000
FY 2016 Budget Appropriations (Res. 1341)	<u>\$4,000,000</u>
<b>Available Funds</b>	<b><u>\$20,668,000</u></b>

If positive, there are available funds to fund appropriations.

**Knoxville Utilities Board  
Board Meeting  
Minutes  
Thursday, March 17, 2016, Noon**

**Call to Order**

The Knoxville Utilities Board met in regular session in the Larry A. Fleming Board Room at 445 S. Gay Street, on Thursday, March 17, 2016, pursuant to the public notice published in the January 2, 2016, edition of the *News Sentinel*. Chair Thompson called the meeting to order at 12:00 p.m.

Chair Thompson welcomed the six KUB Leadership Development Program employee participants and the program facilitator attending the Board Meeting today and asked the participants to introduce themselves.

**Roll Call**

Commissioners Present: Jerry Askew, Kathy Hamilton, Celeste Herbert, Sara Pinnell, Nikitia Thompson, Eston Williams, and John Worden

Commissioners Absent: None

**Approval of Minutes**

The Minutes of the February 18, 2016, Board Meeting were approved as distributed upon a motion by Commissioner Askew and seconded by Commissioner Herbert.

**Old Business**

None

**New Business**

None

**President's Report**

**Advanced Metering Communication Plan**

President Roach advised Commissioners that later this year KUB will begin a 4-year process of deploying modern electric, gas, and water meters to customers in the KUB service area. She recognized Eddie Black, Senior Vice President, to provide an overview of the new meter deployment and how it will benefit KUB customers.

March 17, 2016

### **Customer Engagement**

President Roach advised Commissioners that KUB began a strategic initiative last July focusing on enhancing communications and engagement with KUB customers. She recognized Leslye Hartsell, Manager of Communications and Community Relations, and John Williams, Manager and Assistant to the CFO, to provide an update on this initiative. Ms. Hartsell served as the Project Manager for this initiative and Mr. Williams served as the Project Sponsor.

### **Other Business**

Chair Thompson reminded the Board that next month's meeting will begin at 9:00 a.m. Following the conclusion of the business meeting, the Board will begin the Long-Range Planning and Budget Workshop. The meeting will conclude at noon and lunch will be provided.

### **Public Comment**

Xavier Presley – 1134 Glade Hill Drive – Knoxville, TN 37909

### **Adjournment**

Chair Thompson stated that following adjournment, the Board would continue with an open lunch session where KUB matters may be discussed. There being nothing further to come before the Board, Chair Thompson declared the meeting adjourned at 1:10 p.m.

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Nikitia Thompson, Chair

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Mark Walker, Board Secretary