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**Board Meeting Agenda
Thursday, March 20, 2014
Noon**

Call to Order

Roll Call

Approval of Minutes

Official Action

Resolution 1305 - Authorizing the Transfer of Property of the Electric Division Located at 113 Wrinkle Avenue to the City of Knoxville

Resolution 1306- Authorizing the Transfer of Certain Surplus Real Property of the Gas Division Located at 514 Bernard Avenue

President's Report

Other Business

Public Comments

Adjournment

RESOLUTION

1305



March 14, 2014

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

Commissioners:

KUB's Electric Division owns approximately 4.4 acres of land on Wrinkle Ave near Chapman Hwy, which is located south of downtown Knoxville. This site is the location of our South Knoxville electric substation. KUB was approached by the City of Knoxville about transferring a small portion of the property as part of the Ft. Dickerson Road realignment project. The area requested is approximately 0.7 acres and in an area which is outside the footprint of our substation.

State law and the bond resolutions of the Electric Division authorize the disposition of any real property of the electric system which the Board has determined to be no longer useful and necessary for the operation of the system. After consultation with Staff, I have determined that the 0.7 acres sought by the City for the Ft. Dickerson Road realignment project is not useful or necessary for the continued operation of the electric system and is not needed by any other KUB system.

Through Resolution 1305, which is attached for your information, the Board will approve the transfer of a portion of KUB's South Knoxville substation property to the City of Knoxville. I recommend adoption of Resolution 1305.

Respectfully submitted,

A

Mintha E. Roach
President and CEO

RESOLUTION NO. 1305

A Resolution Authorizing the Transfer of Property of the Electric Division Located at 113 Wrinkle Avenue to the City of Knoxville

Whereas, the Electric Division of the Knoxville Utilities Board (“KUB”) holds title to certain real estate, located at 113 Wrinkle Avenue, Knoxville, Tennessee and being all of CLT Map 109- I, Group A, Parcel 8, recorded in the Knox County Register’s Office as Instrument Number 201403120052487, consisting of approximately 4.40 acres of land and various appurtenances (the “Property”), where KUB’s electric South Knoxville substation is located; and

Whereas, the City of Knoxville seeks to acquire from KUB a small portion of the Property, approximately 0.7 acres in size and outside the footprint of the electric substation, as part of its Ft. Dickerson Road alignment project (the “City Project Parcel”); and

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

Whereas, pursuant to T.C.A. §§ 6-56-304 and 12-9-110, and Section VI of KUB’s Procurement Procedures, public advertisement and competitive bidding is not required for the transfer of the City Project Parcel; and

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

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

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

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

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

Section 2. That it is in the best interest of KUB and the Electric Division to transfer the City Project Parcel.

Section 3. That the President and Chief Executive Officer or her authorized designee be, and hereby is, authorized and directed to transfer the City Project Parcel in a manner consistent with KUB's Procurement Procedures and state law, to execute a deed for the transfer of the City Project Parcel and to do all things that the President and CEO or her designee deems reasonable and necessary to effectuate such transfer.

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

Celeste Herbert, Vice Chair

Mark Walker, Board Secretary

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

RESOLUTION

1306



March 14, 2014

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

Commissioners:

KUB's Gas Division owns approximately 3.7 acres of land on Bernard Avenue, which is located north of downtown Knoxville. This site represents one of several parcels of land on Bernard Avenue on which KUB's gas system operations center was located until the late 1990's, when all underground utility operations were consolidated at Jackson Avenue (the current Fleming Operations Center). Two of the parcels, including associated structures, were previously sold upon approval by the Board, and one parcel was transferred to the Wastewater Division for the construction of a wastewater storage facility.

The remaining 3.7 acres of property on Bernard Avenue, which includes a vacant 7,440 square foot office and warehouse building, is not needed for the continued operation of the gas system and has no use by any other KUB system. The board resolutions of the Gas Division authorize the disposition of any real property of the gas system which the Board has determined to be no longer necessary for the operation of the system.

Through Resolution 1306, which is attached for your information, the Board finds that the property is not needed for the continued operation of the gas system or any other KUB system, and authorizes the transfer of the property. Any transfer of the property would include deed restrictions imposed by the Tennessee Department of Environment and Conservation and would be based on the fair market value of the property at the time of transfer. I recommend adoption of Resolution 1306.

Respectfully submitted,

A

Mintha E. Roach
President and CEO

RESOLUTION NO. 1306

A Resolution Authorizing the Transfer of Certain Surplus Real Property of the Gas Division Located at 514 Bernard Avenue

Whereas, the Gas Division of the Knoxville Utilities Board (“KUB”) holds title to certain real estate, located at 514 Bernard Avenue, Knoxville, Tennessee and being all of CLT Map 94-E, Group A, Parcel 21, recorded in the Knox County Register’s Office as Instrument Number 20070130-0061809, consisting of approximately 3.70 acres of land and various appurtenances (the “Property”); and

Whereas, KUB, pursuant to T.C.A. § 7-34-104 and Article XI, Section 1106(D) of the Charter of the City of Knoxville, Tennessee, has the authority, subject to the applicable provisions of any bonds or contracts, to transfer title of real property or any right or interest in such property in connection with the operation of its gas system; and

Whereas, pursuant to T.C.A. § 6-56-304 and Section VI of KUB’s Procurement Procedures, public advertisement and competitive bidding is not required for the transfer of the Property; and

Whereas, the Property is subject to certain Land Use Restrictions imposed by the Tennessee Department of Environment and Conversation and KUB’s transfer of the Property will be subject to such restrictions; and

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

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

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

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

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

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

Section 3. That the President and Chief Executive Officer or her authorized designee be, and hereby is, authorized and directed to transfer the Property in a manner consistent with KUB's Procurement Procedures and state law, to execute a deed for the transfer of the Property and to do all things that the President and CEO or her designee deems reasonable and necessary to effectuate such transfer.

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

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

Celeste Herbert, Vice Chair

Mark Walker, Board Secretary

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

MINUTES

**Knoxville Utilities Board
Board Meeting
Minutes
Thursday, February 20, 2014, 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, February 20, 2014, pursuant to the public notice published in the January 4, 2014, edition of the *News Sentinel*. Chair Anderson called the meeting to order at 12:00 p.m.

Roll Call

Commissioners Present: Bruce Anderson, Joel Connell, Kathy Hamilton, Celeste Herbert, Sara Hedstrom Pinnell, Nikitia Thompson, and Eston Williams

Commissioners Absent: None

Approval of Minutes

The Minutes of the January 16, 2014, Board Meeting were approved as distributed upon motion by Commissioner Hamilton and second by Commissioner Herbert.

Old Business

None

New Business

Chair Anderson welcomed the eight KUB Leadership Development Program employees and the program facilitator attending the Board Meeting today and asked them to introduce themselves.

Resolution 1303, A Resolution Requesting the City Council of the City of Knoxville to Pass a Resolution Setting the Tax Equivalent Payments for the Electric and Gas Systems for the Fiscal Year Beginning July 1, 2013 and Providing for the Allocation and Distribution of Such Payments to the Affected Taxing Jurisdictions

President Roach recommended adoption of Resolution 1303 on first and final reading. Her written recommendation is included in Attachment 1.

February 20, 2014

President Roach recognized Chris Hood, Manager of Accounting, who reviewed the proposed tax equivalent payments and distribution of payments for the electric and gas systems for fiscal year 2014. He advised that state law requires that City Council adopt a resolution setting the amount of the electric and gas payments and providing for their distribution. Mr. Hood noted that the proposed electric and gas payments were the maximum amounts permitted by state law.

Upon a motion by Commissioner Connell and a second by Commissioner Williams, Resolution 1303 (*Attachment 1*) was adopted by a roll call vote on first and final reading. The following Commissioners voted “aye”: Anderson, Connell, Hamilton, Herbert, Pinnell, Thompson, and Williams. No Commissioner voted “nay”.

Resolution 1304, A Resolution Authorizing the Condemnation and the Taking of Gas Utility Easements as May Be Necessary in Support of KUB’s South Loop Natural Gas Line Project

President Roach recommended adoption of Resolution 1304 on first and final reading. Her written recommendation is included in Attachment 2.

President Roach reminded Commissioners that KUB is committed to providing high-pressure gas service to the University of Tennessee and based on the university’s decision to transition from coal to natural gas as its primary fuel source, KUB is undertaking a new transmission line project known as the South Loop Project. Ms. Roach advised that we have spent several months preparing for this project including presentations to the Board and a public input meeting in December. The project requires some utilities to be relocated, and easements must be acquired in order for the project to proceed on schedule.

Ms. Roach recognized Bill Elmore, Executive Vice President and Chief Operating Officer, who reviewed the project timeline and details and the easement acquisition process. Mr. Elmore advised the Board that KUB would work with property owners to acquire easements on mutually agreeable terms. The blanket condemnation authority provided under Resolution 1304 will ensure that the project is not delayed in the rare events where actual condemnation is required.

Upon a motion by Commissioner Herbert and a second by Commissioner Thompson, Resolution 1304 (*Attachment 2*) was adopted by a roll call vote on first and final reading. The following Commissioners voted “aye”: Anderson, Connell, Hamilton, Herbert, Pinnell, Thompson, and Williams. No Commissioner voted “nay”.

February 20, 2014

President's Report

Water System Overview

President Roach recognized Julie Childers, Vice President, and Mark Rauhuff, Manager of Water Systems Engineering, to provide the water system overview. Ms. Childers discussed the Century II Water program, water main repair rates, and water loss initiatives. Mr. Rauhuff discussed the planned implementation of a new program to help manage water loss.

Levelized Billing

President Roach recognized Dawn Mosteit, Vice President, who provided an overview of the proposed Levelized Billing Plan that would replace the Balance Pay Program.

West Virginia Chemical Spill

President Roach recognized Eddie Black, Senior Vice President, who summarized the drinking water contamination event in Charleston, West Virginia and provided an overview of KUB's Emergency Response Plan for the water system.

Other Business

None

Adjournment

Chair Anderson 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 Anderson declared the meeting adjourned at 1:18 p.m.

The lunch session concluded at 1:50 p.m.

Celeste Herbert, Vice Chair

Mark Walker, Board Secretary

Attachments

Attachment 1	Recommendation Letter and Resolution 1303, A Resolution Requesting the City Council of the City of Knoxville to Pass a Resolution Setting the Tax Equivalent Payments for the Electric and Gas Systems for the Fiscal Year Beginning July 1, 2013 and Providing for the Allocation and Distribution of Such Payments to the Affected Taxing Jurisdictions	<u>Page(s)</u> 5275 – 5280
Attachment 2	Recommendation Letter and Resolution 1304, A Resolution Authorizing the Condemnation and the Taking of Gas Utility Easements as May Be Necessary in Support of KUB's South Loop Natural Gas Line Project	5281 – 5283



February 14, 2014

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

Commissioners:

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

Tax equivalents for the electric system for Fiscal Year 2014 are \$11,905,037. Tax equivalents for the gas system for Fiscal Year 2014 are \$5,761,856. Both electric and gas tax equivalent payments are the maximum amounts permitted under state law. Electric and gas tax equivalent payments will be made to the respective taxing jurisdictions on the last business day of June. An overview of all tax equivalent payments for Fiscal Year 2014 is attached for your information.

I recommend adoption of Resolution 1303, requesting the City Council of Knoxville to set the in lieu of tax payments for KUB's electric and gas systems and to establish the allocation of payments to the various taxing jurisdictions for the fiscal year ending June 30, 2014.

Respectfully submitted,

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

Mintha E. Roach
President and CEO

RESOLUTION NO. 1303

A Resolution Requesting the City Council of the City of Knoxville to Pass a Resolution Setting the Tax Equivalent Payments for the Electric and Gas Systems for the Fiscal Year Beginning July 1, 2013 and Providing for the Allocation and Distribution of Such Payments to the Affected Taxing Jurisdictions

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

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

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

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

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

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

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

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

Section 1. That the KUB Board of Commissioners (the “Board”), after due consideration, finds that it is in the best interest of KUB and the City of Knoxville to make the maximum electric and gas tax equivalent payments permitted by law for the fiscal year beginning July 1, 2013, totaling \$11,905,037 for the electric system and \$5,761,856 for the gas system (hereinafter referred to as “Tax Equivalents”).

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

	<u>Electric Tax Equivalents</u>	<u>Gas Tax Equivalents</u>	<u>Total Tax Equivalents</u>
City of Knoxville	\$5,887,808	\$3,008,089	\$8,895,897
Knox County	5,349,018	2,750,365	8,099,383
Union County	249,870		249,870
Sevier County	245,646		245,646
Grainger County	125,861		125,861
Jefferson County	33,359		33,359
Anderson County	6,887	2,293	9,180
Blount County	6,588		6,588
Loudon County	<u> </u>	<u>1,109</u>	<u>1,109</u>
Total	\$11,905,037	\$5,761,856	\$17,666,893

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

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

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

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

Section 7. Be it further resolved that this Resolution shall take effect from and after its passage.

Mark Walker/s
Mark Walker, Board Secretary

Bruce Anderson/s
Bruce Anderson, Chair

APPROVED ON 1st
& FINAL READING: 2-20-14
EFFECTIVE DATE: 2-20-14
MINUTE BOOK 32 PAGE 5276-5280

RESOLUTION**A Resolution of the Council of the City of Knoxville Setting the In Lieu of Tax Payments for the Electric and Gas Systems of the Knoxville Utilities Board for the Fiscal Year Beginning July 1, 2013 and Providing for the Allocation and Distribution of Such Payments to the Affected Taxing Jurisdictions**

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

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

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

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

Whereas, KUB, by its passage of Resolution No. 1303 on February 20, 2014, and the delivery of same to City Council, has requested City Council pass a resolution setting the Tax Equivalents for the fiscal year beginning July 1, 2013, and providing for the allocation and distribution of the Tax Equivalents to the affected taxing jurisdictions (hereinafter referred to as “Proposed Resolution”); and

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

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

Section 1. That pursuant to T.C.A. Sections 7-52-301 et seq. and Sections 7-39-401 et seq., the Council of the City of Knoxville hereby sets the Tax Equivalents for KUB's electric and gas systems for the fiscal year beginning July 1, 2013, at a total of \$17,666,893, representing \$11,905,037 in electric Tax Equivalents and \$5,761,856 in gas Tax Equivalents, said amounts being the maximum amount of Tax Equivalents that may be paid from KUB's Electric and Gas Divisions under law.

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

	<u>Electric Tax Equivalents</u>	<u>Gas Tax Equivalents</u>	<u>Total Tax Equivalents</u>
City of Knoxville	\$5,887,808	\$3,008,089	\$8,895,897
Knox County	5,349,018	2,750,365	8,099,383
Union County	249,870		249,870
Sevier County	245,646		245,646
Grainger County	125,861		125,861
Jefferson County	33,359		33,359
Anderson County	6,887	2,293	9,180
Blount County	6,588		6,588
Loudon County	<u> </u>	<u>1,109</u>	<u>1,109</u>
Total	\$11,905,037	\$5,761,856	\$17,666,893

Section 3. That the statutory obligation for City Council to consult with the supervisory body (KUB) was satisfied by the delivery of KUB Resolution No. 1303 to City Council.

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

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

Mayor

City Recorder



February 14, 2014

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

Commissioners:

KUB is committed to providing high-pressure gas service to the University of Tennessee by the contractual deadline of November 2015. Staff is requesting condemnation authority to cover the needed easements for this project. While we will continue to work with property owners to acquire the easements on mutually agreeable terms, the requested authority will ensure that the project is not delayed in the rare events where actual condemnation is required. Resolution 1304 provides that the Board will receive at least 10 days' notice of any proposed condemnation, and that if any Commissioner notifies the President and CEO prior to the date of condemnation, no action will be taken until it is considered at the next Board meeting. A draft of Resolution 1304 and a list of property owners where easements may be necessary are enclosed for your review. As project designs are firmed up and construction methods finalized, every effort will be made to minimize the number of easements actually needed. Of those that will be required, it is expected that only a few, if any, will necessitate condemnation.

I recommend adoption of Resolution 1304.

Respectfully submitted,

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

Mintha E. Roach
President and CEO

RESOLUTION NO. 1304

A Resolution Authorizing the Condemnation and the Taking of Gas Utility Easements as May Be Necessary in Support of KUB's South Loop Natural Gas Line Project

Whereas, meeting a c ontracted schedule with the University of Tennessee requires KUB to make natural gas system improvements entitled, "South Loop Natural Gas Line Project," by November 2015 to current and future facilities (the "Facilities"); and

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

Whereas, acquisition of the aforesaid easements must be obtained for the construction of the Facilities in a t imely manner to ensure compliance with the contracted schedule with the University of Tennessee; and

Whereas, KUB's engineering staff, in conjunction with its engineering consultant, has identified a preliminary route for the South Loop Project ("Project"); and

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

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

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

SECTION 1. That this Board finds and declares:

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

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

Section 3. That each Board member shall be notified via email at least 10 business days before any condemnation authorized by this resolution is filed. Said notice shall include a detailed description of the easement and an explanation of why the condemnation is necessary. Further, the proposed condemnation will not be filed if any Commissioner, prior to the proposed date of the condemnation, notifies the President and CEO of their desire to have the matter reviewed at the next Board meeting.

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

Bruce Anderson/s
Bruce Anderson, Chair

Mark Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: 2-20-14
EFFECTIVE DATE: 2-20-14
MINUTE BOOK 32 PAGE 5282-5283

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