

**Knoxville Utilities Board
Board Meeting Minutes
Thursday, August 17, 2023 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, August 17, 2023, pursuant to the public notice published in the January 7, 2023, edition of the *News Sentinel*. Chair Simpson-Brown called the meeting to order at 12:00 p.m.

Roll Call

Commissioners Present: Ron Feinbaum, Cynthia Gibson, Kathy Hamilton, Celeste Herbert, Adrienne Simpson-Brown, and Tyvi Small.

Commissioner Absent: Claudia Caballero

Approval of Minutes

Upon a motion by Commissioner Feinbaum and a second by Commissioner Small, the June 15, 2023 Board Meeting minutes were approved by a roll call vote. The following Commissioners voted "aye": Feinbaum, Gibson, Hamilton, Herbert, Simpson-Brown, and Small. No Commissioner voted "nay".

Old Business

None

New Business

Resolution 1482 – A Resolution Authorizing the Execution of a Tranche Amendment to the Knoxville Utilities Board's ("KUB") Green Invest Agreement with the Tennessee Valley Authority ("TVA"), Replacing a Previously Executed Tranche Amendment for the Purchase of 55 MW of New Solar Energy under the Green Invest Program

President Gabriel Bolas recognized Mark Walker, Senior Vice President and Chief Financial Officer, to present for the Board's consideration a resolution authorizing the execution of a Tranche amendment to our Green Invest Agreement with TVA, replacing a previously executed amendment for the purchase of 55 MW of solar power.

August 17, 2023

Upon a motion by Commissioner Herbert and a second by Commissioner Gibson, Resolution 1482 (*Attachment 1*) was adopted by a roll call vote on first and final reading. The following Commissioners voted "aye": Feinbaum, Gibson, Hamilton, Herbert, Simpson-Brown, and Small. No Commissioner voted "nay".

President's Report

August Storm Response

President Gabriel Bolas reminded Commissioners our community was hit hard by an EF2 tornado and severe thunderstorms recently. This was the third largest storm outage in KUB history and employees worked around the clock throughout the week to rebuild the electric infrastructure and restore power to our customers. He recognized John Williams, Senior Vice President of Engineering and Construction, to provide an overview of restoration efforts.

FY23 Organizational Performance

President Bolas advised Commissioners KUB's fiscal year ended June 30, 2023 and touched on the year's organizational performance. He then recognized Mark Walker, Senior Vice President and Chief Financial Officer, to provide an overview of financial and organizational performance for the fiscal year.

Community Advisory Panel Update – Federal Funding Opportunities

President Bolas advised Commissioners that KUB has been looking for grant funding opportunities to help offset the impact of inflationary pressures. He recognized Susan Edwards, Senior Vice President and Chief Administrative Officer, to share an overview of the Inflation Reduction Act (IRA) and opportunities for both KUB and its customers to benefit from various tax credits and home energy rebates through the IRA.

American Public Gas Association Awards

Ms. Edwards also shared details of two recent awards received from the American Public Gas Association. KUB was recognized with the 2022 Safety Award for the second consecutive year and the annual Communications & Marketing Award, where we placed third for natural gas growth.

TeenWork Program

President Bolas thanked Commissioners for their continued support of KUB's TeenWork program. He recognized Janea Peterson, Educational Outreach Coordinator in Community Relations, to provide an update on the 2023 program.

August 17, 2023

Other Business

Commissioner Feinbaum announced that the Nominating Committee met today to begin this year's process for nominating candidates for the Commissioner term that begins January 1, 2024. This will be for a new Commissioner to replace Commissioner Small, whose term is expiring.

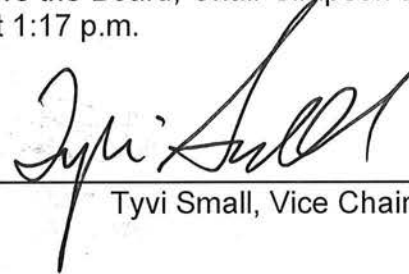
The application is available on KUB's website at www.kub.org or by calling KUB. Applications should be submitted by 12 p.m. on Thursday, September 14, 2023. Knoxville's City Charter requires that five or more candidates be nominated at the October meeting for transmittal to the Mayor for final selection and confirmation by City Council.

Public Comment

None

Adjournment

There being nothing further to come before the Board, Chair Simpson-Brown declared the Board meeting adjourned at 1:17 p.m.



Tyvi Small, Vice Chair



Mark Walker, Board Secretary

Attachments

Attachment 1	Recommendation Letter and Resolution 1482 – A Resolution Authorizing the Execution of a Tranche Amendment to the Knoxville Utilities Board’s (“KUB”) Green Invest Agreement with the Tennessee Valley Authority (“TVA”), Replacing a Previously Executed Tranche Amendment for the Purchase of 55 MW of New Solar Energy under the Green Invest Program	<u>Page(s)</u> 12082 – 12086
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August 11, 2023

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

Commissioners:

The August 17 Board meeting agenda includes a single official action item, authorizing the execution of a Tranche Amendment to our Green Invest Agreement with TVA, replacing a previously executed amendment for the purchase of 55 MW of solar power.

The Board previously approved KUB's participation in TVA's Green Invest Program, which is designed to help companies in the Valley achieve their sustainability goals by bringing new, renewable sources of electric power generation to the Valley.

KUB previously entered a series of Tranche Amendments to our Green Invest Agreement with TVA, providing for the purchase of 502 MW of new solar power generation to be developed over several years.

In October 2022, staff advised the Board that each of its Green Invest solar projects was experiencing price and schedule pressures, the result of supply chain constraints, global policies, and other economic factors. Staff recommended KUB proceed with three of the four projects, accounting for 325 MW of solar, at revised costs and in-service dates.

The Board adopted Resolution 1465 at the October 2022 meeting, authorizing the execution of two new Tranche Amendments for 270 MW of solar, replacing the previously executed agreements, with the understanding an additional Tranche Amendment for the remaining 55 MW of solar would be forthcoming.

Resolution 1482 authorizes the execution of the Tranche Amendment for 55 MW of solar. I recommend its approval on first and final reading.

Respectfully submitted,

A handwritten signature in black ink that reads "Gabriel Bolas". The signature is written in a cursive, flowing style.

Gabriel J. Bolas II
President and CEO

RESOLUTION NO. 1482

A Resolution Authorizing the Execution of a Tranche Amendment to the Knoxville Utilities Board's ("KUB") Green Invest Agreement with the Tennessee Valley Authority ("TVA"), Replacing a Previously Executed Tranche Amendment for the Purchase of 55 MW of New Solar Energy under the Green Invest Program

Whereas, the KUB Board of Commissioners ("Board") previously adopted Resolution No. 1410, which among other things, authorized KUB's participation in TVA's Green Invest Program; and

Whereas, KUB entered a series of Green Invest Tranche Amendments in March 2020 and November 2020, respectively, to purchase a total of 502 MW of new solar in the Tennessee Valley, representing four new solar development projects in the Valley; and

Whereas, the solar industry has been impacted by global policies, regulations, and other economic factors, which have resulted in supply constraints and significant price increases for critical components of solar equipment; and

Whereas, like many other solar development projects across the nation, KUB's four solar installation projects in Green Invest experienced price increases and schedule pressures; and

Whereas, the developer of each KUB solar project requested TVA and KUB provide price and time concessions to the original commitments so the projects could move forward; and

Whereas, KUB staff previously recommended to the Board KUB proceed with three of the four solar projects with revised costs and in-service dates, representing 325 MW of new solar, and the Board authorize the execution of a new series of Tranche amendments for the 325 MW; and

Whereas, the Board previously adopted Resolution No. 1465, authorizing the execution of new Tranche Amendments for 270 MW of new solar, replacing previously executed Tranche Amendments; and

Whereas, Resolution No. 1465 acknowledged a future amendment for 55 MW of new solar, which would also replace a previously executed amendment; and

Whereas, Resolution No. 1482 authorizes the execution of the new Tranche Amendment for 55 MW of new solar, and staff has determined that its execution is in the best interest of KUB and its customers.

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

Section 1. The President and Chief Executive Officer is hereby authorized to execute the Green Invest Tranche Amendment providing for the purchase of 55 MW of new solar, in substantially the form attached hereto this Resolution as Exhibit A, with only such changes as approved by the President and Chief Executive Officer.

Section 2. The President and Chief Executive Officer is further authorized and empowered generally to take such action and to authorize such other persons to take such actions as may be necessary, proper, or convenient to carry into effect this Resolution and to carry out the terms of the executed amendment.

Section 3. This Resolution shall take effect from and after its passage.

Adrienne Simpson-Brown/s
Adrienne Simpson-Brown Chair

Mark Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: 8-17-23
EFFECTIVE DATE: 8-17-23
MINUTE BOOK 46 PAGE 12083-12086

TRANCHE AMENDMENT #__

Contract No. TV-75110A, Supp. No. ____

This Green Invest Agreement Tranche Amendment ("**Amendment**") is between KNOXVILLE UTILITIES BOARD (Acting for and on behalf of the City of Knoxville, Tennessee) ("**Distributor**"), a Tennessee municipal corporation, and TENNESSEE VALLEY AUTHORITY ("**TVA**"), a corporate agency and instrumentality of the United States of America created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended, and is subject to the provisions of the Green Invest Agreement, TV-75110A, Supp. No. 115 ("**Agreement**"). This Amendment is effective as of the date of TVA's signature below.

<p>Renewable Energy Facility</p>	<p>Distributor will purchase from TVA the Product derived from the Renewable Energy Facility identified below, on an as-generated basis contingent on availability accounting for 27.5% of that Renewable Energy Facility's total renewable generation.</p> <p>Developer: <u>SR Tullahoma LLC</u> PPA Contract Number: <u>6555561</u> Contract Output (MWac): <u>200 MW (of which 27.5% equals 55 MWac)</u> Location: <u>35°20'49.10"N, 86°16'15.88"W</u> Expected Delivery Point: <u>delivery point on the TVA Franklin-Wartrace 161-kV transmission line #2 adjacent to the site</u> Expected Initial Delivery Date: <u>June 30, 2026</u> Delivery Period (years): <u>20</u> Distributor's Proportionate Damages Share: <u>8.54%</u></p> <p>TVA is excused from providing Product to Distributor under this Tranche Amendment if and to the extent that RECs are not generated by the Renewable Energy Facility and/or otherwise not delivered to TVA under the PPA.</p>
<p>Term</p>	<p>Subject to any earlier termination of this Amendment pursuant to the terms of the Agreement, the term of this Amendment runs until the expiration or termination of the term of the PPA.</p>
<p>Product Price</p>	<p>The Product price for generation from the applicable Renewable Energy Facility is \$3.08 per REC.</p>
<p>Renewable Energy Facility Underperformance</p>	<p>Subject to the section entitled Condition Precedent below, in the event of Renewable Energy Facility Underperformance, Distributor will be entitled to the following pursuant to Section 5.4 of the Agreement:</p> <ul style="list-style-type: none"> (a) Distributor's Proportionate Damages Share multiplied by the total damages received by TVA in the event Developer fails to timely achieve the Initial Delivery Date in accordance with the terms of the PPA. (b) Distributor's Proportionate Damages Share multiplied by the total of any damages received by TVA under the PPA for Renewable Energy Facility Underperformance. (c) replacement RECs for the Product shortfall in the event they are received by TVA under the PPA. (d) Distributor's Proportionate Damages Share multiplied by any Termination Payment (as defined in the PPA) received by TVA in the event of TVA's early termination of the PPA pursuant to Article 9, "Early Termination; Remedies".

Early Termination	Section 7.3 of the Agreement will establish the early termination amount.
Condition Precedent	TVA's obligations to supply Distributor with Product or a share of damages or replacement RECs received under the PPA are conditioned on satisfaction of the Delivery Condition Precedent. For the avoidance of doubt, the Delivery Condition Precedent will not be deemed to occur until the first day following TVA's written approval pursuant to the PPA that all requirements necessary to achieve Notice to Proceed under the PPA have been satisfied.
General Terms and Conditions	<p><u> Ratification of the Power Contract </u>. The Power Contract, Contract No. TV-75110A, effective July 1, 1988, as amended by this Amendment, is ratified and confirmed as the continuing obligation of the parties.</p> <p><u> Defined Terms </u>. Capitalized terms not otherwise defined in this Amendment have the same meaning as in the Agreement and/or Power Contract.</p> <p><u> Conflicts </u>. In the event of any conflict between this Amendment and the Agreement, this Amendment controls.</p> <p><u> Assignment </u>. This Amendment will be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns and may be assigned only in accordance with the terms of the Agreement.</p> <p><u> Amendment </u>. This Amendment may be amended only by a written agreement signed by both parties.</p> <p><u> Counterparts </u>. This Amendment may be executed in multiple counterparts, each of which will be considered an original and all of which together will be considered to be but one and the same instrument. Facsimile or PDF transmission of any signed original document, and retransmission of any facsimile or PDF transmission, will be the same as delivery of any original document.</p>
Performance Assurance	<u> Performance Assurance </u> . This Amendment will be bound and governed by Section 6 of the Agreement, which govern Distributor's Performance Assurance obligations with TVA throughout the term of this Amendment.
Previous Agreements	Contract No. TV-75110A, Supp. No. 121, is hereby terminated and replaced by this Amendment.

By signing below, the parties agree to be bound by the terms and conditions contained in this Amendment and the Agreement.

Knoxville Utilities Board (Acting for and on behalf of the City of Knoxville)	
<i>Signature:</i>	<i>Title:</i>
<i>Printed Name:</i>	<i>Date:</i>

Tennessee Valley Authority	
<i>Signature:</i>	<i>Title:</i>
<i>Printed Name:</i>	<i>Date:</i>

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