



Knoxville Utilities Board

**Board Meeting Agenda
Thursday, March 12, 2020
Noon**

Call to Order

Roll Call

Approval of Minutes

Official Action

Resolution 1410 – A Resolution Authorizing the Execution of an Agreement to Amend Power Contract TV-75110A, and to become a participant in TVA's Green Invest Program

President's Report

Public Comments

Adjournment



Knoxville Utilities Board

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

Commissioners:

As you will recall, in August 2019, TVA presented a long-term partnership agreement to KUB that would extend KUB's current five-year evergreen contract to 20 years and provide benefits for KUB and its electric customers.

The rationale for TVA's proposal was to better align its debt obligations with its customers' commitments for electric power purchases by extending its contracts with local power companies (LPCs) to a twenty-year term, with ongoing annual extensions. With the improvements TVA has made to its financial condition over the past several years, it has the flexibility to offer attractive terms to LPCs in exchange for the longer contract period. Those provisions include:

- A credit of 3.1 percent on wholesale base rates, currently equivalent to \$9.5 million per year for KUB;
- Power supply flexibility for up to 5 percent of power to come from local sources;
- Limitations on TVA rate increases to no more than five percent in the first five years of the agreement, and no more than 10 percent in any five-year period;
- Deeper engagement on long-term financial and resource planning; and
- Protections for LPCs in the event TVA were sold.

KUB staff have spent the last six months assessing the proposed agreement and conducting our due diligence on its terms. We identified several issues with the original proposal, which we were able to address through joint negotiations with the Chattanooga Electric Power Board, Huntsville Utilities and TVA. As a result of these efforts, TVA made the following improvements:

- Removed language that would have prevented KUB's promotion of its natural gas system, to the extent that any promotion resulted in a displacement of load currently served by TVA;
- Removed language that would have limited KUB's ability to support local customers' pursuit of self-generation;
- Extended the rate protection provisions beyond the initial term of 20 years to extend the full life of the agreement;
- Agreed that if TVA were sold without KUB's consent, KUB's contract term would revert to five years;

- Agreed that if the 20-year agreement were terminated, the cost for ongoing transmission improvements would be determined on a reasonable cost basis

Following these amendments, both Chattanooga and Huntsville have signed the agreement. Among the other major Tennessee cities, Nashville signed the agreement almost immediately after it was offered by TVA; Memphis is currently conducting a power supply planning process and has not yet made a decision. To date, 137 of the 154 local power companies in the Valley have signed the agreement.

KUB has taken seriously the concerns raised by members of the public regarding this proposal, including concerns about the length of the new contract. However, because TVA is not compelled to provide us access to its transmission system, our geographical location within the Valley gives us virtually no alternative to TVA service. We cannot access power through TVA's system unless there is a fundamental change in federal law, which history tells us is extremely unlikely. Building our own parallel transmission system would be cost prohibitive and poor public policy. Given these factors, we do not believe that the 20-year term is a significant risk for KUB.

We have also taken seriously the concerns raised about our ability to access sufficient renewable generation for our customers under the five percent flexibility provision in the new agreement. Toward that end, we have engaged with TVA to develop a separate agreement under its Green Invest program to apply a portion of our annual partnership credit (\$1.1 million) toward approximately 212 MW of solar power. This new solar investment would generate an anticipated 465 million kilowatt-hours (kWh) of solar output per year. This would serve up to 8 percent of our total electric load, the equivalent of approximately 35,000 average homes. Because this agreement requires a long-term (twenty-year) commitment, it would not be available to us under the terms of our existing contract. We believe that this agreement, coupled with the additional five percent flexibility provision embedded in the partnership agreement, provides ample opportunity for KUB to support efforts by the City and others to reduce emissions from power generation.

Lastly, we believe that the financial benefit of the 3.1 percent partnership credit can provide significant value to KUB's electric customers in the form of reliability improvements, additional renewables, reduced or deferred rate increases, and new programs to support low income energy efficiency efforts, among other initiatives. Should you approve this amendment, staff will be reviewing all of these options for your consideration.

Taking all these factors into consideration, I believe it is in the long-term best interest of KUB and its customers to sign TVA's partnership agreement.

Resolution 1410 authorizes the President and CEO to take any and all actions necessary to execute the partnership agreement with TVA, as well as agreements related to the Green Invest program. I recommend the adoption of Resolution 1410 on first and final reading.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gabriel Bolas II". The signature is written in a cursive style with a large initial "G" and a long, sweeping underline.

Gabriel J. Bolas II
President and CEO

Enclosures

RESOLUTION NO. 1410**A Resolution Authorizing the Execution of an Agreement to Amend Power Contract TV-75110A, and to become a participant in TVA's Green Invest Program**

Whereas, TVA and KUB have a longstanding relationship as seller and buyer of electric power, under which KUB purchases its electric power requirements from TVA pursuant to Power Contract TV-75110A, effective July 1, 1988, as amended (the "Power Contract").

Whereas, TVA has offered a Long Term Partnership Agreement ("the Agreement") as an amendment to the Power Contract that extends the term of the contract to 20 years, with annual extensions, in exchange for new benefits to KUB, including a credit of 3.1% on wholesale base rates; power supply flexibility for up to 5% of KUB's power requirements to come from local sources; limitations on TVA rate increases to no more than 5% in the first five years, and no more than 10% in any five-year period; deeper engagement on long-term financial and resource planning; and protections for KUB in the event TVA is ever sold; and

Whereas, KUB staff have thoroughly reviewed the terms and conditions of the Agreement and, after concluding negotiations with TVA regarding provisions that were unacceptable to KUB, have determined that signing the Agreement is in the best interests of KUB and its customers; and

Whereas, in response to input from the public, the staff has also engaged with TVA to become a participant in TVA's Green Invest program to apply a portion of the credit received under the Agreement toward the purchase of approximately 212 MW of renewable energy to serve KUB's customers;

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

Section 1. The proposed Agreement in substantially the form attached hereto and incorporated herein as Exhibit "A" is hereby approved by the adoption of this Resolution.

Section 2. The President and Chief Executive Officer is hereby authorized to execute the Agreement and any related documents necessary to amend the Power Contract as approved by this Resolution and is further authorized to approve any minor changes or revisions to said documents as are in the best interest of KUB.

Section 3. The proposed Green Invest agreement in substantially the form attached hereto and incorporated herein as Exhibit "B" is hereby approved by the adoption of this resolution.

Section 4. The President and Chief Executive Officer is hereby authorized to execute the Green Invest Agreement as well as related documents necessary for KUB to participate in the TVA Green Invest Program or any similar program offerings by TVA in pursuit of renewable energy for KUB customers, and is further authorized to approve any minor changes or revisions to said documents as are in the best interest of KUB.

Section 5. 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 Agreement.

Section 6. This Resolution shall take effect from and after its passage.

Kathy Hamilton, Chair

Mark Walker, Board Secretary

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

LONG-TERM AGREEMENT

TV-75110A, Supp. No. ____

This Agreement is between KNOXVILLE UTILITIES BOARD (Acting for and on behalf of 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.

Distributor purchases all of its power requirements from TVA for resale under contract number TV-75110A, effective July 1, 1988, as amended ("**Power Contract**").

The parties hereby agree to amend the Power Contract to increase the length of and strengthen the contractual relationship to help ensure the long-term success of the public power model, as follows:

SECTION 1 - NOTICE OF POWER CONTRACT TERMINATION

The section of the Power Contract entitled "Term of Contract" is hereby replaced, in its entirety, with the following:

This contract is effective as of July 1, 1988, and will continue in effect for an initial term of 20 years from July 1, 1988, provided, however, that beginning on the first anniversary of said effective date, and on each subsequent anniversary thereof (whether falling during said initial term or any renewal term as provided for herein), this contract shall be extended automatically without further action of the parties for an additional 1-year renewal term beyond its then-existing time of expiration. Notwithstanding any other provision of this section, Municipality may terminate this contract at any time upon not less than 20 years' prior written notice, and TVA may terminate this contract upon not less than 20 years' prior written notice. If Municipality delivers a notice of termination to TVA, as stated above, then from and after its date of receipt of such notice, TVA will have no obligation to make or complete any additions to or changes in any transformation or transmission facilities for service to Municipality, unless (by means of a fully-executed amendment to this contract) Municipality agrees to reimburse TVA for its non-recoverable costs in connection with the making or completion of such additions or changes.

SECTION 2 - BENEFITS

Under the section of the Power Contract entitled "Power Supply," and according to the Power Contract, as amended, TVA commits to produce and deliver, and Distributor agrees to take and distribute, all of the power supplied to consumers in the Distributor's service area. Recognizing the 20-year initial term and the 20-years' termination notice provision established in section 1 of this Agreement, and the other mutual commitments stated in this Agreement, the parties agree to the following:

- (a) For purposes of this Agreement, "**Applicable Rates**" means base rates that are subject to adjustment and are supplied by TVA in accordance with: the "Standard Service" section of the Wholesale Power Rate--Schedule WSA (currently on-peak demand, maximum demand, grid access, and non-fuel energy charges), and Schedule TDGSA and Schedule TDMSA only (currently on-peak demand, maximum demand, and all non-fuel energy charges), of the "TOU Service" section of the Wholesale Power Rate--Schedule WSA.

Beginning with the first full billing month following the Effective Date, TVA will apply a credit to the Distributor's monthly power invoice equal to 3.1% of the amount that Distributor pays TVA through the Applicable Rates ("**Wholesale Credit**").

Beginning in the TVA fiscal year during which TVA first pays the Wholesale Credit to Distributor, if both of the following conditions occur:

- 1) TVA increases the Applicable Rates: (i) by more than 10% (calculated based on the adjustment to Applicable Rates that is applied across all power distributors served by TVA) during any consecutive five-fiscal-year period that begins after the Effective Date, compared to the Applicable Rates that are applied as of the end of the TVA fiscal year immediately preceding that consecutive five-year period, or (ii) by more than 5% (calculated based on the adjustment to Applicable Rates that is applied

across all power distributors served by TVA), compared to the Applicable Rates that are applied as of the end of TVA fiscal year 2019, prior to September 30, 2024; and

- 2) the parties, after good faith negotiations for up to 180 days after the date that either condition described in subsection 2(a)(1) of this Agreement is met, fail to re-negotiate the terms of this Agreement;

then, if Distributor notifies TVA in writing within 60 days from the end of the 180-day period established in subsection 2(a)(2) of this Agreement, the termination notice period in subsection (a) of the "Term of Contract" section of the Power Contract will be reduced to 10 years, as confirmed in a written amendment executed by the parties, and this Agreement will terminate.

- (b) No calculation or determination of Applicable Rates, or any increases or adjustments to Applicable Rates, described in or occurring pursuant to subsection 2(a)(1) of this Agreement, will include or account for rate changes designed to be revenue-neutral to TVA in the aggregate, or changes in the fuel cost adjustment, which apply to or impact Distributor during the term of the Power Contract.
- (c) If Distributor delivers a notice of termination to TVA under the "Term of Contract" section of the Power Contract, then, as of the first full billing month following TVA's receipt of said notice, section 2 of this Agreement will terminate, except that the then-effective Wholesale Credit will be reduced and phased out in equal percentages over each of the following 10 years, with the first equal percentage reduction beginning on the first day of the billing month immediately after Distributor delivers a notice of termination to TVA and reducing to 0% on the first day of the billing month that is 121 months after Distributor delivers such notice.
- (d) During the term of this Agreement, TVA will notify Distributor in writing of additional benefits that TVA elects, in its sole discretion (for example but without limitation, adjustment of the Wholesale Credit percentage above 3.1%), to offer to other distributors of TVA power because they have executed a long-term agreement under substantially the same terms as this Agreement. Distributor will receive the additional benefits, unless Distributor declines by written response to TVA within 90 days of Distributor's receipt of TVA's notice. In addition, TVA will establish a process of engagement with Distributor for strategic resource and financial planning decisions.
- (e) TVA commits to collaborating with Distributor (and other distributors of TVA power who have executed a similar long-term agreement) to develop and provide enhanced power supply flexibility, with mutually agreed-upon pricing structures, for 3-5% of Distributor's energy, by no later than October 1, 2021. If in either of the following cases: (i) TVA does not fulfill its commitment to propose a power supply flexibility solution by the date stated above; or (ii) Distributor does not agree to the TVA-proposed power supply flexibility solution, then Distributor may elect, by written notice to TVA not later than 90 days from the TVA Board-approved implementation date, to terminate this Agreement. Upon Distributor's payment to TVA of an amount equal to 50% of the sum of all Wholesale Credit amounts received by Distributor pursuant to subsection 2(a), this Agreement terminates, and the term of the Power Contract, as it existed immediately prior to the Effective Date, and as amended by the section(s) referenced in section 4(b) of this Agreement, below, is reinstated. The payment amount due from Distributor to TVA under this subsection 2(e) will be calculated as of the date TVA receives said notice.

SECTION 3 - EVENTS OF DEFAULT AND REMEDIES

- (a) **Assignment.** "Assign" or "Assignment" means a party's transfer or disposal of this Agreement, in whole or in part, or any interest in it, to any person or entity that is not a party, including use of this Agreement or any payment or performance obligations under it as collateral.
- (b) **Applicable Laws.** "Applicable Laws" means those U.S. federal and state laws, regulations, and judicial or administrative decisions, orders (including, without limitation, administrative authority or commission consent orders and confirmatory orders) or injunctions, or any other legal pronouncements of a U.S. federal governmental authority that have the force or effect of law as of the Effective Date; provided, however, that in no event shall this provision be interpreted as subjecting TVA to any state or federal laws, including any remedies available under such laws, that otherwise do not apply to TVA.

- (c) **Distributor Events of Default.** An Event of Default, with respect to Distributor, means one or more of the following:
- 1) A sale or transfer of all, or substantially all, of Distributor's tangible or intangible assets that results in a reduction in load served by TVA;
 - 2) Distributor's sale or supply of power not supplied by TVA; or
 - 3) Distributor's Assignment of the Power Contract without TVA's prior written consent.
- (d) **TVA Events of Default.** An Event of Default, with respect to TVA, means one or more of the following:
- 1) TVA's breach of its obligations or commitments in subsection 5(a) of this Agreement; or
 - 2) TVA's Assignment of the Power Contract without Distributor's prior written consent.
- (e) **Notice.** If an Event of Default occurs, the non-defaulting party must notify the defaulting party in writing, and the defaulting party may cure its Event(s) of Default within 60 days of its receipt of such written notice from the non-defaulting party.
- (f) **Remedies.** Upon expiration of the cure period established in subsection 3(e), above, the non-defaulting party (as applicable) may exercise the remedies stated below for an Event of Default, provided that it also must mitigate its losses in a commercially reasonable manner:
- 1) Distributor must pay TVA an amount equal to TVA's actual or estimated net losses of revenue and load served, and for all actual or estimated expenses incurred by TVA and resulting from Distributor Event(s) of Default (subsection 3(c) of this Agreement), including attorneys' fees and other regulatory or administrative costs, measured from the date that any Event of Default first occurs, and over the remaining term of the Power Contract.
 - 2) TVA must pay Distributor an amount equal to the increase in Distributor's actual or estimated costs paid for electric power production and transmission (including wheeling, if applicable), resulting from TVA Event(s) of Default (subsection 3(d) of this Agreement), including attorneys' fees and other regulatory or administrative costs, measured from the date that any Event of Default first occurs, and over the remaining term of the Power Contract, provided that Distributor's claims to payment of any such amounts upon a TVA Event of Default are subordinate to TVA's prior satisfaction of any and all obligations it has to the holder of any bonds or other financing obligations issued or entered into by TVA, either before or after the Effective Date.
 - 3) The non-defaulting party may, by separate written notice to the defaulting party, terminate this Agreement if one or more of the defaulting party's Event(s) of Default occurs, in which case, the termination notice period in subsection (a) of the "Term of Contract" section of the Power Contract will be reduced to 5 years, as confirmed in a written amendment executed by the parties.
- (g) **Mutual Waiver.** Neither party's waiver of the other party's breach of the Power Contract, or failure to claim or enforce its remedies upon an Event of Default, will be construed to waive any other or subsequent breach or right to claim or enforce an Event of Default. Neither party's acceptance nor consideration of any untimely notice or information from the other party waives any time limits or schedule deadlines stated in, or issued, or agreed upon pursuant to the Power Contract.
- (h) **Rights and Remedies Cumulative.** Either party has the right to pursue any and all rights available at law or in equity, or under the Power Contract, in the event the other party fails to perform or otherwise breaches any term of the Power Contract not specifically referenced above. Except for the remedies upon Event(s) of Default, established in subsection 3(f) of this Agreement, all rights and remedies afforded either party under this Agreement are cumulative, in addition to every other right and remedy provided under the Power Contract, by law or in equity.

SECTION 4 - SUPERSEDING AND VOIDING OF PRIOR AGREEMENTS

As of the Effective Date:

- (a) In the event that the terms of this Agreement conflict with existing agreements between Distributor and TVA, the terms of this Agreement control; and
- (b) the following are of no further force and effect:
 - 1) TV-75110A, Supp. No. 6, dated February 1, 1990; and
 - 2) Section 2 of TV-75110A, Supp. No. 48, effective May 13, 2002.

SECTION 5 - CHANGE IN LAW

- (a) During the term of the Power Contract, TVA commits that, in the case of a disposal of any substantial portion of TVA’s power generation or transmission properties, Distributor will not be charged rates for energy or transmission that are not established in accordance with the Tennessee Valley Authority Act, 16 U.S.C. § 831, *et seq.*, as amended and in effect on the Effective Date (specifically, but without limitation, Section 15d(f) of that statute) (“**TVA Act**”).
- (b) Nothing in this Agreement will be construed to limit the sovereign authority of the United States Congress, amend the TVA Act, or impair TVA’s obligations under its bonds or other financing obligations, including its obligations under the Basic Tennessee Valley Authority Power Bond Resolution, as amended (“**Basic Bond Resolution**”). The charges for electric service under the Power Contract are currently established to recover the costs and financial obligations associated with investment to provide wholesale power service as required by the TVA Act, and the Basic Bond Resolution. In the event that a change in Applicable Laws impairs any contractual right, benefit, or interest of either party, or imposes any material increase in cost, or reduction in allocation of capacity or energy, or otherwise materially changes an obligation on either party under the Power Contract, the parties shall promptly meet and discuss in good faith regarding possible changes to the Power Contract to mitigate the impact of the change in Applicable Laws. The rights and remedies under this section of the Agreement are cumulative and in addition to, not exclusive of nor in substitution for, any other rights and remedies available at law or in equity.

SECTION 6 - NOTICES

The parties will deem any notice required by this Agreement to be properly given if the required notice is delivered in writing to the address specified below: personally, by recognized overnight courier service, by United States Mail, postage prepaid, or by electronic mail.

To Distributor:	President and Chief Executive Officer Knoxville Utilities Board 445 South Gay Street Knoxville, Tennessee 37902 Email: execdept@kub.org
To TVA:	Director, Power Customer Contracts, WT 9D-K Tennessee Valley Authority 400 West Summit Hill Drive Knoxville, Tennessee 37902-1401 Email: contractnotices@tva.gov

Any party may change either the designation of any person or the address of any such person at any time and from time to time by similar notice.

SECTION 7 - SEVERABILITY

In the event that any provision of this Agreement is found to be legally unenforceable, such provision will be replaced with a substitute provision that most nearly reflects the original intentions of the parties and is legally enforceable, and the remainder of this Agreement will continue in full force and effect.

SECTION 8 - RELATIONSHIP OF THE PARTIES

No provision of this Agreement or the Power Contract creates or will be deemed to create an agency, partnership, or joint venture between Distributor and TVA, or any business relationship between the parties other than that specifically stated in the Power Contract. Neither party has the power or authority to legally bind the other party, or to assume or create any express or implied obligation or responsibility on behalf of the other party.

SECTION 9 - RATIFICATION OF POWER CONTRACT

The parties hereby ratify and confirm that the Power Contract, as amended by this Agreement, is their continuing obligation.

The parties are signing this Agreement to be effective on the date of TVA’s signature (“**Effective Date**”).

KNOXVILLE UTILITIES BOARD
(Acting for and on behalf
of the City of Knoxville)

By _____

Title: _____

Date: _____

TENNESSEE VALLEY AUTHORITY

By _____
President & Chief Executive Officer

Date: _____

GREEN INVEST AGREEMENT

TV-75110A, Supp. No. ____

This Green Invest Agreement, including all Tranche Amendment(s) entered into hereunder and incorporated by reference (collectively, the “**Agreement**”), is between KNOXVILLE UTILITIES BOARD (Acting for and on behalf of 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. Distributor and TVA are sometimes referred to individually as a “**Party**” or collectively as the “**Parties.**”

Distributor purchases all of its power requirements from TVA for resale under a rolling term contract number TV-75110A, effective May 11, 1988, as amended (“**Power Contract**”).

Distributor desires that new renewable generation resources be constructed for the benefit of Distributor and has agreed to compensate TVA for the additional cost of obtaining energy from such new renewable generation resources, as set forth in detail in each Tranche Amendment.

TVA is committed to developing new renewable generation resources and to utilize the resources as TVA system resources to deliver renewable energy, including the Renewable Energy Certificates from those resources, to Distributor under the Power Contract.

The Parties anticipate entering into one or more agreements to purchase renewable energy from new renewable generation resources or to construct such resources at the request of Distributor (each such agreement a “**Tranche Amendment**”) pursuant to the terms hereof.

In consideration of the premises and the agreements below, the Parties agree:

SECTION 1 - DEFINITIONS

Unless otherwise defined herein, capitalized terms are defined in the Power Contract.

“**Affected Party**” means a Party having a right to terminate this Agreement and/or Tranche Amendments and recover the amounts calculated pursuant to Sections 7.2 and 7.3 on account of a Termination Event from the Defaulting Party or Non-Affected Party.

“**Emissions Reduction Credit**” means any credit, allowance, or instrument issued or issuable by a governmental authority under regulations of the Environmental Protection Agency under the Clean Air Act.

“**Energy Consumption**” means the annual actual or projected metered energy (kWh) consumption of Distributor that is generated by a PPA or other generation asset owned or controlled by TVA.

“**Environmental Attribute**” means, other than the electric power and energy produced by a Renewable Energy Facility, any aspect, claim, characteristic, or benefit, however named, associated with the generation of a quantity of electric energy by a Renewable Energy Facility, and that is capable of being measured, verified, or calculated. Environmental Attributes include any and all claims, credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, resulting from the avoidance of the emission of any gas, chemical, or other substance to the environment. Environmental Attributes include: (a) any avoided emissions of pollutants to the environment; (b) all Emissions Reduction Credits; and (c) any avoided emissions of GHGs. Environmental Attributes do not include: (a) federal, state, and local tax credits or other similar incentives; or (b) any adverse wildlife or environmental impacts.

“**Environmental Attribute Reporting Rights**” means the exclusive right of a purchaser of Environmental Attributes to report ownership of Environmental Attributes in compliance with federal or state law, if

applicable, and to federal or state agencies or other parties at such purchaser's discretion, and includes reporting under Section 1605(b) of the Energy Policy Act of 1992, or under any present or future domestic, international, or foreign emissions or environmental commodity trading program.

“Excess Product” means the amount by which the total Product generated by all Renewable Energy Facilities under Tranche Amendment(s) entered into for Distributor over a specified period of time, less Product already retained pursuant to Section 5.2 for that same period of time, exceeds the cumulative electricity consumption of Distributor for the specified period of time by more than 10%; provided that if such amount is less than zero (0), then there shall be no Excess Product for such specified period of time.

“GHGs” means any emissions of carbon dioxide (CO₂), nitrous oxide (N₂O), methane (CH₄) and other greenhouse gases that have been determined by the United Nations Intergovernmental Panel on Climate Change to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere.

“Non-Affected Party” means the Party that is not the Affected Party.

“PPA” means either (a) a power purchase agreement between TVA and a third-party owner of a Renewable Energy Facility, pursuant to which TVA shall purchase the electricity output and all Environmental Attributes associated therewith; or (b) a construction agreement, terms of which are agreeable to the Parties, for a Renewable Energy Facility to be owned by TVA.

“Product” means RECs that are associated with electrical energy generated within the TVA service territory available on an as-generated basis by a Renewable Energy Facility and contingent upon the availability of the new renewable generation resources obtained by TVA pursuant to a Tranche Amendment, the quantity of which shall be identified on such Tranche Amendment. Product may be retired on behalf of, held on behalf of, or transferred to Distributor at Distributor's election. By default, Product does not have third-party certification. If Distributor elects for the Product to have third-party certification, then Distributor will be responsible for covering all third-party costs incurred by TVA for such certification.

“REC Fee” means a component of the Product price meant to recover TVA's internal cost for, among other things, activities associated with asset management and REC management, but excludes third-party costs for certification, registration or transfer of RECs. The REC Fee as of January 1, 2020, is one dollar and twenty-five cents per megawatt-hour (\$1.25/MWh) for each unit of Product, but may be changed by TVA upon thirty (30) days written notice to Distributor. Any changes to the REC Fee will not apply to or otherwise affect any effective Tranche Amendment(s).

“Registry” means the North American Renewables Registry (NAR) administered by APX, Inc., or such other nationally accredited Environmental Attribute tracking registry for the retirement or transfer of RECs mutually agreed upon by the Parties.

“Renewable Energy Certificates” or **“RECs”** means (a) all the Environmental Attributes associated with the energy generated from a Renewable Energy Facility pursuant to a Tranche Amendment, together with (b) the Environmental Attribute Reporting Rights associated with such energy and Environmental Attributes, however commercially transferred or traded under any of these or other product names, such as “Renewable Energy Credits,” “Renewable Energy Certificates,” “Green Tags,” or otherwise. Each REC represents the Environmental Attributes of one megawatt-hour (1 MWh) of such energy, and the REC itself does not include the associated null energy.

“Renewable Energy Facility” means an electric generating facility powered by solar, wind, hydro, biomass, geothermal, waste-to-energy resources, or other renewable facilities agreed to by the Parties.

SECTION 2 - TERM AND TERMINATION

Section 2.1 Term. This Agreement shall remain in effect for an initial term of twenty (20) years from the Effective Date; provided, however, that beginning on the first anniversary of the Effective Date, and on each subsequent anniversary thereafter (whether falling during said initial term or any renewal term as provided for herein), this Agreement will be extended automatically without further action of the Parties for an additional one (1) year renewal term beyond its then- existing date of expiration.

Section 2.2 Termination. Except in connection with the exercise of early termination pursuant to Section 7.2 hereof, this Agreement will not be terminated while any Tranche Amendment is in effect or any obligations under any Tranche Amendment or this Agreement are unfulfilled, but this Agreement may be terminated by either Party upon ninety (90) days' written notice at any time that no Tranche Amendment is in effect and no obligations under any Tranche Amendment or this Agreement are unfulfilled.

SECTION 3 - OBTAINING RENEWABLE ENERGY

Section 3.1 Notification. Distributor shall have the right, at its sole discretion, to request the purchase of Product from TVA under the terms of a Tranche Amendment in an amount not to exceed Distributor's projected Energy Consumption (each such request, a "**Notification**"). The Notification to TVA shall include the projected dates and any increases in Energy Consumption and desired dates and quantities for the Product.

Section 3.2 Process. After receiving a Notification from Distributor under Section 3.1, if TVA finds Distributor's projected Energy Consumption to be reasonable, including consideration of the remaining term of the Power Contract, TVA will proceed with obtaining or developing proposals for supplying the requested Tranche Amendment(s) (each such proposal, a "**Project**"). TVA shall give due consideration to any Project submitted or recommended by Distributor; provided, however, the selection for the shortlist will be by mutual agreement of the Parties. Distributor and TVA will review Projects and cooperate to develop a shortlist of qualified Projects. Distributor may either (a) concur with the shortlist of qualified proposals by notifying TVA ("**Concurrence**"), or (b) notify TVA that Distributor will not concur and will not proceed with obtaining the renewable energy at that time based on those proposals. The Parties may use any mutually agreed upon process to identify Projects suitable for Tranche Amendment(s).

Section 3.3 Development. Within one hundred eighty (180) days of Distributor's delivery of a Concurrence, TVA will select a Project(s) from the shortlist and negotiate a PPA consistent with the Notification and Concurrence and will notify Distributor of the terms of the Tranche Amendment based on such PPA, including the Product price (expressed in U.S. dollars on a per MWh basis) ("**TVA's Offer**"), by submitting a proposed Tranche Amendment in the form attached to this Agreement as Exhibit A. If TVA and the Project proponent are unable to reach agreement on a PPA, TVA will notify Distributor accordingly, and Distributor will have the option of restarting the development process provided for in this Section 3.3 based on the previously provided shortlist.

Section 3.4 Pricing. The Product price TVA will provide to Distributor will be determined by subtracting TVA's avoided cost from the cost of the renewable energy obtained pursuant to the PPA, with such difference not less than zero (0), and adding to that amount the REC Fee in effect at the time of the Notification. TVA's avoided cost will be based on TVA's then- current economic modeling approach utilized for planning TVA's existing and incremental generation resources, and will take into account the specific combination of features of the power to be generated by TVA or to be sold under the specific proposal for the PPA, which considerations will include, without limitation, capacity, real-time energy delivery amounts ("shaping"), dispatch ability, intermittency, generation source diversity, maintenance scheduling, administrative and billing requirements, variations in line losses, curtailment rights, reliability, and other risk factors. The Product price will be determined and agreed to by the Parties through execution of Tranche Amendments and is not subject to change following execution of such Tranche Amendment(s), unless otherwise agreed to in the applicable Tranche

Amendment(s).

SECTION 4 - RENEWABLE ENERGY TRANCHE COMMITMENTS

Section 4.1 Distributor's Commitment Decision. Within thirty (30) days after receiving TVA's Offer, either (a) Distributor will accept TVA's Offer by executing a Tranche Amendment, as specified in this Section 4, or (b) TVA's Offer will expire, and TVA will not be obligated to take any further actions. Distributor may submit additional Notifications pursuant to Section 3.1 for purchases of Product from time to time in a reasonable manner.

Section 4.2 Distributor's Sufficient Energy Consumption. The expected annual energy output associated with Tranche Amendment(s) is not intended to materially exceed Distributor's annual Energy Consumption, but may do so from time to time, given the variability of Renewable Energy Facility output and Distributor's load. In response to a request by Distributor as set forth in Section 3.1, TVA's obligation to secure Tranche Amendments will be contingent upon (i) sufficient projected Energy Consumption of Distributor, as reasonably determined by TVA, as of the anticipated first delivery date for Product under the requested Tranche Amendment, based on Distributor's historical load factors and projected load factors provided by Distributor, to consume the Product projected to be delivered under existing and additional Tranche Amendments for the term of the existing and additional Tranche Amendments, and (ii) the remaining fixed term of the Power Contract being of sufficient length to cover the term of existing and additional Tranche Amendments.

Section 4.3 Parties Execute Tranche Amendment. If Distributor accepts TVA's Offer, the Parties will execute a Tranche Amendment in substantially the form of TVA's Offer, with such modifications as may be mutually agreed to by the Parties. The Tranche Amendment will incorporate material terms from the PPA, including (a) financial remedies to which TVA is entitled in the event of construction delays or underperformance relative to supply guarantees, as provided in Section 5.4, proportionate to Distributor's cost contribution for the supply commitment; (b) any conditions precedent to the effectiveness of the Tranche Amendment which will be based on conditions precedent to the effectiveness of the associated PPA; and (c) the specific commercial terms, including, but not limited to, performance guarantees and delay payments.

Section 4.4 TVA Executes PPA. Following execution of the Tranche Amendment, TVA will execute the associated PPA, as necessary. TVA will administer such PPA in a manner consistent with generally accepted industry practices and consistent with how TVA administers such contracts or facilities in its normal course of business; provided, however, that neither this Agreement nor any Tranche Amendment contains any guarantee or commitment to a specific minimum or fixed volume of Product.

SECTION 5 - IMPLEMENTATION OF RENEWABLE ENERGY TRANCHES

Section 5.1 Invoicing. TVA will invoice Distributor monthly for Product generated under each Tranche Amendment, and third-party costs for certifying, registering and transferring RECs ("**Third-Party Costs**"), if any. Distributor shall pay for such Product and Third-Party Costs on Distributor's monthly bill for firm power, which Distributor shall pay to TVA in accordance with the terms and conditions in the Power Contract and each applicable Tranche Amendment, and shall be netted against any credit due to Distributor in accordance with Section 5.2 or added to all other amounts payable on Distributor's monthly bill for firm power.

Section 5.2 TVA REC Retention. After each calendar year, TVA may retain up to 100% of the Excess Product from the preceding calendar-year period by providing written notice to Distributor of its election to do so on or before March 31 of the succeeding year. Product retained by TVA from each Tranche Amendment will be in proportion to the Product generated under each Tranche Amendment and the Product price for all retained Product will be credited to Distributor in accordance with Section 5.1. RECs retained by TVA, pursuant to this Section 5.2, may be retired by TVA, transferred, or sold to an entity that consumes TVA electricity.

Section 5.3 Retirement or Transfer of RECs. On or before April 30 of each year during the term of this Agreement (each, a “**Settlement Date**”), TVA will retire on Distributor’s behalf or transfer to Distributor all Product sold to Distributor for the prior calendar year (less any Product retained by TVA per Section 5.2). If Distributor provides Notice to TVA that it elects to have the RECs registered and transferred, then TVA will register the RECs on behalf of Distributor in a Registry and Distributor shall reimburse TVA for the Third-Party Costs. Distributor may only resell or transfer RECs to Distributor’s customers. Except as provided for in Section 5.2, TVA shall not allow any PPA seller or TVA customer to claim ownership of or title to RECs or any other Environmental Attributes, or make claims regarding “renewable energy,” “clean energy,” “green energy,” or similar attributes, arising from or related to a Tranche Amendment which are inconsistent with the requirements of the Federal Trade Commission’s “Green Guides,” currently published and codified in 77 Federal Register 62122, 16 Code of Federal Regulations, Part 260, respectively. If a renewable portfolio standard (“**RPS**”) exists in the state where the Project or Distributor is located, then RECs retired on behalf of Distributor could be utilized to meet the RPS requirements for Distributor’s energy use.

Section 5.4 Renewable Facility Underperformance. If the Renewable Energy Facility under any Tranche Amendment fails to meet performance requirements as set forth in the PPA and/or the applicable Tranche Amendment(s), TVA will credit to Distributor any such damages owed to and received by TVA under the applicable PPA, proportionate to Distributor’s PPA cost contribution as set forth in detail in the Tranche Amendment. Proportionate damages will be based on the percentage that the Product price represents of the underlying PPA cost, and will be set out in each Tranche Amendment (e.g., if PPA cost is \$40/MWh and Product price is \$4/MWh, damages will be apportioned at 10%, representing Distributor’s contribution to overall costs). If the Parties agree that, in lieu of monetary damages, TVA will receive replacement RECs under the PPA for such underperformance, TVA shall retire on Distributor’s behalf or transfer to Distributor such replacement RECs in the same manner as Product purchased by and delivered to Distributor in accordance with this Section 5.

A Tranche Amendment will terminate if its underlying PPA is terminated; provided that any payment and performance obligations under a Tranche Amendment incurred prior to termination of its underlying PPA shall survive any such termination. Distributor may elect to execute a replacement Tranche Amendment, which shall be requested through a Notification submitted in accordance with Section 3.1.

Section 5.5 Reduced Distributors Demand. If any time after the third annual Settlement Date there is Excess Product for the previous three (3) calendar-year period, TVA may declare that a “**Termination Event**” has occurred, and TVA may exercise its rights as an Affected Party under Section 7.2. Pursuant to subsection 7.2(a), the applicable Tranche Amendment(s) will be terminated individually in a last-in-first-out order, unless otherwise mutually agreed by the Parties, until the amount of Product still committed to Distributor by TVA under Tranche Amendment(s) would not have resulted in Excess Product in the three (3) most recent consecutive calendar years.

SECTION 6 - PERFORMANCE ASSURANCE

Section 6.1 Additional Definitions. In addition to the terms defined in Section 1, the following additional defined terms are applicable for the provisions of this Section 6.

“**Cash Deposit**” means money denominated in United States Dollars held by TVA as collateral.

“**Letter of Credit**” means an irrevocable standby letter of credit from a Qualified Bank in substantially the form of which is attached to this Agreement (“**Form Letter of Credit**”), naming TVA as the beneficiary.

“**Moody’s**” means Moody’s Investors Service, Inc. or its successor.

“**Performance Assurance**” means collateral, in the amounts indicated in Section 6.2, which shall secure Distributor’s payment obligations to TVA under this Agreement, in the form of one or more of the following: (a) Cash Deposit; (b) Letter of Credit; or (c) other security acceptable to TVA and agreed to in

writing by the Parties, without limitation, in form and substance acceptable to TVA.

“Qualified Bank” means a U.S. commercial bank or a U.S. branch of a foreign bank, with such bank having a credit rating on its senior unsecured debt of (a)(1) “A3” or higher from Moody’s or (a)(2) “A-” or higher from S&P, or (b) if rated by both Moody’s and S&P, both (a)(1) and (a)(2).

“S&P” means the Standard & Poor’s Rating Group (a division of McGraw-Hill, Inc.) or its successor.

Section 6.2 Performance Assurance. As long as the notice period to terminate the Power Contract remains at the currently established twenty (20) year period and Distributor has not provided notice to terminate the Power Contract, Distributor will not be required to provide any Performance Assurance to TVA under this Section 6. To the extent that the termination notice period applicable to the Power Contract is reestablished to be less than twenty (20) years or if Distributor has provided notice to terminate the Power Contract, and TVA has determined in its reasonable discretion, applying its then existing credit evaluation criteria, that Performance Assurance is necessary, then, to the extent such Performance Assurance is necessary, this Section 6 will apply in its entirety, and Distributor will be required to provide the necessary Performance Assurance pursuant to the following terms:

- (a) Prior to TVA signing each Tranche Amendment, Distributor will provide Performance Assurance to TVA, and thereafter maintain such Performance Assurance throughout the term of the Tranche Amendment. The amount and form of Performance Assurance will be listed under each Tranche Amendment and will be determined solely by TVA. The amount of Performance Assurance will be based on TVA’s projected Product price for the term of the Tranche Amendment plus a percentage of TVA’s projected cost to terminate the PPA.
- (b) TVA may adjust the amount or form of Performance Assurance required by subsection 6.2(a) or 6.3(c) under any Tranche Amendment in its sole discretion, in which event Distributor must provide Performance Assurance in the adjusted amount and form within twenty (20) days after receiving written notice from TVA.
- (c) Without limiting TVA’s rights under subsections 6.2(a) or 6.2(b), if Distributor provides notice to terminate the Power Contract (“**Termination Notice**”), Distributor will provide to TVA Performance Assurance to cover the remaining term of the Tranche Amendment(s) within forty-five (45) days from the Termination Notice to ensure that TVA has Performance Assurance from Distributor to cover the total projected Net Settlement Amount, if any, as determined by TVA at the time it receives the Termination Notice and in a manner consistent with TVA’s avoided cost methodology as provided in Section 3.4, associated with all Tranche Amendments entered into under this Agreement.

If Distributor rescinds the Termination Notice, TVA will return to Distributor any additional Performance Assurance provided pursuant to this subsection 6.2(c), and retain Performance Assurance in the amounts required by subsections 6.2(a) and (b).

- (d) Upon expiration or termination of a Tranche Amendment and mutual agreement between the Parties that Distributor has no further obligations to TVA under said Tranche Amendment, TVA will return, release, or surrender the unused Performance Assurance, if any, to Distributor.

Section 6.3 Letter of Credit as Performance Assurance. If Performance Assurance consists of a Letter of Credit, such Letter of Credit shall:

- (a) be issued by a Qualified Bank;
- (b) permit TVA to draw up to the then current dollar amount provided in the Letter of Credit(s) (“**Available Amount**”), for the purpose of paying any and all amounts owing to TVA under this Agreement or any and all Tranche Amendment(s) entered into under this Agreement following the occurrence and during the continuation of an Event of Default as provided for under Sections 7.1

and 7.2; and

- (c) permit TVA to draw the entire Available Amount thereunder to hold as Cash Deposit for any and all amounts owing to TVA under this Agreement and any and all Tranche Amendments entered into under this Agreement, if (i) the Letter of Credit will expire in fewer than forty-five (45) calendar days and (ii) Distributor has not provided TVA with alternative Performance Assurance.

Section 6.4 Cash Deposit as Performance Assurance. If Performance Assurance consists of Cash Deposit, such Cash Deposit shall accrue simple interest at TVA's short term cost of borrowing and any accrued interest will be held by TVA until the Performance Assurance is returned to Distributor in accordance with Section 6.2.

Section 6.5 Election to Change Form of Performance Assurance. Distributor will have the right, at any time and from time to time, to request replacement of any or all of the Performance Assurance provided by Distributor under this Agreement (the "**Outstanding Performance Assurance**") with one or more alternative forms of Performance Assurance. If TVA determines, in its sole discretion, to grant Distributor's request, TVA will cooperate with Distributor in obtaining the concurrent release, termination, or return (as many as may be applicable) of the Outstanding Performance Assurance after TVA has received the approved alternative form of Performance Assurance.

Section 6.6 Cross-Collateralization. Distributor hereby agrees that the Performance Assurance it provides for any Tranche Amendment secures the obligations now or hereafter outstanding for all Tranche Amendments entered into under this Agreement and all other payment obligations of Distributor under the Agreement, unless otherwise agreed to in writing by the parties.

Section 6.7 Distributor's Financial Statements. Distributor will continue to provide to TVA annual reports containing audited and unaudited consolidated financial statements in accordance with the Power Contract. If the Power Contract terminates, and TVA chooses not to terminate this Agreement, Distributor shall deliver (a) within one hundred twenty (120) days following the end of each fiscal year, a copy of the annual report containing audited consolidated financial statements for such fiscal year for Distributor, and (b) within sixty (60) days after the end of each of Distributor's first three fiscal quarters of each fiscal year, a copy of the quarterly report containing unaudited consolidated financial statements for such fiscal quarter for Distributor. In all cases, the statements shall be for the most recent accounting period and shall be prepared in accordance with generally accepted accounting principles; provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be a breach of this Agreement so long as Distributor diligently pursues the preparation, certification, and delivery of the statements.

Section 6.8 Contemporaneous Exchange of New Value. Distributor's issuance to TVA of Performance Assurance in any form is a contemporaneous exchange for new value given and, among other things, is necessary to allow Distributor to continue receiving Product under the terms of this Agreement.

Section 6.9 Security Interest. To the extent Distributor provides any Performance Assurance under Section 6.2, Distributor grants to TVA a first-priority present and continuing security interest in, and lien on (and right of setoff against), and assignment of, all cash collateral and cash equivalent collateral, and any and all proceeds resulting therefrom or the liquidation thereof, whether now or hereafter held by, on behalf of, or for the benefit of TVA, and Distributor agrees to take such action as TVA may reasonably require in order to perfect TVA's first-priority security interest in, and lien on (and right of setoff against), and assignment of, such collateral and any and all proceeds resulting therefrom or from the liquidation thereof.

Section 6.10 Default and Remedies. If Distributor:

- (a) fails to pay any amounts arising under this Agreement or any Tranche Amendment, except for the Net Settlement Amount referenced in Section 7.3, within forty-five (45) days of the due date;

- (b) fails to provide and maintain Performance Assurance for a Tranche Amendment under subsection 6.2(a) (“**Performance Assurance Deficiency**”) and fails to remedy fully the Performance Assurance Deficiency, within ten (10) days of receiving written notice of such Performance Assurance Deficiency;
- (c) fails to provide the adjusted amount of Performance Assurance in the time required by Section 6.2(b);
- (d) fails to pay the Net Settlement Amount in the time required by Section 7.3; or
- (e) commits an Event of Default or is a Defaulting Party as defined in Section 7.1,

then TVA may do any one or more of the following without providing further notice to Distributor:

- (a) exercise any of its rights and remedies with respect to such failure to pay, and any of its rights and remedies with respect to Performance Assurance, including any such rights and remedies under law then in effect;
- (b) exercise its rights of setoff against any and all Cash Deposits or other property of Distributor in the possession of TVA;
- (c) draw on any and all outstanding Letter of Credit(s) issued for its benefit;
- (d) liquidate all Performance Assurance then held by or for the benefit of TVA, free from any claim or right of any nature whatsoever of Distributor or other pledgor of Performance Assurance, including any equity or right of purchase or redemption by Distributor or any such pledgor; and
- (e) treat such failure as an Event of Default in accordance with Section 7.1, in which case TVA may exercise its rights as an Affected Party under Section 7.2 and Section 7.3. Such termination by TVA shall be without waiver of any amounts that may be due or of any rights, including the right to damages for such breach, which may have accrued up to and including the date of termination.

SECTION 7 - EARLY TERMINATION

Section 7.1 Events of Default. For purposes of this Agreement or any Tranche Amendment(s), a Party (the “**Defaulting Party**”) is in default (each of the following being an “**Event of Default**”):

- (a) if that Party materially breaches any or all of its obligations under any Tranche Amendment and such breach is not cured within five (5) business days of receipt of written notice of such breach from the other Party (the “Non-Defaulting Party”);
- (b) if any representation or warranty made by a Party pursuant to any Tranche Amendment proves to have been misleading or false in any material respect when made and such Party does not correct the underlying situation so as to make such representation and warranty correct and not misleading within five (5) business days of written notice from the other Party;
- (c) if a Party makes an assignment or any general arrangement for the benefit of its creditors; files a petition, or otherwise commences, authorizes, or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors; has a petition filed against it, and such petition is not dismissed within thirty (30) days; or otherwise becomes bankrupt or insolvent (however evidenced);
- (d) if Distributor, whether by its breach, default, or otherwise, causes the termination or expiration without renewal of the Power Contract;

- (e) if Distributor does not fully remedy the Performance Assurance Deficiency, as defined in Section 6;
- (f) if Distributor fails to perform its obligations under Section 5.1 or any other obligations under the Agreement; or
- (g) if any other event of default explicitly provided for within this Agreement occurs.

Section 7.2 Early Termination. If an Event of Default under Section 7.1 has occurred and is continuing or if a Termination Event has occurred under Section 5.5, the Non-Defaulting Party or the Affected Party, as applicable, has the right, in its sole discretion, to take any one or more of the following actions upon written notice ("**Notice**"):

- (a) designate a day, no earlier than thirty (30) days after the date of such Notice and no later than sixty (60) days after such Notice, as an early termination date (the "**Early Termination Date**") to accelerate all amounts owing between the Parties and terminate (i) solely the applicable Tranche Amendment(s), if and to the extent the Event of Default or Termination Event under Section 5.5 has occurred solely with respect to one or more Tranche Amendment(s), or (ii) this Agreement and all Tranche Amendments between the Parties, if and to the extent the Event of Default has occurred with respect to the Agreement as a whole;
- (b) withhold any payments due to the Defaulting Party or Non-Affected Party under this Agreement, except to the extent that such amount due exceeds amounts owed by Defaulting Party to the Non-Defaulting Party, or the Non-Affected Party to the Affected Party, as applicable; and/or
- (c) otherwise suspend its performance (i) solely with respect to any affected Tranche Amendment(s), if and to the extent, the Event of Default or Termination Event under Section 5.5 has occurred solely with respect to one or more Tranche Amendment(s) or (ii) with respect to this Agreement and all Tranche Amendments between the Parties, if and to the extent the Event of Default has occurred with respect to the Agreement as a whole.

Any of the foregoing actions undertaken by the Non-Defaulting Party is without prejudice to any other rights or remedies which the Non-Defaulting Party may have against the Defaulting Party on account of an Event of Default or Termination Event under Section 5.5, including without limitation, specific performance.

Section 7.3 Net Settlement Amount. If the Non-Defaulting Party or Affected Party establishes an Early Termination Date for one or more Tranche Amendments, the Defaulting Party or Non-Affected Party shall pay the Non-Defaulting Party or Affected Party liquidated damages calculated in accordance with this Section 7.3 (the "**Net Settlement Amount**"), as adjusted by any applicable limitation(s) established in each applicable Tranche Amendment. In no event shall the Net Settlement Amount be less than zero (0) dollars.

- (a) In the event TVA is the Non-Defaulting Party or the Affected Party, Distributor shall pay to TVA the following Net Settlement Amount, which must be an amount of U.S. dollars equal to the present value (calculated using a discount rate equal to TVA's then-current incremental borrowing rate for the remaining term of the Tranche Amendment) of the following:
 - (i) projected PPA payments associated with Tranche Amendment(s) over the remaining term of the Tranche Amendment(s); less,
 - (ii) the avoided cost of the Tranche Amendment associated PPAs, including the PPA's Renewable Energy Facilities' Environmental Attributes (or if there is no avoided cost associated with such Environmental Attributes, the reasonable cost determined by TVA of such Environmental Attributes), over the remaining term of the Tranche Amendment(s), as determined by TVA at the time of termination and in a manner consistent with TVA's avoided cost methodology as provided in Section 3.4;

- (iii) net of any payment obligations incurred by each Party prior to the Early Termination Date.
- (b) In the event that Distributor is the Non-Defaulting Party, TVA shall pay Distributor the following Net Settlement Amount, which must be an amount of U.S. dollars equal to the present value of the following:
 - (i) the reasonable cost of replacement RECs for the period of time equivalent to Distributor's then-current termination notice period provided in the Power Contract, not to exceed the remaining term of the applicable Tranche Amendment(s), less
 - (ii) projected Tranche Amendment Product payments over the same period of time;
 - (iii) net of any payment obligations incurred by each Party prior to the Early Termination Date.

Payment of the Net Settlement Amount is due within ten (10) business days after the later of the Early Termination Date or the Defaulting Party's or Non-Affected Party's, as applicable, receipt of notice of the Net Settlement Amount. The Parties acknowledge that actual damages associated with early termination under this Section 7.3 are difficult or impossible to determine, that otherwise obtaining an adequate remedy is inconvenient, and that the Net Settlement Amount constitutes a reasonable approximation of the harm or loss to the Non- Defaulting Party or Affected Party, as applicable, and does not constitute a penalty.

SECTION 8 - NOTICE

Any notice required by this Agreement or any Tranche Amendment(s) will be deemed properly given, upon receipt, if delivered in writing to the address specified below: (a) personally, (b) by recognized overnight courier service, (c) by United States Mail, postage prepaid, or (d) by electronic mail.

To Distributor: President and Chief Executive Officer
 Knoxville Utilities Board
 445 S. Gay Street
 Knoxville, Tennessee 37902
 execdept@kub.org

To TVA: Director, Power Customer Contracts, WT 9D-K
 Tennessee Valley Authority
 400 West Summit Hill Drive
 Knoxville, Tennessee 37902
 contractnotices@tva.gov

With copies to: Director, Origination & Renewables, MR 2A-C
 Tennessee Valley Authority
 1101 Market Street
 Chattanooga, Tennessee 37402
 PowerOrigination@tva.gov
 AssetManagement@tva.gov

The designation of any person or the address of any such person may be changed at any time and from time to time by similar notice.

SECTION 9 - GENERAL TERMS & CONDITIONS

Section 9.1 Proprietary Information. No Party will disclose the terms or conditions of this Agreement and any Tranche Amendments ("**Confidential Information**") to a third-party (other than the Party's employees, guarantor, lenders, counsel, accountants, agents, or advisors who have a need to know such information and have agreed to keep such terms confidential) without the prior

written consent of the other Parties except in order to comply with any applicable law or regulation, or the request of any regulatory agency having colorable jurisdiction over such Party and requesting the Confidential Information in the ordinary course of business.

Except as provided in the preceding paragraph, each Party will not divulge Confidential Information to third-parties without the prior written consent of the other Party. Each Party will safeguard such Confidential Information as it would its own. If a Party receives a request or claim for disclosure of Confidential Information as required by law, such Party will endeavor to first notify the other Party with reasonable promptness so that Party may pursue a confidentiality agreement with the requester, work with the requester to revise the information in a manner consistent with the Party's interests and the interests of the requester, or take any other action the Party deems appropriate.

Section 9.2 Severability. If any provision or portion of this Agreement is held to be unenforceable, the remainder will be enforced as fully as possible, and the unenforceable provision will be deemed modified to the limited extent required to permit its enforcement in a manner most closely representing the intention of the Parties as expressed herein.

Section 9.3 Governing Law. This Agreement will be construed in accordance with and governed by the Federal law of the United States of America, except to the extent there is no applicable Federal law, in which case it will be construed in accordance with and governed by the law of the State of Tennessee, excluding any choice of law or conflict of laws rules or principles that would result in application of the law of a different jurisdiction.

Section 9.4 Legal Compliance. The Parties will conduct all activities under this Agreement, Tranche Amendment(s), and PPA's in compliance with prevailing TVA power acquisition practices and applicable law, including, without limitation, least cost planning requirements, the TVA Act, and the National Environmental Policy Act.

Section 9.5 Representations and Warranties. TVA represents and warrants to Distributor that as of and at the time of each REC transfer or retirement under any Tranche Amendment:

(a) each REC meets the specifications set forth in this Agreement and the applicable Tranche Amendment; (b) TVA has good and marketable title to the RECs; (c) all right, title, and interest in and to the RECs are free and clear of any liens, taxes, claims, security interests, or other encumbrances; and (d) TVA has not made and will not make any duplicative claims that the energy associated with the RECs is renewable energy.

Each Party represents and warrants to the other Parties that, prior to signing this Agreement, it has read and understands this Agreement's terms and conditions, was given the opportunity to consult counsel, and has voluntarily signed the Agreement. Each Party represents and warrants to the other Party that this Agreement (a) has been validly executed and delivered by such Party, (b) has been duly authorized by all necessary actions by such Party, (c) constitutes a binding obligation of such Party, enforceable in accordance with its terms, and (d) does not conflict with any other agreement binding on such Party.

Section 9.6 Survival of Obligations. Except as specifically provided in this Agreement, cancellation, expiration, or termination of this Agreement will not relieve the Parties of obligations that by their nature should survive such cancellation, expiration, or termination, including, without limitation, obligations arising from Tranche Amendment(s), warranties, remedies, and promises of indemnity.

Section 9.7 Waiver. No waiver of any provision under this Agreement, Tranche Amendment(s), or any subsequent agreements will be effective unless such waiver is memorialized in writing and signed by the Parties' authorized representatives. The Parties agree that any failure to enforce any provision of this Agreement or Tranche Amendment(s) is not a waiver and does not prevent future enforcement of such provision. No failure or delay by a Party in exercising any right, power, or privilege hereunder will operate as a waiver, nor will any single or partial exercise or waiver of a right, power, or privilege preclude any other or further exercise thereof. A waiver of any breach or default of

this Agreement or any Tranche Amendment does not constitute a waiver of any subsequent breach or default.

Section 9.8 Punitive and Consequential Damages. In no event shall any Party be liable to the other Parties for any punitive or consequential damages for any alleged breach hereof.

Section 9.9 Forward Contract. This Agreement constitutes a “forward contract,” and each Party represents and warrants that it is a “forward contract merchant” within the meaning of the United States Bankruptcy Code.

Section 9.10 Eligible Contract Participant. Each Party represents and warrants that it is an “eligible contract participant” within the meaning of the United States Commodity Exchange Act.

Section 9.11 Waiver of Right to Jury Trial. To the extent enforceable at such time, each party waives its respective right to a jury trial, if any, with respect to any litigation arising under or in connection with this agreement, or any course of conduct, course of dealing, statements (whether verbal or written) or actions of any party hereto. Each party hereby waives any right to consolidate any action, proceeding, or counterclaim arising out of or in connection with this agreement or any matter arising hereunder, with an action in which a jury trial has not been or cannot be waived.

Section 9.12 Amendments. This Agreement may be amended only by a written instrument executed by the Parties.

Section 9.13 Counterparts. This Agreement may be executed in multiple counterparts, each of which together will be considered an original and all of which will constitute but one and the same instrument. Facsimile or PDF transmissions of any signed original document, and retransmission of any facsimile or PDF transmission, will be the same as delivery of any original document.

Section 9.14 Assignment. This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. This Agreement shall not be transferred or assigned, in whole or in part, without the prior written consent of the other Party, such consent not to be unreasonably withheld.

Section 9.15 Rules of Interpretation. In the event of any inconsistency between this Agreement and a Tranche Amendment, the Tranche Amendment will control. Words not otherwise defined herein that have well known and generally accepted technical or trade meanings are used in accordance with such recognized meanings. Headings are for illustrative purposes only and do not alter the meaning of any terms. Unless otherwise required by the context in which any term appears, (a) the singular includes the plural and vice versa; (b) references to “Sections” or “Exhibits” are to sections or exhibits hereof; (c) all references to a particular entity or an electricity market price index include a reference to such entity’s or index’s successors; (d) “herein,” “hereof” and “hereunder” refer to this Agreement as a whole; (e) all accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistently applied; (f) reference to one gender includes all genders; (g) the words “shall” and “will” mean “must”, and shall and will have equal force and effect and express an obligation; (h) “including” means “including, without limitation” or “including, but not limited to”; (i) unless expressly provided otherwise, all references to a particular agreement, tariff, law or statute mean that tariff, law or statute as amended from time to time; and (j) the word “or” is not necessarily exclusive. The Parties to this Agreement acknowledge that each Party has participated in the drafting of this Agreement and agree that this Agreement shall not be interpreted against one Party or the other based upon who drafted it. In the event of a conflict between the text of the body of this Agreement and any Exhibit or Schedule, the terms of the Exhibit or Schedule shall prevail to the extent of such conflict.

Section 9.16 Communications. In all external public marketing/promotional efforts and materials concerning the Agreement or its associated renewable energy project(s), Distributor will identify TVA (by name or through use of the TVA logo). Use of the TVA logo must follow TVA’s logo use guidelines, available at <https://www.tva.gov/Newsroom/TVA-Logos>. If Distributor intends to include

language in addition to TVA's name and/or logo, such language must be approved in advance of release by TVA. Distributor will notify TVA of public events at least ten (10) days in advance to enable reasonable efforts for TVA to participate in the event.

Section 9.17 Incorporation of Attachments. The attachments entitled "Exhibit A," "Exhibit B," and "Form Letter of Credit," are made a part of this Agreement. In the event of any conflict between the body of this Agreement and any of these attachments, the former controls.

Section 9.18 Stranded Investment Costs. As stated in the opening paragraphs of this Agreement, Distributor requested that TVA acquire new renewable generation resources. TVA's investment in such new renewable generation resources is reflected in the PPA(s) executed by TVA to supply the Tranche Amendment(s). The Parties agree that in the event of an early termination of this Agreement, the PPA(s) and any costs associated with such PPA(s) shall not constitute "**Stranded Investment**" as that term is described in Section 3 of Supp. No. 48 to the Power Contract, and TVA will recover all costs associated with the PPA(s) from Distributor in accordance with Section 7.3.

The Parties are signing this Agreement to be effective ("**Effective Date**") on the date of TVA's signature.

KNOXVILLE UTILITIES BOARD

(Acting for and on behalf
of the City of Knoxville)

By _____

Title: _____

Date: _____

TENNESSEE VALLEY AUTHORITY

By _____

Chief Financial Officer

Date: _____

Exhibit A: TVA Offer

This Green Invest Agreement Tranche Amendment (“**Amendment**”) is between Knoxville Utilities Board (Acting for and on behalf of the City of Knoxville) (“**Distributor**”) and Tennessee Valley Authority (“**TVA**”) (sometimes referred to herein individually as “**Party**” and collectively as “**Parties**”) and is subject to the provisions of the Green Invest Agreement (“**Agreement**”) Contract No. TV-75110A, Supp. No. _____. This Amendment is effective as set out in Conditions Precedent below.

Applicable Renewable Energy Facility	<p>Distributor will purchase from TVA the <u>Product</u> derived from new renewable generation on an as-generated basis contingent on the availability of the new renewable generation resource at _____, accounting for ____% of that facility’s total renewable generation, being obtained by TVA under a power purchase agreement (“PPA”) Contract Number _____ [placeholder future: from a TVA-owned Renewable Energy Facility].</p> <p>Contract Output (MWac): _____ Coordinate Location: _____ Expected Delivery Point: _____ Expected Initial Delivery Date: _____ Delivery Period (years): [15 or 20]</p>
Term	<p>The term of this Amendment runs through the expiration of the term of the PPA or the earlier termination thereof.</p>
Product Price	<p>The <u>Product</u> price for generation from the applicable <u>Renewable Energy Facility</u> is \$_____ per REC.</p>
Renewable Energy Facility Underperformance	<p>TVA will pay Distributor ____% of the total damages owed and received by TVA from the PPA, specifically in Section 3.3, “Failure to Meet the Expected Initial Delivery Date,” and Article 8, “Supply Guarantee; Disconnection or Curtailment;” provided that, pursuant to Section 5.4 of the Agreement, Distributor shall have the right to receive replacement RECs in the event they are received by TVA under the PPA.</p> <p>In the event of early termination pursuant to Article 9, “Early Termination; Remedies” under the PPA, the percentage and allocation of damages paid to Distributor will be as set out in Section 5.4 of the Agreement.</p>
Early Termination	<p>Section 7.3 of the Agreement will establish the early termination amount.</p>
Conditions Precedent	<p>This Amendment will become effective on the earlier of the PPA’s Notice to Proceed Deadline or the granting of the Notice to Proceed of the underlying <u>Renewable Energy Facility</u> of the PPA; in the event that the PPA is not executed within 30 days of the execution of this Amendment, this Amendment will not become effective.</p>
Transparency of Distributor Renewable Commitments	<p>By signing this Tranche Amendment, Distributor represents and warrants that the cost and benefits associated with this Amendment were discussed at a public meeting open to Distributor’s electric system ratepayers and that ratepayers were provided with a Distributor contact to address any inquiries regarding the effects of this arrangement.</p>
General Terms and Conditions:	<p><u>Ratification of the Agreement.</u> The Agreement as amended by this Amendment, is ratified and confirmed as the continuing obligation of the Parties.</p> <p><u>Defined Terms.</u> Capitalized and underlined terms not otherwise defined in this Amendment have the same meaning as in the Agreement.</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. Neither Party may transfer or assign this Amendment, in whole or in part, without the other Party’s prior written consent.</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>
<p>Performance Assurance</p>	<p>Section 6 of the Agreement shall govern Distributor's <u>Performance Assurance</u> obligations with TVA throughout the term of this Amendment.</p>

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

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

Exhibit B: TVA'S REC ATTESTATION FORM

This letter, in combination with the attached report, serves to attest that the indicated Renewable Energy Certificates (RECs) have been retired by Tennessee Valley Authority (TVA) in accordance with the Green Invest Agreement between Knoxville Utilities Board (Acting for and on behalf of the City of Knoxville) (Distributor) and TVA. The source, vintage, quantity, and date of retirement of RECs retired on behalf of Distributor are listed below and more fully described in the attached report, including unique certificate numbers.

<u>Facility Name and Location</u>	<u>Nameplate Capacity (MW) AC</u>	<u>Renewable Fuel Type</u>	<u>REC Quantity</u>	<u>Vintage (Period of Generation) mm/yy</u>	<u>Date of REC Retirement (dd/mm/yy)</u>
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For each REC and additional Environmental Attributes or its equivalent for each megawatt hour generated, TVA attests, warrants, and represents the following:

- (a) the information provided herein is true and correct;
- (b) the retirement of the RECs on behalf of Distributor is the only retirement of such RECs and additional Environmental Attributes referenced herein;
- (c) the RECs have been registered and certified, if applicable, in accordance with Section 5.3 of the Agreement;
- (d) If a renewable portfolio standard ("**RPS**") exists in the state where the Project or Distributor is located, then RECs retired on behalf of the Distributor could be utilized to meet the RPS requirements for the Distributor's energy use. No person has made any claim or statement in any form that any person other than TVA owns or possesses any right, title, or interest in or to any of the RECs that TVA is aware of;
- (e) the Renewable Energy Facility generated and delivered to the grid the energy in the amount indicated as undifferentiated energy during the Vintage listed above; and
- (f) TVA owns, manages, and has legal rights to the RECs and additional Environmental Attributes associated with the generation of the indicated energy as delivered to the grid and is authorized to retire such RECs.

This serves as an attestation to retire on Distributor's behalf all rights, title, and interest in and to the RECs and additional Environmental Attributes associated with the generation of the energy for delivery to the grid.

As an authorized agent of TVA, I attest that the above statements are true and correct.

Signature _____ Date _____

Chattanooga, TN Place
of Execution

FORM LETTER OF CREDIT

[LETTERHEAD]

[DATE]

Irrevocable Standby Letter of Credit No.

Beneficiary:

Applicant:

Tennessee Valley Authority
400 West Summit Hill Drive, WT 4C
Knoxville, TN 37902-1401

Attn: Kirk A. Kelley
Director, Corporate Credit & Insurance

Dear Madam or Sir:

We hereby establish for the account of _____ (Seller) (“Seller’s name” or

“Applicant”), our irrevocable standby letter of credit in your favor for an amount of USD _____ (_____ Dollars United States currency). Applicant has advised us that this letter of credit is issued in connection with the _____ Agreement dated as of _____, 20____, between Applicant and Beneficiary (as amended and as may be further amended, supplemented or otherwise modified, the “__ Agreement”). This letter of credit shall; (i) become effective immediately for the term of one (1) year and shall expire on _____ (the “Expiration Date”), and (ii) is subject to the following:

1. Funds under this letter of credit shall be made available to Beneficiary against its draft drawn on us in the form of Annex 1 hereto, accompanied by (a) a certificate in the form of Annex 2 hereto, appropriately completed and signed by an authorized representative of Beneficiary, dated the date of presentation and (b) the original of the letter of credit (the “Accompanying Documents”) and presented at our office located at _____, attention _____ (or at any other office that may be designated by us by written notice delivered to you). A presentation under this letter of credit may be made only on a day, and during hours, in which such office is open for business (a “Business Day”). If we receive your draft and the Accompanying Documents at such office on any Business Day, all in strict conformity with the terms and conditions of this letter of credit, we will honor the same by making payment at sight on the same day of presentation. Upon any draw of the letter of credit, unless otherwise agreed to by Tennessee Valley Authority, Applicant shall be obligated to replenish the amount of the letter of credit draw within twenty (20) days.

2. This letter of credit shall terminate upon the earliest to occur of (i) our receipt of a notice in the form of Annex 3 hereto signed by an authorized representative of Beneficiary, accompanied by this letter of credit for cancellation, (ii) our close of business at our aforesaid office on the Expiration Date, or if the Expiration Date is nota

Business Day, then on the succeeding Business Day. This letter of credit shall be surrendered to us by you upon the earlier of presentation or expiration.

3. It is a condition of the letter of credit that it shall be deemed to be automatically extended without amendment for periods of one (1) year from the present or any future expiration date, unless at least forty-five (45) days prior to any such expiration date we send you notice by registered mail, return receipt requested or courier service or hand delivery at the above address that we hereby elect not to consider this letter of credit extended for any such additional period.

4. This letter of credit is issued and subject to the International Standby Practices 1998 (ISP98).

5. This letter of credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein, except for Annexes 1, 2 and 3 hereto and the notices referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as otherwise provided in this paragraph 5.

6. Communications with respect to this letter of credit shall be in writing and shall be addressed to us at the address referred to in paragraph 1 above, and shall specifically refer to this letter of credit no. .

Very truly yours,

[LOC Issuer]

Authorized signature

ANNEX 1
TO LETTER OF CREDIT NO. _____

Draft under Letter of Credit No. _____

[*Month, Day, Year*]

On Sight

Pay to Tennessee Valley Authority U.S. \$ _____ [not to exceed amount available to be drawn]

400 West Summit Hill Drive, WT 4C
Knoxville, TN 37902-1401

[*insert any wire instructions*]

For value received and charge to account of Letter of Credit No. _____ of

By: _____

ANNEX 2
TO LETTER OF CREDIT NO. _____

Drawing under Letter of Credit No. _____

The undersigned, a duly authorized representative of the **Tennessee Valley Authority**, a corporate instrumentality and agency of The United States of America ("Beneficiary"), hereby certifies on behalf of Beneficiary to _____ with reference to irrevocable standby Letter of Credit No. _____ (the "Letter of Credit") issued for the account of _____, ("X"), that:

- 1) [pursuant to the _____ Agreement between Beneficiary and X, as of the date hereof Beneficiary is entitled to draw under the Letter of Credit;]

--or--

[Beneficiary has received notice from the Issuing Bank pursuant to Section 3 of the Letter of Credit and, as such, as of the date hereto Beneficiary is entitled to draw under the Letter of Credit;]

- 2) by presenting this certificate and the accompanying sight draft, Beneficiary is requesting that payment in the amount of \$ _____, as specified on said draft, be made under the Letter of Credit by wire transfer or deposit of funds into the account specified on said draft;
- 3) the amount specified on the sight draft accompanying this certificate does not exceed the amount to which Beneficiary is entitled to draft under said _____ Agreement.

In witness whereof, Beneficiary has caused this certificate to be duly executed and delivered by its duly authorized representative as of the date and year written below.

Date: _____

By: _____
Title: _____

ANNEX 3
TO LETTER OF CREDIT NO. _____

Notice of surrender of Letter of Credit No. _____

Date: _____

Attention: Letter of Credit Department

Re: Letter of Credit No. _____ issued for the account of

(Seller)

Ladies and Gentlemen:

We refer to your above-mentioned irrevocable standby Letter of Credit (the "Letter of Credit"). The undersigned hereby surrenders the Letter of Credit to you for cancellation as of the date hereof. No payment is demanded of you under this Letter of Credit in connection with this surrender.

Very truly yours,

By: _____

Title: _____

BILLING AND PAYMENT TERMS
(Payments to TVA)
(11/16/2009 version)

SECTION 1 - DEFINITION OF TERMS

“TVA” means the Tennessee Valley Authority.

“Reimbursable Contract” means the agreement or contract to which these Billing and Payment Terms are made a part as an attachment or exhibit.

“Billing Party” means the party owed any amount due under the Reimbursable Contract in accordance with these Billing and Payment Terms.

“Billed Party” means the party obligated to pay any amount due under the Reimbursable Contract in accordance with these Billing and Payment Terms. (The same party to the Reimbursable Contract may be the Billing Party or the Billed Party or both.)

“Payment Due Date” means the date by which payment is due the Billing Party as defined in Section 2 below.

“Deliverables” means the work or services performed, or property or equipment furnished, by the Billing Party under the Reimbursable Contract for the ownership benefit of the Billed Party.

SECTION 2 - INVOICING AND PAYMENT DUE DATE

The Billing Party shall submit an invoice to the Billed Party for the amount due. The invoice may be submitted in electronic form, if permitted under the Reimbursable Contract. For accounting reference purposes, the invoice shall be numbered and dated and shall include (a) the contract number assigned under Section 11 (**Assignment of Contract Number**) below and (b) reasonably sufficient detail or supporting documentation to permit the Billed Party to verify the appropriateness or accuracy of the amount owed. Unless a later due date is specified in the Reimbursable Contract, the Payment Due Date shall be 30 days from the date of the invoice.

SECTION 3 - INTEREST ON UNDERPAYMENTS OR OVERPAYMENTS

If the Billed Party fails to pay the amount due by the Payment Due Date, the Billed Party shall pay interest on the unpaid amount based on the maximum rate under the United States Prompt Payment Act, (31 U.S.C. §§ 3901-3907) as published in the Federal Register and adjusted periodically (currently semi-annually). Interest shall accrue from the Payment Due Date until the date the Billing Party receives payment. Failure to pay within 90 days after the Payment Due Date shall constitute a material breach of the Reimbursable Contract. If the Billed Party overpays (such as, due to erroneous or inaccurate invoicing by the Billing Party or due to refund of an excess deposit payment), the Billing Party shall promptly refund the amount overpaid.

SECTION 4 - DELAY OR SUSPENSION OF WORK DUE TO PAYMENT FAILURE

If the Billed Party fails to pay the amount due by the Payment Due Date, the Billing Party shall have the right to delay or suspend the work or services being performed until after such payment failure has been satisfactorily resolved. Nothing herein contained shall be construed as relieving the Billed Party of the obligation to pay the Billing Party for the work completed as of the date such work or services are delayed or suspended.

SECTION 5 - PAYMENT DISPUTE

The Billed Party may dispute the payment of all or a portion of the amount due in an invoice if the Billed Party has a reasonable basis to demonstrate that such amount is inappropriate or questionable. In that case, the Billed Party shall promptly advise the Billing Party in writing of the reasons for disputing all or a portion of the invoiced amount. Upon receipt of the Billed Party's written statement of reasons, the dispute resolution provisions of Section 12 below shall apply. If as a result of the dispute resolution, one party is required to pay the other for the amount overpaid or underpaid, such amount shall include interest calculated in accordance with Section 3 (**Interest on Underpayments or Overpayments**) above.

SECTION 6 - OFFSET

Each party reserves the right to offset any amount owed to the other party against any amount owed by the other party.

SECTION 7 - WARRANTIES AND LIMITATION OF LIABILITY

Unless otherwise provided in the Reimbursable Contract, the Billing Party warrants the Deliverables to be in conformance with generally accepted professional standards prevailing at the time of delivery. Any Deliverables not in accordance with such standards shall be corrected at no cost to the Billed Party as long as such nonconformance is reported in writing within one year from the date of delivery.

The Billing Party expressly disclaims any other warranties, including implied warranties of merchantability or fitness for any particular use or purpose, as to any Deliverables provided hereunder.

SECTION 8 - TIME OF COMPLETION AND FORCE MAJEURE

Any delays in or failure of performance by the Billing Party or its contractors shall not constitute default hereunder if and to the extent such delays or failures of performance are caused by occurrences beyond the reasonable control of Billing Party or its contractors, and Billing Party shall not be liable for any loss or damage due to or arising out of any such delays or failure of performance. Such occurrences include, but are not limited to, acts of God or the public enemy, fires, epidemics, quarantines, strikes, freight embargoes or delays in transportation, priorities or other acts or orders of Governmental authority, or unforeseeable severe weather or floods, or any causes, whether or not of the same class or kind of those specifically above named, which are not within the control of Billing Party or its contractors.

SECTION 9 - ACCESS TO BILLING RECORDS AND CONFIDENTIALITY

Upon written request by the Billed Party, the Billing Party shall provide access during normal working hours to its records as necessary to permit the Billed Party to verify the accuracy or appropriateness of the invoice. The Billed Party shall keep the information examined confidential. If a billing dispute is submitted to dispute resolution as set out in Section 12 below, the Billing Party agrees to provide the pertinent records or information to counsel and independent experts of the Billed Party and those attempting to resolve the dispute, provided such third-parties agree to keep such records or information confidential. Nothing in this Section shall be construed as in any way impairing the ability pursuant to statutory authority of the Office of the Inspector General of TVA or of any other Federal agency having auditing jurisdiction over TVA to examine the records of the Billing Party to the extent relating to any amount billed TVA by the Billing Party.

SECTION 10 - ENTIRE CONTRACT

The Reimbursable Contract and all exhibits or attachments thereto (including these Billing and Payment Terms) shall constitute the entire agreement between the parties. In the event of any conflict between the provisions of the Reimbursable Contract and these Billing and Payment Terms, the Reimbursable Contract shall prevail.

SECTION 11 - ASSIGNMENT OF CONTRACT NUMBER

The Reimbursable Contract will have a contract number assigned by TVA for all parties to use as a reference as part of the invoicing and payment processes.

SECTION 12 - DISPUTE RESOLUTION

If a billing amount dispute arises out of or relates to the Reimbursable Contract, including these Billing and Payment Terms, or the breach thereof, the parties agree to use their best efforts to resolve such a dispute informally at the lowest possible levels of decision making. Such a dispute not resolved at the working level should be referred to higher levels of management of both parties for consideration, as necessary. If said dispute cannot be so settled, the parties further agree to develop and use consensual alternative dispute resolution processes, such as facilitation and mediation to try in good faith to settle said dispute, before resorting to arbitration, litigation, or some other dispute resolution procedure. The parties may, for example, try to resolve the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules.

SECTION 13 - RESTRICTION OF BENEFITS

No member of or delegate to Congress or Resident Commissioner, or any officer, employee, special Government employee, or agent of TVA shall be admitted to any share or part of the Reimbursable Contract or to any benefit that may arise from it unless the agreement be made with a corporation for its general benefit. The other party to the Reimbursable Contract shall not offer or give, directly or indirectly, to any officer, employee, special Government employee, or agent of TVA any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, except as provided in 5 C.F.R. part 2635 (as amended, supplemented, or replaced). Breach of this provision shall constitute a material breach of the Reimbursable Contract.

SECTION 14 - CONFORMANCE WITH WORK SCOPE AND COST ESTIMATE

It is recognized that depending on the nature or extent of the work involved, the Reimbursable Contract may include a detailed work scope and a cost estimate (or cost limitation) for work subject to reimbursement based on actual costs incurred. In that case, the Billing Party shall use its best efforts to perform the work within the specified work scope and cost estimate. If at any time the Billing Party becomes aware that the actual costs will likely exceed the cost estimate by 15 percent or more, the Billing Party shall use its best efforts to obtain concurrence or resolution with the Billed Party regarding such cost estimate overrun. This shall include notification of the Billed Party in writing of the cost estimate overrun together with a revised cost estimate and an explanation for the cost estimate overrun so as to provide the Billed Party an opportunity for input and/or consultation. For work or services in excess of the work scope, unless mutually agreed by the parties in advance (such as in the form of an amendment to the Reimbursable Contract), the Billing Party shall not be obligated to perform such work or services, and the Billed Party shall not be obligated to pay for such work or services. The Billing Party may elect to suspend the work in question until it has obtained concurrence or resolution with the Billed Party regarding work in excess of the work scope and/or cost estimate.

**Knoxville Utilities Board
Board Meeting
Minutes
Thursday, February 20, 2020 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, 2020, pursuant to the public notice published in the January 4, 2020, edition of the *News Sentinel*. Chair Hamilton called the meeting to order at 12:00 p.m.

Roll Call

Commissioners Present: Jerry Askew, Kathy Hamilton, Sara Pinnell, Adrienne Simpson-Brown, Tyvi Small, and John Worden.

Commissioner Absent: Celeste Herbert

Approval of Minutes

The Minutes of the January 16, 2020 Board Meeting were approved as distributed upon a motion by Commissioner Small and seconded by Commissioner Askew.

Old Business

None

New Business

Resolution 1409, A Resolution Requesting the Council of the City of Knoxville, Tennessee to Provide for the Issuance of Not to Exceed Seventeen Million Three Hundred Seventy-Five Thousand and No/100 Dollars (\$17,375,000) in Aggregate Principal Amount of Electric System Revenue Refunding Bonds, Series KK-2020; Issuance of Not to Exceed Nine Million Eight Hundred Fifty Thousand and No/100 Dollars (\$9,850,000) in Aggregate Principal Amount of Gas System Revenue Refunding Bonds, Series Z-2020; Issuance of Not to Exceed Twenty-One Million and No/100 Dollars (\$21,000,000) in Aggregate Principal Amount of Water System Revenue Refunding Bonds, Series JJ-2020; and Issuance of Not to Exceed Thirty Million Four Hundred Thousand and No/100 Dollars (\$30,400,000) in Aggregate Principal Amount of Wastewater System Revenue Refunding Bonds, Series 2020A

February 20, 2020

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 1409 on first and final reading. His written recommendation is included in Attachment 1.

Upon a motion by Commissioner Askew and a second by Commissioner Pinnell, Resolution 1409 was adopted by a roll call vote on first reading. The following Commissioners voted "aye": Askew, Hamilton, Pinnell, Simpson-Brown, Small, and Worden. No Commissioner voted "nay".

President's Report

New Natural Gas Growth Program - EasyConnect

President Bolas reminded Commissioners that Mike Bolin previously provided an overview of a new natural gas growth program called EasyConnect. He recognized John Piotrowski, Manager of New Service, to provide details of the new program.

Project Help Update

President Bolas reminded Commissioners that KUB and CAC partnered over 35 years ago to provide emergency heating expense assistance to those in need throughout the KUB service area. He recognized Veronica Andrews, Customer Counselor in Customer Technical Services, to provide an update on Project Help's impact on customers in 2019 as well as results of the 2020 campaign.

Lineworker Apprentice Program

President Bolas recognized Steve Proffitt, Manager of Overhead Construction, to provide an overview of the Lineworker Apprentice program. Mr. Proffitt also recognized the current class in attendance at the meeting.

Other Business

None

Public Comment

Kent Minault – 311 Glenwood Avenue – Knoxville, TN 37917

February 20, 2020

Adjournment

There being nothing further to come before the Board, Chair Hamilton declared the meeting adjourned at 1:09 p.m.

Kathy Hamilton, Chair

Mark Walker, Board Secretary

Attachments

Attachment 1	Recommendation Letter and Resolution 1409 – A Resolution Requesting the Council of the City of Knoxville, Tennessee to Provide for the Issuance of Not to Exceed Seventeen Million Three Hundred Seventy-Five Thousand and No/100 Dollars (\$17,375,000) in Aggregate Principal Amount of Electric System Revenue Refunding Bonds, Series KK-2020; Issuance of Not to Exceed Nine Million Eight Hundred Fifty Thousand and No/100 Dollars (\$9,850,000) in Aggregate Principal Amount of Gas System Revenue Refunding Bonds, Series Z-2020; Issuance of Not to Exceed Twenty-One Million and No/100 Dollars (\$21,000,000) in Aggregate Principal Amount of Water System Revenue Refunding Bonds, Series JJ-2020; and Issuance of Not to Exceed Thirty Million Four Hundred Thousand and No/100 Dollars (\$30,400,000) in Aggregate Principal Amount of Wastewater System Revenue Refunding Bonds, Series 2020A	<u>Page(s)</u> 9689 – 9843
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Knoxville Utilities Board

February 14, 2020

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

Commissioners:

Staff has identified an opportunity for refinancing outstanding bonds for all four utility systems at lower interest rates thus providing a savings in future debt service payments. The refunding candidates represent bonds sold by KUB in 2010 and 2011.

Resolution 1409 authorizes the issuance of up to \$78.6 million in revenue refunding bonds, including \$30.4 million for the wastewater system, \$21 million for the water system, \$17.4 million for the electric system, and \$9.8 million for the natural gas 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. Resolution 1409 also requests City Council authorization to issue the bonds, as Council approval is required for any debt issuance with a final maturity in excess of five years.

Based on current bond market performance, refunding bonds could be sold at rates providing a total debt service savings of \$24 million over the life of the bonds, including \$18.1 million for the wastewater system, \$3.2 million for the water system, \$1.6 million for the electric system, and \$1.1 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 \$498,000.

Resolution 1409 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 1409 on first and final reading.

Respectfully submitted,

A handwritten signature in black ink that reads 'Gabriel Bolas'.

Gabriel J. Bolas II
President and CEO

Enclosures

RESOLUTION NO. 1409

A Resolution Requesting the Council of the City of Knoxville, Tennessee to Provide for the Issuance of Not to Exceed Seventeen Million Three Hundred Seventy-Five Thousand and No/100 Dollars (\$17,375,000) in Aggregate Principal Amount of Electric System Revenue Refunding Bonds, Series KK-2020; Issuance of Not to Exceed Nine Million Eight Hundred Fifty Thousand and No/100 Dollars (\$9,850,000) in Aggregate Principal Amount of Gas System Revenue Refunding Bonds, Series Z-2020; Issuance of Not to Exceed Twenty-One Million and No/100 Dollars (\$21,000,000) in Aggregate Principal Amount of Water System Revenue Refunding Bonds, Series JJ-2020; and Issuance of Not to Exceed Thirty Million Four Hundred Thousand and No/100 Dollars (\$30,400,000) in Aggregate Principal Amount of Wastewater System Revenue Refunding Bonds, Series 2020A

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 \$17,375,000 in aggregate principal amount of Electric System Revenue Refunding Bonds, Series KK-2020 (the "Electric Bonds") for the purpose of providing funds to refinance the outstanding principal amount of the City's outstanding Electric System Revenue Bonds, Series Z-2010, dated December 8, 2010, maturing July 1, 2021 through July 1, 2030, including the payment of legal, fiscal and administrative costs incident to the issuance and sale of the Electric Bonds; and

Whereas, the Board, after due investigation and consideration, deems it in the best interest of the City for the City to issue and sell not to exceed \$9,850,000 in aggregate principal amount of Gas System Revenue Refunding Bonds, Series Z-2020 (the "Gas Bonds") for the purpose of providing funds to refinance the outstanding principal amount of the City's Gas System Revenue Bonds, Series P-2010, dated December 8, 2010, maturing March 1, 2021 through March 1, 2032, 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 \$21,000,000 in aggregate principal amount of Water System Revenue Refunding Bonds, Series JJ-2020 (the "Water Bonds") for the purpose of providing funds to refinance the outstanding principal amount of the City's outstanding Water System Revenue Bonds, Series W-2011, dated December 1, 2011, maturing March 1, 2021 through March 1, 2040, 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 \$30,400,000 in aggregate principal amount of Wastewater System Revenue Refunding Bonds, Series 2020A (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 2010, dated February 10, 2010, maturing April 1, 2043 through April 1, 2045, 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.

Kathy Hamilton/s
Kathy Hamilton, Chair

M. Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: 2-20-20
EFFECTIVE DATE: 2-20-20
MINUTE BOOK 42 PAGE 9690-9843

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 SEVENTEEN MILLION THREE HUNDRED SEVENTY-FIVE THOUSAND AND NO/100 DOLLARS (\$17,375,000) OF ELECTRIC SYSTEM REVENUE REFUNDING BONDS, SERIES KK-2020.

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, 2020, are as follows:

<u>Series</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Z-2010	\$30,000,000	\$18,540,000
AA-2012	\$36,815,000	\$22,880,000
BB-2012	\$35,000,000	\$30,375,000
CC-2013	\$ 9,660,000	\$ 7,585,000
DD-2014	\$40,000,000	\$36,325,000
EE-2015	\$28,550,000	\$25,900,000
FF-2015	\$35,000,000	\$32,150,000
GG-2016	\$40,000,000	\$37,550,000
HH-2017	\$23,445,000	\$19,510,000
II-2017	\$40,000,000	\$38,535,000
JJ-2018	\$39,995,000	\$39,220,000

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 Bonds, Series Z-2010 (Federally Taxable Build America Bonds), dated December 8, 2010, maturing July 1, 2021 through July 1, 2030 (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 State and Local 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 \$17,375,000 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 KK-2020 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, 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 Bonds, Series Z-2010 (Federally Taxable Build America Bonds), dated December 8, 2010, maturing July 1, 2020 and thereafter to the extent, if any, not refunded with the proceeds of the Series KK-2020 Bonds, the City's outstanding Electric System Revenue Refunding Bonds, Series AA-2012, dated April 20, 2012, maturing July 1, 2020 and thereafter, the City's outstanding Electric System Revenue Bonds, Series BB-2012, dated

December 18, 2012, maturing July 1, 2020 and thereafter, the City's outstanding Electric System Revenue Refunding Bonds, Series CC-2013, dated March 15, 2013, maturing July 1, 2020 and thereafter, the City's outstanding Electric System Revenue Bonds, Series DD-2014, dated September 18, 2014, maturing July 1, 2020 and thereafter, the City's outstanding Electric System Revenue Refunding Bonds, Series EE-2015, dated May 1, 2015, maturing July 1, 2020 and thereafter, the City's outstanding Electric System Revenue Bonds, Series FF-2015, dated May 20, 2015, maturing July 1, 2020 and thereafter, the City's outstanding Electric System Revenue Bonds, Series GG-2016, dated August 5, 2016, maturing July 1, 2020 and thereafter, the City's outstanding Electric System Revenue Refunding Bonds, Series HH-2017, dated April 7, 2017, maturing July 1, 2020 and thereafter, the City's outstanding Electric System Revenue Bonds, Series II-2017, dated September 15, 2017, maturing July 1, 2020 and thereafter, and the City's outstanding Electric System Revenue Bonds, Series JJ-2018, dated September 14, 2018, maturing July 1, 2020 and thereafter.

(m) "Parity Bonds" shall mean any bonds issued on a parity with the Series KK-2020 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 Bonds, Series Z-2010 (Federally Taxable Build America Bonds), dated December 8, 2010, maturing July 1, 2021 through July 1, 2030 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 KK-2020 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 KK-2020 Bonds designated by the President and Chief Executive Officer of KUB, or any successor as designated by the Board;

(r) "Series KK-2020 Bonds" shall mean the City's Electric System Revenue Refunding Bonds, Series KK-2020, 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 \$17,375,000;

(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 KK-2020 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 KK-2020 Bonds so that the Series KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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 \$17,375,000. The Series KK-2020 Bonds shall be issued in fully registered form, without coupons, shall be known as "Electric System Revenue Refunding Bonds, Series KK-2020" 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 KK-2020 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 July 1, 2020 or such later date as is permitted pursuant to Section 10 hereof. The Series KK-2020 Bonds shall be initially issued in \$5,000 denominations or integral multiples thereof as shall be requested by the purchaser thereof. The Series KK-2020 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, 2030. The final maturity schedule shall be established by the award resolution or certificate awarding the Series KK-2020 Bonds to the successful purchaser thereof or in the Bond Purchase Agreement provided for in Section 10 if the Series KK-2020 Bonds are sold by negotiated sale.

(b) Subject to adjustment pursuant to Section 10 hereof, the Series KK-2020 Bonds maturing on or before July 1, 2029 shall mature without option of prior redemption, and the Series KK-2020 Bonds maturing on July 1, 2030 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, 2029, 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 Bonds, or any successor Depository for the Series KK-2020 Bonds, shall determine the interest of each Participant in the Series KK-2020 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 KK-2020 Bonds, the Series KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 Bonds, and the Registration Agent so appointed is authorized and directed to maintain Bond registration records with respect to the Series KK-2020 Bonds, to authenticate and deliver the Series KK-2020 Bonds as provided herein, either at original issuance, upon transfer, or as otherwise directed by the Board, to effect transfers of the Series KK-2020 Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Series KK-2020 Bonds as provided herein, to cancel and destroy Series KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 Bonds, and all such payments shall discharge the obligations of KUB in respect of such Series KK-2020 Bonds to the extent of the payments so made. Payment of principal of the Series KK-2020 Bonds shall be made upon presentation and surrender of such Series KK-2020 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 KK-2020 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 KK-2020 Bonds, payment of interest on such Series KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 Bonds when due.

(i) The Series KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Series KK-2020 Bond or Series KK-2020 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 KK-2020 Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Series KK-2020 Bond, nor to transfer or exchange any Series KK-2020 Bond after notice calling such Series KK-2020 Bond for redemption has been made, nor to transfer or exchange any Series KK-2020 Bond during the period following the receipt of instructions from KUB to call such Series KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 Bonds shall be overdue. Series KK-2020 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 KK-2020 Bonds of the same maturity in any authorized denomination or denominations. This subsection shall be applicable only if the Series KK-2020 Bonds are no longer held by a Depository, and as long as the Series KK-2020 Bonds are held by a Depository, transfers of ownership interests in the Series KK-2020 Bonds shall be governed by the rules of the Depository.

(j) Except as otherwise authorized herein, the Series KK-2020 Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as the Depository for the Series KK-2020 Bonds except as otherwise provided herein. References in this Section to a Series KK-2020 Bond or the Series KK-2020 Bonds shall be construed to mean the Series KK-2020 Bond or the Series KK-2020 Bonds that are held under the Book-Entry System. One Series KK-2020 Bond for each maturity of the Series KK-2020 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 KK-2020 Bond will be immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Series KK-2020 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 KK-2020 Bonds. Beneficial ownership interests in the Series KK-2020 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 KK-2020 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 KK-2020 Bonds. Transfers of ownership interests in the Series KK-2020 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 KK-2020 BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE SERIES KK-2020 BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES KK-2020 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 KK-2020 Bonds, so long as DTC is the only owner of the Series KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 Bonds in the form of fully registered Series KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Series KK-2020 Bond, or in lieu of and in substitution for such lost, stolen or destroyed Series KK-2020 Bond, or if any such Series KK-2020 Bond shall have matured or shall be about to mature, instead of issuing a substituted Series KK-2020 Bond KUB may pay or authorize payment of such Series KK-2020 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 KK-2020 Bond, and indemnity satisfactory to KUB and the Registration Agent; and KUB may charge the applicant for the issue of such new Series KK-2020 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 KK-2020 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 KK-2020 Bonds in exchange for Series KK-2020 Bonds of the same principal amount delivered for transfer upon receipt of the Series KK-2020 Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Series KK-2020 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 KK-2020 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 KK-2020 Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Series KK-2020 Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Series KK-2020 Bonds and provision of notices with respect to Series KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 Bonds shall have no recourse to the power of taxation of the City.

Section 7. Form of Series KK-2020 Bonds. The Series KK-2020 Bonds shall be in substantially the following form, the omissions to be appropriately completed when the Series KK-2020 Bonds are prepared and delivered:

(Form of Series KK-2020 Bond)

REGISTERED
Number _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF KNOX

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, 2029 shall mature without option of prior redemption. The Bonds maturing on July 1, 2030 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, 2029, 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 \$17,375,000 and issued by the City for the purpose of providing funds to refinance the outstanding principal amount of the City's outstanding Electric System Revenue Bonds, Series Z-2010 (Federally Taxable Build America Bonds), dated December 8, 2010, maturing July 1, 2021 through July 1, 2030 (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 Bonds, Series Z-2010 (Federally Taxable Build America Bonds), dated December 8, 2010, maturing July 1, 2020 and thereafter to the extent, if any, not refunded with the proceeds of the Series KK-2020 Bonds, the City's outstanding Electric System Revenue Refunding Bonds, Series AA-2012, dated April 20, 2012, maturing July 1, 2020 and thereafter, the City's outstanding Electric System Revenue Bonds, Series BB-2012, dated December 18, 2012, maturing July 1, 2020 and thereafter, the City's outstanding Electric System Revenue Refunding

Bonds, Series CC-2013, dated March 15, 2013, maturing July 1, 2020 and thereafter, the City's outstanding Electric System Revenue Bonds, Series DD-2014, dated September 18, 2014, maturing July 1, 2020 and thereafter, the City's outstanding Electric System Revenue Refunding Bonds, Series EE-2015, dated May 1, 2015, maturing July 1, 2020 and thereafter, the City's outstanding Electric System Revenue Bonds, Series FF-2015, dated May 20, 2015, maturing July 1, 2020 and thereafter, the City's outstanding Electric System Revenue Bonds, Series GG-2016, dated August 5, 2016, maturing July 1, 2020 and thereafter, the City's outstanding Electric System Revenue Refunding Bonds, Series HH-2017, dated April 7, 2017, maturing July 1, 2020 and thereafter, the City's outstanding Electric System Revenue Bonds, Series II-2017, dated September 15, 2017, maturing July 1, 2020 and thereafter, and the City's outstanding Electric System Revenue Bonds, Series JJ-2018, dated September 14, 2018, maturing July 1, 2020 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 her 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 Bonds shall be outstanding and unpaid either as to principal or interest, or until discharge and satisfaction of the Series KK-2020 Bonds as provided in Section 12 hereof, shall be applicable to the Series KK-2020 Bonds, shall inure to the benefit of owners of the Series KK-2020 Bonds as if set out in full herein, and shall be fully enforceable by the owner of any Series KK-2020 Bond.

All references to "holder" or "holders" in the 1949 Resolution shall be deemed to include owners of the Series KK-2020 Bonds, and all references to "Bonds" in the 1949 Resolution shall be deemed to include the Series KK-2020 Bonds.

Section 10. Sale of Series KK-2020 Bonds.

(a) The Series KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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, 2020, provided that such date is not later than twelve months from the dated date of such emission of Series KK-2020 Bonds;
- (4) establish and adjust the principal and interest payment dates and determine maturity or mandatory redemption amounts of the Series KK-2020 Bonds or any emission thereof, provided that (A) the total principal amount of all emissions of the Series KK-2020 Bonds does not exceed the total amount of Series KK-2020 Bonds authorized herein; (B) the final maturity date of each emission shall be not later than July 1, 2030; 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 Bonds, providing for the purchase and sale of the Series KK-2020 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 KK-2020 Bonds, provided any such changes are not inconsistent with the terms of this Section. If the Underwriter does not intend to reoffer the Series KK-2020 Bonds to the public, then the Bond Purchase Agreement shall be conformed to reflect such intention. The form of the Series KK-2020 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 KK-2020 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 KK-2020 Bonds are sold at public sale, the Series KK-2020 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 KK-2020 Bond Proceeds. The proceeds of the sale of the Series KK-2020 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 KK-2020 Bonds on the first interest payment date following delivery of the Series KK-2020 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 KK-2020 Bonds. If there are any remaining proceeds of the Series KK-2020 Bonds after application as provided above, such remaining proceeds shall be used to pay principal and/or interest on the Series KK-2020 Bonds.

Section 12. Discharge and Satisfaction of Series KK-2020 Bonds. If KUB, on behalf of the City, shall pay and discharge the indebtedness evidenced by any of the Series KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 Bonds will not be used in a manner which will cause the Series KK-2020 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Series KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 Bonds. After the Series KK-2020 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 KK-2020 Bonds of a reasonable number of copies of the Official Statement within seven business days after the Series KK-2020 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 KK-2020 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 KK-2020 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 KK-2020 Bonds, an agreement for the benefit of and enforceable by the owners of the Series KK-2020 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 10th day of March, 2020.

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 10, 2020; 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 \$17,375,000 Electric System Revenue Refunding Bonds, Series KK-2020.

WITNESS my official signature and seal of the City of Knoxville, Tennessee, this ____ day of _____, 2020.

(seal)

City Recorder

EXHIBIT A

\$17,375,000
CITY OF KNOXVILLE, TENNESSEE
ACTING ON BEHALF OF KNOXVILLE UTILITIES BOARD
ELECTRIC SYSTEM REVENUE REFUNDING BONDS, SERIES KK-2020

BOND PURCHASE AGREEMENT

_____, 2020

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 _____, 2020.

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 \$17,375,000 aggregate principal amount of KUB's Electric System Revenue Refunding Bonds, Series KK-2020 (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 10, 2020, 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 Bonds, Series Z-2010 (Federally Taxable Build America Bonds), dated December 8, 2010, maturing July 1, 2021 through July 1, 2030 (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 _____, 2020, 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 _____, 2020 (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 KK-2020, in the aggregate principal amount of \$17,375,000 (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 _____, 2020, 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

_____, 2020

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 \$17,375,000 Electric System Revenue Refunding Bonds, Series KK-2020

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 Bonds, Series Z-2010 (Federally Taxable Build America Bonds), dated December 8, 2010, maturing July 1, 2021 through July 1, 2030.

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 _____ and _____ 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
\$17,375,000 ELECTRIC SYSTEM REVENUE REFUNDING BONDS, SERIES KK-2020**

REFUNDING ESCROW AGREEMENT

This Refunding Escrow Agreement is made and entered into as of the ____ day of _____, 2020, 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 Bonds, Series Z-2010 (Federally Taxable Build America Bonds), dated December 8, 2010, maturing July 1, 2021 through July 1, 2030 (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 KK-2020, dated _____, 2020 (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 Bonds, Series Z-2010 (Federally Taxable Build America Bonds), dated December 8, 2010, maturing July 1, 2021 through July 1, 2030;

"Refunding Bonds" means the City's Electric System Revenue Refunding Bonds, Series KK-2020, dated _____, 2020;

"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 Bonds, Series Z-2010 (Federally Taxable Build America Bonds), dated December 8, 2010, maturing July 1, 2021 through July 1, 2030 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>
-------------------------	------------------------------	-------------------------------	-----------------------------	-------------------------------	-------------------------------

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 Bonds, Series Z-2010 (Federally Taxable Build America Bonds), dated December 8, 2010, maturing July 1, 2021 through July 1, 2030 (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 Bonds, Series Z-2010 (Federally Taxable Build America Bonds), dated December 8, 2010, maturing July 1, 2021 through July 1, 2030

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 NINE MILLION EIGHT HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$9,850,000) OF GAS SYSTEM REVENUE REFUNDING BONDS, SERIES Z-2020.

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, 2020, are as follows:

<u>Series</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
P-2010	\$12,000,000	\$ 9,675,000
Q-2012	\$24,920,000	\$14,005,000
R-2012	\$10,000,000	\$ 7,700,000
S-2013	\$11,580,000	\$ 9,005,000
T-2013	\$25,000,000	\$22,400,000
U-2015	\$11,780,000	\$ 9,625,000
V-2016	\$12,000,000	\$11,050,000
W-2017	\$ 8,065,000	\$ 6,015,000
X-2017	\$12,000,000	\$11,320,000
Y-2018	\$ 8,000,000	\$ 7,635,000

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 Bonds, Series P-2010 (Federally Taxable Build America Bonds), dated December 8, 2010, maturing March 1, 2021 through March 1, 2032 (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 State and Local 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 \$9,850,000 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 Z-2020 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 as otherwise supplemented prior to the date hereof;
- (l) "Outstanding Bonds" shall mean the City's outstanding Gas System Revenue Bonds, Series P-2010 (Federally Taxable Build America Bonds), dated December 8, 2010, maturing March 1, 2021 and thereafter to the extent, if any, not refunded with the proceeds of Series Z-2020 Bonds, the City's outstanding Gas System Revenue Refunding Bonds, Series Q-2012, dated April 20, 2012, maturing March 1, 2021 and thereafter, the City's outstanding Gas System Revenue Bonds, Series R-2012, dated December

18, 2012, maturing March 1, 2021 and thereafter, the City's outstanding Gas System Revenue Refunding Bonds, Series S-2013, dated March 15, 2013, maturing March 1, 2021 and thereafter, the City's outstanding Gas System Revenue Bonds, Series T-2013, dated October 1, 2013, maturing March 1, 2021 and thereafter, the City's outstanding Gas System Revenue Refunding Bonds, Series U-2015, dated May 1, 2015, maturing March 1, 2021 and thereafter, the City's outstanding Gas System Revenue Bonds, Series V-2016, dated August 5, 2016, maturing March 1, 2021 and thereafter; the City's outstanding Gas System Revenue Refunding Bonds, Series W-2017, dated April 7, 2017, maturing March 1, 2021 and thereafter, the City's outstanding Gas System Revenue Bonds Series X-2017, dated September 15, 2017, maturing March 1, 2021 and thereafter, and the City's outstanding Gas System Revenue Bonds, Series Y-2018, dated September 14, 2018, maturing March 1, 2021 and thereafter.

(m) "Parity Bonds" shall mean any bonds issued on a parity with the Series Z-2020 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 Bonds, Series P-2010 (Federally Taxable Build America Bonds), dated December 8, 2010, maturing March 1, 2021 through March 1, 2032 that are selected for refunding pursuant to Section 10 hereof;

(o) "Registration Agent" shall mean the registration and paying agent for the Series Z-2020 Bonds designated by the President and Chief Executive Officer of KUB, or any successor as designated by the Board;

(p) "Series Z-2020 Bonds" shall mean the City's Gas System Revenue Refunding Bonds, Series Z-2020, 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 \$9,850,000;

(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 Z-2020 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 Z-2020 Bonds so that the Series Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 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 \$9,850,000. The Series Z-2020 Bonds shall be issued in fully registered form, without coupons, shall be known as "Gas System Revenue Refunding Bonds, Series Z-2020" 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 Z-2020 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, 2020 or such later date as is permitted pursuant to Section 10 hereof. The Series Z-2020 Bonds shall be initially issued in \$5,000 denominations or integral multiples thereof as shall be requested by the purchaser thereof. The Series Z-2020 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, 2032. The final maturity schedule shall be established by the award resolution or certificate awarding the Series Z-2020 Bonds to the successful purchaser thereof or in the Bond Purchase Agreement provided for in Section 10 if the Series Z-2020 Bonds are sold by negotiated sale.

(b) Subject to adjustment pursuant to Section 10 hereof, the Series Z-2020 Bonds maturing on or before March 1, 2029 shall mature without option of prior redemption, and Series Z-2020 Bonds maturing on or after March 1, 2030 shall be subject to redemption prior to maturity at the option of the City, acting through the Board, on or after March 1, 2029, 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 Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 Bonds, or any successor Depository for the Series Z-2020 Bonds, shall determine the interest of each Participant in the Series Z-2020 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 Z-2020 Bonds, the Series Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 Bonds, and the Registration Agent so appointed is authorized and directed to maintain Bond registration records with respect to the Series Z-2020 Bonds, to authenticate and deliver the Series Z-2020 Bonds as provided herein, either at original issuance, upon transfer, or as otherwise directed by the Board, to effect transfers of the Series Z-2020 Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Series Z-2020 Bonds as provided herein, to cancel and destroy Series Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 Bonds, and all such payments shall discharge the obligations of KUB in respect of such Series Z-2020 Bonds to the extent of the payments so made. Payment of principal of the Series Z-2020 Bonds shall be made upon presentation and surrender of such Series Z-2020 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 Z-2020 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 Z-2020 Bonds, payment of interest on such Series Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 Bonds when due.

(i) The Series Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Series Z-2020 Bond or Series Z-2020 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 Z-2020 Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Series Z-2020 Bond, nor to transfer or exchange any Series Z-2020 Bond after notice calling such Series Z-2020 Bond for redemption has been made, nor to transfer or exchange any Series Z-2020 Bond during the period following the receipt of instructions from KUB to call such Series Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 Bonds shall be overdue. Series Z-2020 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 Z-2020 Bonds of the same maturity in any authorized denomination or denominations. This subsection shall be applicable only if the Series Z-2020 Bonds are no longer held by a Depository, and as long as the Series Z-2020 Bonds are held by a Depository, transfers of ownership interests in the Series Z-2020 Bonds shall be governed by the rules of the Depository.

(j) Except as otherwise authorized herein, the Series Z-2020 Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as the Depository for the Series Z-2020 Bonds except as otherwise provided herein. References in this Section to a Series Z-2020 Bond or the Series Z-2020 Bonds shall be construed to mean the Series Z-2020 Bond or the Series Z-2020 Bonds that are held under the Book-Entry System. One Series Z-2020 Bond for each maturity of the Series Z-2020 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 Z-2020 Bond will be immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Series Z-2020 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 Z-2020 Bonds. Beneficial ownership interests in the Series Z-2020 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 Z-2020 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 Z-2020 Bonds. Transfers of ownership interests in the Series Z-2020 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 Z-2020 BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE SERIES Z-2020 BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES Z-2020 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 Z-2020 Bonds, so long as DTC is the only owner of the Series Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 Bonds in the form of fully registered Series Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Series Z-2020 Bond, or in lieu of and in substitution for such lost, stolen or destroyed Series Z-2020 Bond, or if any such Series Z-2020 Bond shall have matured or shall be about to mature, instead of issuing a substituted Series Z-2020 Bond KUB may pay or authorize payment of such Series Z-2020 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 Z-2020 Bond, and indemnity satisfactory to KUB and the Registration Agent; and KUB may charge the applicant for the issue of such new Series Z-2020 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 Z-2020 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 Z-2020 Bonds in exchange for Series Z-2020 Bonds of the same principal amount delivered for transfer upon receipt of the Series Z-2020 Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Series Z-2020 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 Z-2020 Bond form.

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, 2029 shall mature without option of prior redemption. The Bonds maturing on March 1, 2030 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, 2029, 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 \$9,850,000 and issued by the City for the purpose of providing funds to refinance the outstanding principal amount of the City's outstanding Gas System Revenue Bonds, Series P-2010 (Federally Taxable Build America Bonds), dated December 8, 2010, maturing March 1, 2021 through March 1, 2032 (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 Bonds, Series P-2010 (Federally Taxable Build America Bonds), dated December 8, 2010, maturing March 1, 2021 and thereafter to the extent, if any, not refunded with the proceeds of the Series Z-2020 Bonds, the City's outstanding Gas System Revenue Refunding Bonds, Series Q-2012, dated April 20, 2012, maturing March 1, 2021 and thereafter, the City's outstanding Gas System Revenue Bonds, Series R-2012, dated December 18, 2012, maturing March 1, 2021 and thereafter, the City's outstanding Gas System Revenue Refunding Bonds, Series S-2013, dated March 15, 2013, maturing March 1, 2021 and thereafter, the City's outstanding Gas System Revenue Bonds, Series T-2013, dated October 1, 2013, maturing March 1, 2021 and thereafter, the City's outstanding Gas System Revenue Refunding Bonds, Series U-2015, dated May 1, 2015, maturing March 1, 2021 and thereafter and the City's outstanding Gas System Revenue Bonds, Series V-2016, dated August 5, 2016, maturing March 1, 2021 and thereafter, the City's outstanding Gas System Revenue Refunding Bonds, Series W-2017, dated April 7, 2017, maturing March 1, 2021 and thereafter, the City's outstanding Gas System Revenue Bonds, Series X-2017, dated September 15, 2017, maturing March 1, 2021 and thereafter, and the City's outstanding Gas System Revenue Bonds, Series Y-2018, dated September 14, 2018, maturing March 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 her 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 Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 Bonds shall be outstanding and unpaid either as to principal or interest, or until discharge and satisfaction of the Series Z-2020 Bonds as provided in Section 12 hereof, shall be applicable to the Series Z-2020 Bonds, shall inure to the benefit of owners of the Series Z-2020 Bonds as if set out in full herein, and shall be fully enforceable by the owner of any Series Z-2020 Bond.

All references to "holder" or "holders" in the 1988 Resolution shall be deemed to include owners of the Series Z-2020 Bonds, and all references to "Bonds" in the 1988 Resolution shall be deemed to include the Series Z-2020 Bonds.

Section 10. Sale of Series Z-2020 Bonds.

(a) The Series Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 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, 2020, provided that such date is not later than twelve months from the dated date of such emission of Series Z-2020 Bonds;
- (4) establish and adjust the principal and interest payment dates and determine maturity or mandatory redemption amounts of the Series Z-2020 Bonds or any emission thereof, provided that (A) the total principal amount of all emissions of the Series Z-2020 Bonds does not exceed the total amount of Series Z-2020 Bonds authorized herein; (B) the final maturity date of each emission shall be not later than March 1, 2032; 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 Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 Bonds, providing for the purchase and sale of the Series Z-2020 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 Z-2020 Bonds, provided any such changes are not inconsistent with the terms of this Section. If the Underwriter does not intend to reoffer the Series Z-2020 Bonds to the public, then the Bond Purchase Agreement shall be conformed to reflect such intention. The form of the Series Z-2020 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 Z-2020 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 Z-2020 Bonds are sold at public sale, the Series Z-2020 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 Z-2020 Bond Proceeds. The proceeds of the sale of the Series Z-2020 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 Z-2020 Bonds on the first interest payment date following delivery of the Series Z-2020 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 Z-2020 Bonds. If there are any remaining proceeds of the Series Z-2020 Bonds after application as provided above, such remaining proceeds shall be used to pay principal and/or interest on the Series Z-2020 Bonds.

Section 12. Discharge and Satisfaction of Series Z-2020 Bonds. If KUB, on behalf of the City, shall pay and discharge the indebtedness evidenced by any of the Series Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 Bonds will not be used in a manner which will cause the Series Z-2020 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Series Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 Bonds. After the Series Z-2020 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 Z-2020 Bonds of a reasonable number of copies of the Official Statement within seven business days after the Series Z-2020 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 Z-2020 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 Z-2020 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 Z-2020 Bonds, an agreement for the benefit of and enforceable by the owners of the Series Z-2020 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 10th day of March, 2020.

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 10, 2020; 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 \$9,850,000 Gas System Revenue Refunding Bonds, Series Z-2020.

WITNESS my official signature and seal of the City of Knoxville, Tennessee, this ____ day of _____, 2020.

(seal)

City Recorder

EXHIBIT A

\$9,850,000
CITY OF KNOXVILLE, TENNESSEE
ACTING ON BEHALF OF KNOXVILLE UTILITIES BOARD
GAS SYSTEM REVENUE REFUNDING BONDS, SERIES Z-2020

BOND PURCHASE AGREEMENT

_____, 2020

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 _____, 2020.

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 \$9,850,000 aggregate principal amount of KUB's Gas System Revenue Refunding Bonds, Series Z-2020 (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 10, 2020, 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 Bonds, Series P-2010 (Federally Taxable Build America Bonds), dated December 8, 2010, maturing March 1, 2021 through March 1, 2032 (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 _____, 2020, 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 _____, 2020 (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 Z-2020, in the aggregate principal amount of \$9,850,000 (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 _____, 2020, 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

_____, 2020

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 \$9,850,000 Gas System Revenue Refunding Bonds, Series Z-2020

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 Bonds, Series P-2010 (Federally Taxable Build America Bonds), dated December 8, 2010, maturing March 1, 2021 through March 1, 2032.

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 _____ and _____ 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,

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
TWENTY-ONE MILLION AND NO/100 DOLLARS (\$21,000,000) OF
WATER SYSTEM REVENUE REFUNDING BONDS, SERIES JJ-2020.

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, 2020 are as follows:

<u>Series</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
W-2011	\$25,000,000	\$20,600,000
X-2012	\$10,050,000	\$ 6,460,000
Y-2013	\$ 9,285,000	\$ 7,730,000
Z-2013	\$25,000,000	\$21,600,000
AA-2014	\$ 8,000,000	\$ 7,100,000
BB-2015	\$23,005,000	\$20,035,000
CC-2015	\$20,000,000	\$18,025,000
DD-2016	\$25,000,000	\$23,225,000
EE-2016	\$20,875,000	\$19,585,000
FF-2017	\$ 5,310,000	\$ 3,900,000
GG-2017	\$20,000,000	\$19,025,000
HH-2018	\$19,995,000	\$19,090,000
II-2019	\$19,995,000	\$19,595,000

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 Bonds, Series W-2011, dated December 1, 2011, maturing March 1, 2021 through March 1, 2040 (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 State and Local 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 \$21,000,000 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 JJ-2020 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 Bonds, Series W-2011, dated December 1, 2011, maturing March 1, 2021 and thereafter to the extent, if any, not refunded with the proceeds of the Series JJ-2020 Bonds, the City's outstanding Water System Revenue Refunding Bonds, Series X-2012, dated April 20, 2012, maturing March 1, 2021 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series Y-2013, dated March 15, 2013, maturing

March 1, 2021 and thereafter, the City's outstanding Water System Revenue Bonds, Series Z-2013, dated October 1, 2013, maturing March 1, 2021 and thereafter, the City's outstanding Water System Revenue Bonds, Series AA-2014, dated September 18, 2014, maturing March 1, 2021 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series BB-2015, dated May 1, 2015, maturing March 1, 2021 and thereafter, the City's outstanding Water System Revenue Bonds, Series CC-2015, dated May 20, 2015, maturing March 1, 2021 and thereafter, the City's outstanding Water System Revenue Bonds, Series DD-2016, dated August 5, 2016, maturing March 1, 2021 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series EE-2016, dated August 5, 2016, maturing March 1, 2021 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series FF-2017, dated April 7, 2017, maturing March 1, 2021 and thereafter, the City's outstanding Water System Revenue Bonds, Series GG-2017, dated September 15, 2017, maturing March 1, 2021 and thereafter, the City's outstanding Water System Revenue Bonds, Series HH-2018, dated September 14, 2018, maturing March 1, 2021 and thereafter, and the City's outstanding Water System Revenue Bonds, Series II-2019, dated August 20, 2019, maturing March 1, 2021 and thereafter;

(m) "Parity Bonds" shall mean any bonds issued on a parity with the Series JJ-2020 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 Bonds, Series W-2011, dated December 1, 2011, maturing March 1, 2021 through March 1, 2040 that are selected for refunding pursuant to Section 10 hereof;

(o) "Registration Agent" shall mean the registration and paying agent for the Series JJ-2020 Bonds designated by the President and Chief Executive Officer of KUB, or any successor as designated by the Board;

(p) "Series JJ-2020 Bonds" shall mean the City's Water System Revenue Refunding Bonds, Series JJ-2020, 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 \$21,000,000;

(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 JJ-2020 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 JJ-2020 Bonds so that the Series JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 \$21,000,000. The Series JJ-2020 Bonds shall be issued in fully registered

form, without coupons, shall be known as "Water System Revenue Refunding Bonds, Series JJ-2020" 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 JJ-2020 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, 2020 or such later date as is permitted pursuant to Section 10 hereof. The Series JJ-2020 Bonds shall be initially issued in \$5,000 denominations or integral multiples thereof as shall be requested by the purchaser thereof. The Series JJ-2020 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, 2040. The final maturity schedule shall be established by the award resolution or certificate awarding the Series JJ-2020 Bonds to the successful purchaser thereof or in the Bond Purchase Agreement provided for in Section 10 if the Series JJ-2020 Bonds are sold by negotiated sale.

(b) Subject to adjustment pursuant to Section 10 hereof, the Series JJ-2020 Bonds maturing on or before March 1, 2029 shall mature without option of prior redemption, and the Series JJ-2020 Bonds maturing on and after March 1, 2030 shall be subject to redemption prior to maturity at the option of the City, acting through the Board, on or after March 1, 2029, 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 Bonds, or any successor Depository for the Series JJ-2020 Bonds, shall determine the interest of each Participant in the Series JJ-2020 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 JJ-2020 Bonds, the Series JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 Bonds, and the Registration Agent so appointed is authorized and directed to maintain Bond registration records with respect to the Series JJ-2020 Bonds, to authenticate and deliver the Series JJ-2020 Bonds as provided herein, either at original issuance, upon transfer, or as otherwise directed by the Board, to effect transfers of the Series JJ-2020 Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Series JJ-2020 Bonds as provided herein, to cancel and destroy the Series JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 Bonds, and all such payments shall discharge the obligations of KUB in respect of such Series JJ-2020 Bonds to the extent of the payments so made. Payment of principal of the Series JJ-2020 Bonds shall be made upon presentation and surrender of such Series JJ-2020 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 JJ-2020 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 JJ-2020 Bonds, payment of interest on such Series JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 Bonds when due.

(i) The Series JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Series JJ-2020 Bond or Series JJ-2020 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 JJ-2020 Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Series JJ-2020 Bond, nor to transfer or exchange any Series JJ-2020 Bond after notice calling such Series JJ-2020 Bond for redemption has been made, nor to transfer or exchange any Series JJ-2020 Bond during the period following the receipt of instructions from KUB to call such Series JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 Bonds shall be overdue. Series JJ-2020 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 JJ-2020 Bonds of the same maturity in any authorized denomination or denominations. This subsection shall be applicable only if the Series JJ-2020 Bonds are no longer held by a Depository, and as long as the Series JJ-2020 Bonds are held by a Depository, transfers of ownership interests in the Series JJ-2020 Bonds shall be governed by the rules of the Depository.

(j) Except as otherwise authorized herein, the Series JJ-2020 Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as the Depository for the Series JJ-2020 Bonds except as otherwise provided herein. References in this Section 5 to a Series JJ-2020 Bond or the Series JJ-2020 Bonds shall be construed to mean the Series JJ-2020 Bond or the Series JJ-2020 Bonds that are held under the Book-Entry System. One Bond for each maturity of the Series JJ-2020 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 JJ-2020 Bond will be immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Series JJ-2020 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 JJ-2020 Bonds. Beneficial ownership interests in the Series JJ-2020 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 JJ-2020 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 JJ-2020 Bonds. Transfers of ownership interests in the Series JJ-2020 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 JJ-2020 BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE SERIES JJ-2020 BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES JJ-2020 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 JJ-2020 Bonds, so long as DTC is the only owner of the Series JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 Bonds in the form of fully registered Series JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Series JJ-2020 Bond, or in lieu of and in substitution for such lost, stolen or destroyed Series JJ-2020 Bond, or if any such Series JJ-2020 Bond shall have matured or shall be about to mature, instead of issuing a substituted Series JJ-2020 Bond KUB may pay or authorize payment of such Series JJ-2020 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 JJ-2020 Bond, and indemnity satisfactory to KUB and the Registration Agent; and KUB may charge the applicant for the issue of such new Series JJ-2020 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 JJ-2020 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 JJ-2020 Bonds in exchange for Series JJ-2020 Bonds of the same principal amount delivered for transfer upon receipt of the Series JJ-2020 Bond(s) to be transferred in proper form with proper documentation as

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, 2029 shall mature without option of prior redemption. The Bonds maturing on March 1, 2030 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, 2029, 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 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 \$21,000,000 and issued by the City for the purpose of providing funds to refinance the outstanding principal amount of the City's outstanding Water System Revenue Bonds, Series W-2011, dated December 1, 2011, maturing March 1, 2021 through March 1, 2040 (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 Bonds, Series W-2011, dated December 1, 2011, maturing March 1, 2021 and thereafter to the extent, if any, not refunded with the proceeds of the Series JJ-2020 Bonds, the City's outstanding Water System Revenue Refunding Bonds, Series X-2012, dated April 20, 2012, maturing March 1, 2021 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series Y-2013, dated March 15, 2013, maturing March 1, 2021 and thereafter, the City's outstanding Water System Revenue Bonds, Series Z-2013, dated October 1, 2013, maturing March 1, 2021 and thereafter, the City's outstanding Water System Revenue Bonds, Series AA-2014, dated September 18, 2014, maturing March 1, 2021 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series BB-2015, dated May 1, 2015, maturing March 1, 2021 and thereafter, the City's outstanding Water System Revenue Bonds, Series CC-2015, dated May 20, 2015, maturing March 1, 2021 and thereafter, the City's outstanding Water System Revenue Bonds, Series DD-2016, dated August 5, 2016, maturing March 1, 2021 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series EE-2016, dated August 5, 2016, maturing March 1, 2021 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series FF-2017, dated April 7, 2017, maturing March 1, 2021 and thereafter, the City's outstanding Water System Revenue Bonds, Series GG-2017, dated September 15, 2017, maturing March 1, 2021 and thereafter, the City's outstanding Water System Revenue Bonds, Series HH-2018, dated September 14, 2018, maturing March 1, 2021 and thereafter, and the City's outstanding Water System Revenue Bonds, Series II-2019, dated August 20, 2019 and maturing March 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 her 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 Bonds shall be outstanding and unpaid either as to principal or interest, or until discharge and satisfaction of the Series JJ-2020 Bonds as provided in Section 12 hereof, shall be applicable to the Series JJ-2020 Bonds, shall inure to the benefit of owners of the Series JJ-2020 Bonds as if set out in full herein, and shall be fully enforceable by the owner of any Series JJ-2020 Bond.

All references to "holder" or "holders" in the 1954 Resolution shall be deemed to include owners of the Series JJ-2020 Bonds, and all references to "Bonds" in the 1954 Resolution shall be deemed to include the Series JJ-2020 Bonds.

Section 10. Sale of Series JJ-2020 Bonds.

(a) The Series JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 Bonds other than "Water System Revenue Refunding Bonds, Series JJ-2020";
- (3) change the first interest payment date to a date other than September 1, 2020, provided that such date is not later than twelve months from the dated date of such emission of Series JJ-2020 Bonds;
- (4) establish and adjust the principal and interest payment dates and determine maturity or mandatory redemption amounts of the Series JJ-2020 Bonds or any emission thereof, provided that (A) the total principal amount of all emissions of the Series JJ-2020 Bonds does not exceed the total amount of Series JJ-2020 Bonds authorized herein; (B) the final maturity date of each emission shall be not later than March 1, 2040; 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 Bonds, providing for the purchase and sale of the Series JJ-2020 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 JJ-2020 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 JJ-2020 Bonds to the public, then the Bond Purchase Agreement shall be conformed to reflect such intention. The form of the Series JJ-2020 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 JJ-2020 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 JJ-2020 Bonds are sold at public sale, the Series JJ-2020 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 JJ-2020 Bond Proceeds. The proceeds of the sale of the Series JJ-2020 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 JJ-2020 Bonds on the first interest payment date following delivery of the Series JJ-2020 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 JJ-2020 Bonds. If there are any remaining proceeds of the Series JJ-2020 Bonds after application as provided above, such remaining proceeds shall be used to pay principal and/or interest on the Series JJ-2020 Bonds.

Section 12. Discharge and Satisfaction of Series JJ-2020 Bonds. If KUB, on behalf of the City, shall pay and discharge the indebtedness evidenced by any of the Series JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 Bonds will not be used in a manner which will cause the Series JJ-2020 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Series JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 Bonds. After the Series JJ-2020 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 JJ-2020 Bonds of a reasonable number of copies of the Official Statement within seven business days after the Series JJ-2020 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 JJ-2020 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 JJ-2020 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 JJ-2020 Bonds, an agreement for the benefit of and enforceable by the owners of the Series JJ-2020 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 10th day of March, 2020.

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 10, 2020; 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 \$21,000,000 Water System Revenue Refunding Bonds, Series JJ-2020.

WITNESS my official signature and seal of the City of Knoxville, Tennessee, this ____ day of _____, 2020.

(seal)

City Recorder

EXHIBIT A

**\$21,000,000
CITY OF KNOXVILLE, TENNESSEE
ACTING ON BEHALF OF KNOXVILLE UTILITIES BOARD
WATER SYSTEM REVENUE REFUNDING BONDS, SERIES JJ-2020**

BOND PURCHASE AGREEMENT

_____, 2020

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 _____, 2020.

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 \$21,000,000 aggregate principal amount of KUB's Water System Revenue Refunding Bonds, Series JJ-2020 (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 10, 2020, 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 Bonds, Series W-2011, dated December 1, 2011, maturing March 1, 2021 through March 1, 2040 (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 _____, 2020, 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 _____, 2020 (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 JJ-2020, in the aggregate principal amount of \$21,000,000 (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 _____, 2020, 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

_____, 2020

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 \$21,000,000 Water System Revenue Refunding Bonds, Series JJ-2020

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 Bonds, Series W-2011, dated December 1, 2011, maturing March 1, 2021 through March 1, 2040.

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 _____ and _____ 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,

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 THIRTY MILLION FOUR HUNDRED
THOUSAND AND NO/100 DOLLARS (\$30,400,000) OF
WASTEWATER SYSTEM REVENUE REFUNDING BONDS, SERIES
2020A.

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, 2020, are as follows:

<u>Series</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
2010	\$ 30,000,000	\$ 30,000,000
2010C	\$ 70,000,000	\$ 60,050,000
2012A	\$ 17,070,000	\$ 11,800,000
2012B	\$ 65,000,000	\$ 59,325,000
2013A	\$113,340,000	\$109,800,000
2014A	\$ 30,000,000	\$ 27,800,000
2015A	\$129,825,000	\$121,390,000
2015B	\$ 30,000,000	\$ 28,000,000
2016	\$ 20,000,000	\$ 18,750,000
2017A	\$ 11,965,000	\$ 9,100,000
2017B	\$ 25,000,000	\$ 24,260,000
2018	\$ 12,000,000	\$ 11,720,000
2019	\$ 16,000,000	\$ 16,000,000

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 2010 (Federally Taxable Build America Bonds), dated February 10, 2010, maturing April 1, 2043 through April 1, 2045 (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 State and Local 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 \$30,400,000 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 2020A 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 2010 (Federally Taxable Build America Bonds), dated February 10, 2010, maturing April 1, 2043 and thereafter to the extent, if any, not refunded with the proceeds of the Series 2020A Bonds, its

outstanding Wastewater System Revenue Bonds, Series 2010C (Federally Taxable Build America Bonds), dated December 8, 2010, maturing April 1, 2020 and thereafter, its outstanding Wastewater System Revenue Refunding Bonds, Series 2012A, dated April 20, 2012, maturing April 1, 2020 and thereafter, its outstanding Wastewater System Revenue Bonds, Series 2012B, dated December 18, 2012, maturing April 1, 2020 and thereafter, its outstanding Wastewater System Revenue Refunding Bonds, Series 2013A, dated March 15, 2013, maturing April 1, 2020 and thereafter, its outstanding Wastewater System Revenue Bonds, Series 2014A, dated September 18, 2014, maturing April 1, 2020 and thereafter, its outstanding Wastewater System Revenue Refunding Bonds, Series 2015A, dated May 1, 2015, maturing April 1, 2020 and thereafter, its outstanding Wastewater System Revenue Bonds, Series 2015B, dated May 20, 2015, maturing April 1, 2020 and thereafter, its outstanding Wastewater System Revenue Bonds, Series 2016, dated August 5, 2016, maturing April 1, 2020 and thereafter, its outstanding Wastewater System Revenue Refunding Bonds, Series 2017A, dated April 7, 2017, maturing April 1, 2020 and thereafter, its outstanding Wastewater System Revenue Bonds, Series 2017B, dated September 15, 2017, maturing April 1, 2020 and thereafter, its outstanding Wastewater System Revenue Bonds, Series 2018, dated September 14, 2018, maturing April 1, 2020 and thereafter, and its outstanding Wastewater System Revenue Bonds, Series 2019, dated August 20, 2019, maturing April 1, 2020 and thereafter;

(m) "Parity Bonds" shall mean any bonds issued pursuant to the 1990 Resolution on a parity with the Series 2020A Bonds and the Outstanding Bonds;

(n) "Refunded Bonds" shall mean those portions of the City's outstanding Wastewater System Revenue Bonds, Series 2010 (Federally Taxable Build America Bonds), dated February 10, 2010, maturing April 1, 2043 through April 1, 2045 that are selected for refunding pursuant to Section 10 hereof;

(o) "Registration Agent" shall mean the registration and paying agent for the Series 2020A Bonds designated by the President and Chief Executive Officer of KUB, or any successor as designated by the Board;

(p) "Series 2020A Bonds" shall mean the City's Wastewater System Revenue Refunding Bonds, Series 2020A, 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 \$30,400,000;

(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 2020A 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 2020A Bonds so that the Series 2020A 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 2020A 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 2020A 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 2020A 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 \$30,400,000. The Series 2020A Bonds shall be issued in fully registered form, without coupons, shall be known as "Wastewater System Revenue Refunding Bonds, Series 2020A" 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 2020A 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, 2020 or such later date as is permitted pursuant to Section 10 hereof. The Series 2020A Bonds shall be initially issued in \$5,000 denominations or integral multiples thereof as shall be requested by the purchaser thereof. The Series 2020A 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, 2045. The final maturity schedule shall be established by the award resolution or certificate awarding the Series 2020A Bonds to the successful purchaser thereof or in the Bond Purchase Agreement provided for in Section 10 if the Series 2020A Bonds are sold by negotiated sale.

(b) Subject to adjustment pursuant to Section 10 hereof, the Series 2020A Bonds maturing on or before April 1, 2029 shall mature without option of prior redemption, and the Series 2020A Bonds maturing on and after April 1, 2030 shall be subject to redemption prior to maturity at the option of the City, acting through the Board, on or after April 1, 2029, 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series 2020A 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 2020A 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 2020A 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 2020A 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 2020A Bonds, or any successor Depository for the Series 2020A Bonds, shall determine the interest of each Participant in the Series 2020A 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 2020A Bonds, the Series 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A Bonds, and the Registration Agent so appointed is authorized and directed to maintain Bond registration records with respect to the Series 2020A Bonds, to authenticate and deliver the Series 2020A Bonds as provided herein, either at original issuance, upon transfer, or as otherwise directed by the Board, to effect transfers of the Series 2020A Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Series 2020A Bonds as provided herein, to cancel and destroy Series 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A Bonds, and all such payments shall discharge the obligations of KUB in respect of such Series 2020A Bonds to the extent of the payments so made. Payment of principal of the Series 2020A Bonds shall be made upon presentation and surrender of such registered Series 2020A 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 2020A 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 2020A Bonds, payment of interest on such Series 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A Bonds when due.

(i) The Series 2020A 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 2020A 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 2020A 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 2020A Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Series 2020A Bond or Series 2020A 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 2020A Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Series 2020A Bond, nor to transfer or exchange any Series 2020A Bond after notice calling such Series 2020A Bond for redemption has been made, nor to transfer or exchange any Series 2020A Bond during the period following the receipt of instructions from KUB to call such Series 2020A 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 2020A 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 2020A 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 2020A Bonds shall be overdue. Series 2020A 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 2020A Bonds of the same maturity in any authorized denomination or denominations. This subsection shall be applicable only if the Series 2020A Bonds are no longer held by a Depository, and as long as the Series 2020A Bonds are held by a Depository, transfers of ownership interests in the Series 2020A Bonds shall be governed by the rules of the Depository.

(j) Except as otherwise authorized herein, the Series 2020A Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as the Depository for the Series 2020A Bonds except as otherwise provided herein. References in this Section to a Series 2020A Bond or the Series 2020A Bonds shall be construed to mean the Series 2020A Bond or the Series 2020A Bonds that are held under the Book-Entry System. One Bond for each maturity of the Series 2020A 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 2020A Bond will be immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Series 2020A 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 2020A Bonds. Beneficial ownership interests in the Series 2020A 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 2020A 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 2020A Bonds. Transfers of ownership interests in the Series 2020A 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 2020A BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE SERIES 2020A BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND

INTEREST ON THE SERIES 2020A 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 2020A Bonds, so long as DTC is the only owner of the Series 2020A 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 2020A 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 2020A 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 2020A Bonds in the form of fully registered Series 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Series 2020A Bond, or in lieu of and in substitution for such lost, stolen or destroyed Series 2020A Bond, or if any such Series 2020A Bond shall have matured or shall be about to mature, instead of issuing a substituted Series 2020A Bond KUB may pay or authorize payment of such Series 2020A 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 2020A Bond, and indemnity satisfactory to KUB and the Registration Agent; and KUB may charge the applicant for the issue of such new Series 2020A 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 2020A 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

2020A Bonds in exchange for Series 2020A Bonds of the same principal amount delivered for transfer upon receipt of the Series 2020A Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Series 2020A 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 2020A 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 2020A Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Series 2020A Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Series 2020A Bonds and provision of notices with respect to Series 2020A 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 2020A 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 2020A 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 2020A 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 2020A Bonds shall have no recourse to the power of taxation of the City.

Section 7. Form of Series 2020A Bonds. The Series 2020A Bonds shall be in substantially the following form, the omissions to be appropriately completed when the Series 2020A Bonds are prepared and delivered:

(Form of Series 2020A Bond)			
REGISTERED Number _____		REGISTERED \$ _____	
UNITED STATES OF AMERICA STATE OF TENNESSEE COUNTY OF KNOX CITY OF KNOXVILLE WASTEWATER SYSTEM REVENUE REFUNDING BOND, SERIES 2020A			
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, 2020, 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, 2029 shall mature without option of prior redemption. The Bonds maturing on April 1, 2030 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, 2029, 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 \$30,400,000 and issued by the City for the purpose of providing funds to refinance the outstanding principal amount of the City's outstanding Wastewater System Revenue Bonds, Series 2010 (Federally Taxable Build America Bonds), dated February 10, 2010, maturing April 1, 2043 through April 1, 2045 (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 2010 (Federally Taxable Build America Bonds), dated February 10, 2010, maturing April 1, 2043 and thereafter to the extent, if any, not refunded with the proceeds of the Series 2020A Bonds, the City's outstanding Wastewater System Revenue Bonds, Series 2010C (Federally Taxable Build America Bonds), dated December 8, 2010, maturing April 1, 2020 and thereafter, the City's outstanding Wastewater System Revenue Refunding Bonds, Series 2012A, dated April 20, 2012, maturing April 1, 2020 and thereafter, the City's outstanding Wastewater System Revenue Refunding Bonds, Series 2013A, dated March 15, 2013, maturing April 1, 2020 and thereafter, the City's outstanding Wastewater System Revenue Bonds, Series 2014A, dated September 18, 2014, maturing April 1, 2020 and thereafter, the City's outstanding Wastewater System Revenue Refunding Bonds, Series 2015A, dated May 1, 2015, maturing April 1, 2020 and thereafter, the City's outstanding Wastewater System Revenue Bonds, Series 2015B, dated May 20, 2015, maturing April 1, 2020 and thereafter, the City's outstanding Wastewater System Revenue Bonds, Series 2016, dated August 5, 2016, maturing April 1, 2020 and thereafter, the City's outstanding Wastewater System Revenue Refunding Bonds, Series 2017A, dated April 7, 2017, maturing April 1, 2020 and thereafter, the City's outstanding Wastewater System Revenue Bonds, Series 2017B, dated September 15, 2017, maturing April 1, 2020 and thereafter, the City's outstanding Wastewater System Revenue Bonds, Series 2018, dated September 14, 2018, maturing April 1, 2020 and thereafter, and the City's outstanding Wastewater System Revenue Bonds, Series 2019, dated August 20, 2019, maturing April 1, 2020 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 her 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 2020A 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 2020A 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 2020A 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 2020A Bonds shall be Outstanding and unpaid either as to principal or interest, or until discharge and satisfaction of the Series 2020A Bonds as provided in Section 12 hereof, shall be applicable to the Series 2020A Bonds, shall inure to the benefit of owners of the Series 2020A Bonds as if set out in full herein, and shall be fully enforceable by the owner of any Series 2020A Bond.

All references to "holder" or "holders" in the 1990 Resolution shall be deemed to include owners of the Series 2020A Bonds, and all references to "Bonds" in the 1990 Resolution shall be deemed to include the Series 2020A Bonds.

Section 10. Sale of Series 2020A Bonds.

(a) The Series 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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, 2020, provided that such date is not later than twelve months from the dated date of such emission of Series 2020A Bonds;
- (4) establish and adjust the principal and interest payment dates and determine maturity or mandatory redemption amounts of the Series 2020A Bonds or any emission thereof, provided that (A) the total principal amount of all emissions of the Series 2020A Bonds does not exceed the total amount of Series 2020A Bonds authorized herein; (B) the final maturity date of each emission shall be not later than April 1, 2045; 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 2020A 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 2020A 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 2020A 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 2020A Bonds, providing for the purchase and sale of the Series 2020A 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 2020A Bonds, provided any such changes are not inconsistent with the terms of this Section. If the Underwriter does not intend to reoffer the Series 2020A Bonds to the public, then the Bond Purchase Agreement shall be conformed to reflect such intention. The form of the Series 2020A 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 2020A 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 2020A Bonds are sold at public sale, the Series 2020A 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 2020A Bond Proceeds. The proceeds of the sale of the Series 2020A 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 2020A Bonds on the first interest payment date following delivery of the Series 2020A 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 2020A Bonds. If there are any remaining proceeds of the Series 2020A Bonds after application as provided above, such remaining proceeds shall be used to pay principal and/or interest on the Series 2020A Bonds.

Section 12. Discharge and Satisfaction of Series 2020A Bonds. The Series 2020A 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 2020A 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 2020A 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 2020A 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 2020A 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 2020A Bonds will not be used in a manner which will cause the Series 2020A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Series 2020A 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 2020A 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 2020A 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 2020A Bonds. After the Series 2020A 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 2020A Bonds of a reasonable number of copies of the Official Statement within seven business days after the Series 2020A 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 2020A 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 2020A 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 2020A Bonds, an agreement for the benefit of and enforceable by the owners of the Series 2020A 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 10th day of March, 2020.

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 10, 2020; 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 \$30,400,000 Wastewater Revenue Refunding Bonds, Series 2020A.

WITNESS my official signature and seal of the City of Knoxville, Tennessee, this ____ day of _____, 2020.

(seal)

City Recorder

EXHIBIT A

\$30,400,0000
CITY OF KNOXVILLE, TENNESSEE
ACTING ON BEHALF OF KNOXVILLE UTILITIES BOARD
WASTEWATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2020A

BOND PURCHASE AGREEMENT

_____, 2020

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 _____, 2020.

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 \$30,400,0000 aggregate principal amount of KUB's Wastewater System Revenue Refunding Bonds, Series 2020A (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 10, 2020, 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 2010 (Federally Taxable Build America Bonds), dated February 10, 2010, maturing April 1, 2043 through April 1, 2045 ("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 _____, 2020, 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 _____, 2020 (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 2020A, in the aggregate principal amount of \$30,400,0000 (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 _____, 2020, 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

_____, 2020

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 \$30,400,000 Wastewater System Revenue Refunding Bonds, Series 2020A

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 2010 (Federally Taxable Build America Bonds), dated February 10, 2010, maturing April 1, 2043 through April 1, 2045.

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 _____ and _____ 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,

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