

**Knoxville Utilities Board
Board Meeting
Minutes
Thursday, November 21, 2019 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, November 21, 2019, pursuant to the public notice published in the January 5, 2019, 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, Celeste Herbert, Sara Pinnell, Adrienne Simpson-Brown, Tyvi Small, and John Worden.

Commissioner Absent: None

Approval of Minutes

The Minutes of the October 17, 2019 Board Meeting were approved as distributed upon a motion by Commissioner Herbert and seconded by Commissioner Small.

Old Business

None

New Business

Resolution 1404, A Resolution Requesting City Council Approval of the Engagement of Coulter & Justus to Provide Audit Services to the Knoxville Utilities Board for a Three-Year Term Beginning with Audits to be Performed in 2020

President Gabriel Bolas reminded the Board the KUB Charter requires the Board to hire an independent accountant to audit KUB's financial records and further requires that the accountant be approved by City Council. He recognized Chris Hood, Controller, to provide the details of Resolution 1404 for their consideration.

President Bolas recommended adoption of Resolution 1404 on first and final reading. His written recommendation is included in Attachment 1.

November 21, 2019

Upon a motion by Commissioner Askew and a second by Commissioner Pinnell, Resolution 1404 was adopted by a roll call vote on first reading. The following Commissioners voted "aye": Askew, Hamilton, Herbert, Pinnell, Simpson-Brown, Small, and Worden. No Commissioner voted "nay".

Resolution 1405, A Resolution Authorizing the Execution of a Natural Gas Supply Contract with Tennergy Corporation, an Energy Acquisition Corporation for a Term of up to Thirty-One (31) Years

President Bolas advised the Board that the Board has previously provided staff contracting guidelines for procurement of natural gas. KUB has been offered an opportunity to purchase natural gas at a substantial discount to market pricing. The offer requires a long-term purchase commitment that exceeds our contracting guidelines. He recognized Mike Bolin, Vice President of Utility Advancement, to review the details of Resolution 1405.

President Bolas recommended adoption of Resolution 1405 on first and final reading. His written recommendation is included in Attachment 2.

Ken Minault, a member of the public, commented on the resolution.

Upon a motion by Commissioner Herbert and a second by Commissioner Small, Resolution 1405 was adopted by a roll call vote on first reading. The following Commissioners voted "aye": Askew, Hamilton, Herbert, Pinnell, Simpson-Brown, Small, and Worden. No Commissioner voted "nay".

Resolution 1406, A Resolution Authorizing the Execution of an Agreement to Convey Gas Facilities – Emory Vista Subdivision in Anderson County, Tennessee with Powell Clinch Utility District

President Bolas advised the Board that KUB has been in recent discussions with Powell Clinch Utility District regarding the transfer of KUB natural gas customers that reside in Anderson County. He recognized Jamie Davis, Director of Grid Modernization, to provide the details of the proposed transfer.

President Bolas recommended adoption of Resolution 1406 on first and final reading. His written recommendation is included in Attachment 3.

Upon a motion by Commissioner Simpson-Brown and a second by Commissioner Herbert, Resolution 1406 was adopted by a roll call vote on first reading. The following Commissioners voted "aye": Askew, Hamilton, Herbert, Pinnell, Simpson-Brown, Small, and Worden. No Commissioner voted "nay".

November 21, 2019

President's Report

10-Year Plan Financial Discussion

President Bolas reminded Commissioners that several months ago staff shared a new rate forecast for the next three years. That forecast is part of a larger 10-year financial plan. He recognized Mark Walker, Senior Vice President and Chief Financial Officer, for a discussion about the long-range financial plan for each system.

Smart Thermostat Pilot

President Bolas advised Commissioners that KUB is excited to be partnering with TVA in offering a smart thermostat pilot program for our customers. He recognized Mike Bolin, Vice President of Utility Advancement, to provide the details of the program.

National Organization for Workforce Diversity Award

President Bolas advised Commissioners that KUB received an award recently from the National Organization for Workforce Diversity. He recognized Elba Marshall, Director of Corporate Services, to share the details.

Other Business

None

Public Comment

Ron Shrieves – 3228 Whispering Oaks Drive – Knoxville, TN 37938

Axel Ringe – 1840 Lafayette Road – New Market, TN 37820

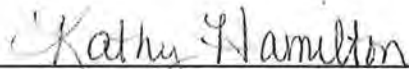
Kent Minault – 311 Glenwood Avenue – Knoxville, TN 37917

Jon Coffee – 3808 Papermill Square, Apt. A – Knoxville, TN 37909


November 21, 2019

Adjournment

There being nothing further to come before the Board, Chair Hamilton declared the meeting adjourned at 1:25 p.m.



Kathy Hamilton, Chair



Mark Walker, Board Secretary

Attachments

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Attachment 1	Recommendation Letter and Resolution 1404 – A Resolution Requesting City Council Approval of the Engagement of Coulter & Justus to Provide Audit Services to the Knoxville Utilities Board for a Three-Year Term Beginning with Audits to be Performed in 2020	9600 – 9603
Attachment 2	Recommendation Letter and Resolution 1405 – A Resolution Authorizing the Execution of a Natural Gas Supply Contract with Tennergy Corporation, an Energy Acquisition Corporation for a Term of up to Thirty-One (31) Years	9604 – 9655
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Knoxville Utilities Board

November 15, 2019

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

Commissioners:

The KUB Charter requires the KUB Board to hire an independent accountant to audit KUB financial records and further requires that the accountant be approved by City Council. In addition, the Board's bylaws state that it is the duty of the Board's Audit and Finance Committee ("Committee") to make recommendations to the Board regarding the selection and engagement of outside auditors.

The completion of the FY 2019 Audit this past fall by Coulter & Justus marked the final year of a five-year engagement as KUB's auditor. Coulter & Justus has provided the Committee with a proposal to extend the KUB engagement for an additional three years. The Committee determined it would be appropriate to extend the duration of Coulter & Justus' engagement with KUB based on the professional nature of their services and the knowledge that the firm has gained of KUB's financial operations over the past five years.

Following a review of the proposal, the Committee voted unanimously to recommend that, subject to City Council approval, the KUB Board hire Coulter & Justus to provide audit services to KUB for a three-year term beginning with audits to be performed in 2020. Resolution 1404 has been prepared approving the selection of Coulter & Justus and requesting City Council approval of the Board's selection. I recommend adoption of Resolution 1404 on first and final reading.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Gabriel Bolas II', written in a cursive style.

Gabriel J. Bolas II
President and CEO

Enclosures

RESOLUTION NO. 1404

A Resolution Requesting City Council Approval of the Engagement of Coulter & Justus to Provide Audit Services to the Knoxville Utilities Board for a Three-Year Term Beginning with Audits to be Performed in 2020

Whereas, KUB's Charter, Section 1107(B), requires that an independent certified professional accountant shall be employed by the Knoxville Utilities Board of Commissioners (the "Board") to make such audits and reports as the Board may deem necessary; and

Whereas, the Charter further requires that the accountant to be employed shall be approved by the Council of the City of Knoxville ("City Council"); and

Whereas, KUB has received a proposal from Coulter & Justus for professional audit services and the Board's Audit and Finance Committee has reviewed the proposal and has unanimously recommended that the Board hire the firm of Coulter & Justus to provide audit services to KUB for a three-year term beginning with audits to be performed in 2020; and

Whereas, the Board finds that it is in the best interest of KUB and its customers that the firm of Coulter & Justus be hired to provide audit services to KUB for a three-year term beginning with audits to be performed in 2020; and

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

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE KNOXVILLE UTILITIES BOARD:

Section 1. That by adoption of this Resolution, the Board requests that City Council adopt the Proposed Resolution approving the selection of Coulter & Justus to provide audit services to KUB for a three-year term beginning with audits to be performed in 2020.

Section 2. That subject to the approval of City Council, the Board authorizes the President and CEO or his designee to execute an agreement for the engagement of Coulter & Justus to provide audit services to KUB for a three-year term beginning with audits to be performed in 2020.

Section 3. That this Resolution shall take affect from and after its adoption.

K. Hamilton/s
Kathy Hamilton, Chair

M. Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: 11-21-19
EFFECTIVE DATE: 11-21-19
MINUTE BOOK 41 PAGE 9601-9603

A Resolution of the Council of the City of Knoxville Approving the Selection of the Accounting Firm of Coulter & Justus to Provide Audit Services to the Knoxville Utilities Board for a Three-Year Term Beginning with Audits to be Performed in 2020, As Required by the Legislative Act Creating the Knoxville Utilities Board

Whereas, KUB's Charter, Section 1107(B), requires that an independent certified professional accountant shall be employed by the Knoxville Utilities Board of Commissioners (the "Board") to make such audits and reports as the Board may deem necessary; and

Whereas, the Charter further requires that the accountant to be employed shall be approved by the Council of the City of Knoxville ("City Council"); and

Whereas, KUB has received a proposal from Coulter & Justus for professional audit services and the Board's Audit and Finance Committee reviewed the proposal and unanimously recommended that the Board hire the firm of Coulter & Justus to provide audit services to KUB for a three-year term beginning with audits to be performed in 2020; and

Whereas, the Board, by adoption of KUB Resolution 1404 finds that it is in the best interest of KUB and its customers that the firm of Coulter & Justus be hired to provide audit services to KUB for a three-year term beginning with audits to be performed in 2020 and has requested City Council approval of its selection; and

Whereas, it is in the interest of the citizens and residents of the City of Knoxville and KUB's customers that City Council approve the selection of Coulter & Justus to provide audit services to KUB for a three-year term beginning with audits to be performed in 2020.

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

Section 1: That the selection of the accounting firm of Coulter & Justus to provide audit services to KUB for a three-year term beginning with audits to be performed in 2020 is hereby approved.

Section 2: That this Resolution shall become effective from and after its passage, the welfare of the City requiring it.

Mayor

City Recorder



Knoxville Utilities Board

November 15, 2019

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

Commissioners:

As you know, KUB purchases natural gas from multiple suppliers to meet the demands of its gas system customers. KUB's contracts with natural gas suppliers typically have terms ranging from one to three years.

Energy Acquisition Corporations, as provided for in Tennessee state law, may contract with municipalities to provide natural gas supply on a long-term basis offering significant price discounts, due to the longer contract term.

Tennergy Corporation, an Energy Acquisition Corporation registered in Tennessee, has offered KUB a long-term supply contract of up to 31 years with an initial period guaranteed price discount to the market price of natural gas of \$0.30 per dekatherm. Under the terms of the contract, the price discount would be recalculated every five to seven years, and if the price discount does not meet a certain threshold, then KUB can forego participation in the contract for that period of the contract. The supply amount, an average of 2,800 dekatherms per day, represents about 10 percent of KUB's annual gas supply requirements.

As the term of the proposed supplier contract exceeds the natural gas purchasing and contracting authority delegated to the President and CEO, Board approval is required for KUB to enter into this natural gas supply contract with Tennergy Corporation.

Resolution 1405 authorizes the execution of a natural gas supply contract with Tennergy Corporation for a term of up to 31 years. A draft of the resolution and supplier contract are enclosed for your information. I recommend adoption of Resolution 1405 on first and final reading.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Gabriel Bolas'.

Gabriel J. Bolas II
President and CEO

Enclosures

RESOLUTION NO. 1405

A Resolution Authorizing the Execution of a Natural Gas Supply Contract with Tennergy Corporation, An Energy Acquisition Corporation for a Term of up to Thirty-One (31) Years

Whereas, Knoxville Utilities Board ("KUB") operates a natural gas distribution utility which serves residential, commercial, and industrial customers; and

Whereas, the Knoxville Utilities Board of Commissioners ("Board") previously authorized Resolution 1387 authorizing the purchase, sale, transportation, and storage of natural gas; and

Whereas, the acquisition of secure, reliable and economic supplies of natural gas are necessary for the prudent and businesslike operation of the utility, the economic growth and development of the community, and the promotion of the public health, safety and welfare; and

Whereas, certain long-term supply contracts offering significant price discounts may, due to the longer contract term, exceed the purchasing authority granted to KUB's President and CEO, and therefore require the Board's approval; and

Whereas, TCA section 7-39-316 provides that municipalities have the power, acting by resolution of its governing body, to purchase, by contract or other agreement, natural gas from an energy acquisition corporation; and

Whereas, TCA section 7-39-102 provides that Governing body means, with respect to a municipality, any board, commission, or other instrumentality of such municipality having jurisdiction, control and management of the gas distribution system of that municipality; and

Whereas, TCA section 7-39-318 provides that the authority and powers granted may be exercised in accordance with this chapter, notwithstanding any other requirements, restrictions, or procedural provisions contained in general law, private act or home rule charter, and

Whereas, Tennergy Corporation, An Energy Acquisition Corporation is an energy acquisition corporation registered with the state of Tennessee and desires to offer a long-term gas supply contract with significant price discounts; and

Whereas, KUB's Board of Commissioners as a governing body desires for KUB to enter into a Gas Supply Contract with Tennergy Corporation, An Energy Acquisition Corporation, and is authorized to do so pursuant of TCA 7-39-316; and

Whereas, the Board has determined, upon recommendation from KUB staff, that it is in the best interest of KUB and its customers to enter into such a contract.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE KNOXVILLE UTILITIES BOARD:

Section 1. That this Board approves the execution and delivery of the Gas Supply Contract ("Contract"), for a term no longer than 31 years, in substantially the form attached to this Resolution as conditioned upon an initial bond period guaranteed discount to the market price of gas of \$0.30 per Dekatherm, pursuant to which KUB will agree to purchase an average of 2,800 Dth per day of natural gas, such deliveries to be made on the dates, at the volumes and prices set forth in the Contract.

Section 2. The President and CEO and the CFO are hereby authorized to execute such closing documents or certificates which may be required in connection with the execution and delivery of the Contract or carry out the intent and purpose of this Resolution.

Section 3. If the Contract with Tennergy Corporation, An Energy Acquisition Corporation is not fully executed by both parties by June 30, 2020, the authority granted in Section 2 shall expire.

Section 4. That this Resolution shall take effect from and after its passage.

K. Hamilton/s
Kathy Hamilton, Chair

M. Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: 11-21-19
EFFECTIVE DATE: 11-21-19
MINUTE BOOK 41 PAGE 9605-9655

GAS SUPPLY CONTRACT

between

TENNERGY CORPORATION, AN ENERGY ACQUISITION CORPORATION

and

[PARTICIPANT]

Dated as of [____], 2019

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- Exhibit A - Gas Delivery Points; Contract Quantities
- Exhibit B - Notices
- Exhibit C - Remarketing Election Notice
- Exhibit D - Federal Tax Certificate
- Exhibit E - Form of Opinion of Counsel to Purchaser
- Exhibit F - Monthly Discount
- Exhibit G - Form of Opinion of Counsel to Issuer
- Exhibit H - Form of Closing Certificate

GAS SUPPLY CONTRACT

This Gas Supply Contract (this "Agreement") is made and entered into as of [____], 2019 (the "Execution Date"), by and between Tennergy Corporation, An Energy Acquisition Corporation, a public corporation and public instrumentality of its associated municipalities and of the State of Tennessee organized under the Energy Acquisition Corporations Act ("Issuer") and [____], a [____] ("Purchaser").

WITNESSETH:

WHEREAS, Issuer has planned and developed a project to acquire long-term Gas supplies from Morgan Stanley Energy Structuring, L.L.C. ("MSES") pursuant to a Prepaid Commodity Sales Agreement (as amended, restated, supplemented or otherwise modified from time to time, the "Prepaid Agreement") to meet a portion of the Gas supply requirements of Purchaser through a commodity prepayment project through the Commodity Project; and

WHEREAS, Issuer will finance the prepayment under the Prepaid Agreement, and the other costs of, the Commodity Project by issuing the Bonds; and

WHEREAS, as a condition precedent to the effectiveness of the Parties' obligations under this Agreement, Issuer shall have entered into the Prepaid Agreement and shall have issued the Bonds.

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Issuer and Purchaser (the "Parties" hereto; each is a "Party") agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Defined Terms. The following terms, when used in this Agreement and identified by the capitalization of the first letter thereof, have the respective meanings set forth below, unless the context otherwise requires:

"Administrative Fee" means 0.05/MMBtu.

"Affiliate" means, with respect to either Party, any entity which is a direct or indirect parent or subsidiary of such Party or which directly or indirectly (i) owns or controls such Party, (ii) is owned or controlled by such Party, or (iii) is under common ownership or control with such Party. For purposes of this definition, "control" of an entity means the power, directly or indirectly, either to (a) vote 50% or more of the securities having ordinary voting power for the election of directors or Persons performing similar functions or (b) direct or cause the direction of the management and policies, whether by contract or otherwise.

“Agreement” has the meaning specified in the preamble and shall include exhibits, recitals and attachments referenced herein and attached hereto and all amendments, supplements and modifications hereto and thereto.

“Alternate Gas Delivery Point” has the meaning specified in Section 5.1(a).

“Annual Refund” means the annual refund, if any, provided to Purchaser and calculated pursuant to the procedures specified in Section 3.2(b).

“Applicable Rating Agencies” means, at any given time, each Rating Agency then rating the Bonds.

“Available Discount” means, for each Reset Period, the amount, expressed in cents per MMBtu (rounded down to the nearest one-half cent), determined by the Calculation Agent pursuant to the Re-Pricing Agreement for such Reset Period. The Available Discount shall equal the sum of the Monthly Discount and any anticipated Annual Refunds for the applicable Reset Period.

“Billing Date” has the meaning specified in Section 14.1(b).

“Billing Statement” has the meaning specified in Section 14.1(b).

“Bond Closing Date” means the first date on which the Bonds are issued pursuant to the Bond Indenture.

“Bond Indenture” means (i) the Trust Indenture to be entered into prior to the commencement of the Delivery Period between Issuer and the Trustee, as supplemented and amended from time to time in accordance with its terms, and (ii) any trust indenture entered into in connection with the commencement of any Interest Rate Period after the initial Interest Rate Period between Issuer and the Trustee containing substantially the same terms as the indenture described in clause (i) and which is intended to replace the indenture described in clause (i) as of the commencement of such Interest Rate Period.

“Bonds” means the bonds issued pursuant to the Bond Indenture.

“Btu” means one (1) British thermal unit, the amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit at sixty (60) degrees Fahrenheit, and is the International Btu. The reporting basis for Btu is 14.73 psia and sixty (60) degrees Fahrenheit, *provided*, however, that the definition of Btu as determined by the operator of the relevant Gas Delivery Point shall be deemed conclusive in accordance with [Article VI of the Prepaid Agreement]; and *provided*, further, that in the event of an inconsistency in the definition of “Btu” between this definition and the definition of “Btu” in the Prepaid Agreement, the definition in the Prepaid Agreement shall apply.

“Business Day” means any day other than (i) a Saturday or Sunday, (ii) a Federal Reserve Bank Holiday, (iii) any other day on which commercial banks in either New York, New York or the State of Tennessee are authorized or required by Law to close, or (iv) any other day excluded pursuant to the Bond Indenture.

[“Calculation Agent” has the meaning specified in the Re-Pricing Agreement.]

“Claiming Party” has the meaning specified in Section 11.1.

“Claims” means all claims or actions, threatened or filed, that directly or indirectly relate to the indemnities provided herein, and the resulting losses, damages, expenses, attorneys’ fees, experts’ fees, and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commercially Reasonable” or “Commercially Reasonable Efforts” means, with respect to any purchase or sale or other action required to be made, attempted or taken by a Party under this Agreement, such efforts as a reasonably prudent Person would undertake for the protection of its own interest under the conditions affecting such purchase or sale or other action, including without limitation, the amount of notice of the need to take such action, the duration and type of the purchase or sale or other action, the competitive environment in which such purchase or sale or other action occurs, and the risk to the Party required to take such action.

[“Commodity Project” has the meaning specified in the Bond Indenture.]

“Contract Index Price” has the meaning specified on Exhibit A for each Gas Delivery Point.

“Contract Price” means, during the Delivery Period for each Month of Gas deliveries and each Gas Delivery Point, the Contract Index Price for such Gas Delivery Point for such Month less the Monthly Discount.

“Contract Quantity” means, during the Delivery Period for each Gas Day and each Gas Delivery Point, the daily quantity of Gas (in MMBtu) shown on Exhibit A for such Gas Delivery Point for the Month in which such Gas Day occurs.

“CPT” means Central Daylight Saving Time when such time is applicable and otherwise means Central Standard Time.

“Critical Notice” has the meaning specified in Section 5.2(b).

“Default Rate” means, as of any date of determination, the lesser of (a) the sum of (i) the rate of interest per annum quoted in The Wall Street Journal (Eastern Edition) under the “Money Rates” section as the “Prime Rate” for such date of determination, plus (ii) one percent per annum, or (b) if a maximum rate is imposed by applicable Law, such maximum lawful rate.

“Delivering Transporter” means the Transporter delivering Gas at a Gas Delivery Point.

“Delivery Period” means the period beginning on [____], 2019 and ending on [____], 20[____]; provided that the Delivery Period shall end immediately upon the effective

termination date of the Prepaid Agreement or early termination of this Agreement pursuant to Article XVII hereof.

“Execution Date” has the meaning specified in the preamble.

“Federal Tax Certificate” means the executed Federal Tax Certificate delivered by Purchaser in the form attached as Exhibit D.

“Firm” means, with respect to service on any pipeline system or at any storage facility relating to any Contract Quantity, that the pipeline or storage provider providing such service may interrupt its performance without liability only to the extent that such performance is prevented for reasons of Force Majeure with respect to such party asserting Force Majeure.

“Force Majeure” means an event or circumstance which prevents one Party from performing its obligations under this Agreement, which event or circumstance was not anticipated as of the Execution Date, which is not within the reasonable control of, or the result of the negligence of, the Claiming Party, and which, by the exercise of due diligence, the Claiming Party is unable to overcome or avoid or cause to be avoided. Force Majeure shall include, but not be limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption and/or curtailment of Firm transportation and/or storage by Transporters (*provided* that, if the affected Party is using interruptible or secondary Firm transportation, only if primary, in-path, Firm transportation is also curtailed by the same event, or if the relevant Transporter does not curtail based on path, if primary Firm transportation is also curtailed); (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections, wars or acts of terror; (v) governmental actions such as necessity for compliance with any Law promulgated by a Government Agency having jurisdiction; and (vi) any invocation of Force Majeure by MSES under the Prepaid Agreement. Notwithstanding the foregoing, neither Party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary Firm transportation unless primary, in-path, Firm transportation is also curtailed; (ii) the Party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; (iii) economic hardship, to include, without limitation, Issuer’s ability to sell Gas at a higher or more advantageous price, Purchaser’s ability to purchase Gas at a lower or more advantageous price, or a Government Agency disallowing, in whole or in part, the pass through of costs resulting from this Agreement; (iv) the loss of Purchaser’s market(s) or Purchaser’s inability to use or resell Gas purchased under this Agreement, except, in either case, as provided in the foregoing definition of Force Majeure; or (v) the loss or failure of Issuer’s Gas supply or depletion of reserves, except, in either case, as provided in the foregoing definition of Force Majeure. Purchaser shall not be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any action taken by Purchaser in its governmental capacity. The Party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.

“Gas” shall mean any mixture of hydrocarbons and noncombustible gases in a gaseous state consisting primarily of methane.

“Gas Day” means a period of twenty-four (24) consecutive hours, beginning at 9:00 a.m. CPT and ending at 8:59 a.m. CPT.

“Gas Delivery Point” has the meaning specified in Section 5.1(a).

“Government Agency” means the United States of America, any state thereof, any municipality, or any local jurisdiction, or any political subdivision of any of the foregoing, including, but not limited to, courts, administrative bodies, departments, commissions, boards, bureaus, agencies, or instrumentalities.

“Imbalance Charges” means any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter’s balancing and/or nomination requirements based on such Transporter’s applicable pipeline tariff.

“Indemnifying Party” has the meaning specified in Section 5.3(b).

“Initial Reset Period” means the period beginning on [____], 2019 and ending on [____], 20[____].

[“Interest Rate Period” has the meaning specified in the Bond Indenture.]

“Issuer” has the meaning specified in the preamble.

“Issuer Default” has the meaning specified in Section 17.1.

“Law” means any statute, law, rule or regulation or any judicial or administrative interpretation thereof, including any court order, having the effect of the foregoing enacted, promulgated, or issued by a Government Agency whether in effect as of the Execution Date or at any time in the future.

“LPT” means CPT.

“Minimum Discount” means \$[____]/MMBtu for the Initial Reset Period, and thereafter an amount no less than \$[____]/MMBtu. Both amounts are inclusive of any projected Annual Refund and are prior to payment of the Project Administration Fee.

“MMBtu” means one million (1,000,000) Btu.

“Month” means, during the Delivery Period, the period beginning at 9:00 a.m. CPT on the first day of a calendar month and ending at 8:59:59 a.m. CPT on the first day of the next calendar month. The term “Monthly” shall be construed accordingly.

“Monthly Discount” means (i) for the Initial Reset Period, an amount (when taken together with any Annual Refund) that is not less than the Minimum Discount and is specified in Exhibit F, which Exhibit F shall be provided by Issuer to Purchaser on the Bond Closing Date, and

(ii) for each subsequent Reset Period, a portion of the Available Discount for such Reset Period determined by the Calculation Agent pursuant to the Re-Pricing Agreement and set forth in an updated Exhibit F provided by Issuer after such determination.

“MSES” has the meaning specified in the recitals.

“Municipal Utility” means any Person that (i) is a “governmental person” as defined in the implementing regulations under Section 141 of the Code and any successor provision, (ii) owns a gas distribution utility (or provides natural gas at wholesale to, or that is sold to entities that provide gas at wholesale to, governmental Persons that own such utilities), and (iii) agrees in writing to use the Gas purchased by it (or cause such as to be used) for a qualifying use as defined in U.S. Treas. Reg. § 1.148-1(e)(2)(iii).

“Party” has the meaning specified in the preamble.

“Person” means any individual, corporation, partnership, joint venture, trust, unincorporated organization or Government Agency.

“Potential Remarketing Event” has the meaning specified in Section 3.3(b).

“Prepaid Agreement” has the meaning specified in the recitals.

“Primary Gas Delivery Point” has the meaning specified in Section 5.1(a).

“Priority Gas” means the Contract Quantity of Gas to be purchased by Purchaser under this Agreement, together with Gas that (i) Purchaser is obligated to take under a long-term agreement, which Gas either have been purchased (or has been produced from Gas reserves in the ground which reserves were purchased) by Purchaser or a joint action agency using the proceeds of bonds, notes, or other obligations, the interest on which is excluded from income for federal income tax purposes pursuant to a long-term prepaid gas purchase agreement.

“Project Administration Fee” means the monthly fee payable by Purchaser as described in Section 3.2(b).

[“Project Participant” has the meaning specified in the Bond Indenture.]

“Purchaser” has the meaning specified in the preamble.

“Purchaser Default” has the meaning specified in Section 17.2.

“Purchaser’s Statement” has the meaning specified in Section 14.1(a).

“Qualifying Use Requirements” means, with respect to any Gas delivered under this Agreement, such Gas is used (i) for a “qualifying use” as defined in U.S. Treas. Reg. § 1.148-1(e)(2)(iii), (ii) in a manner that will not result in any “private business use” within the meaning of Section 141 of the Code, and (iii) in a manner that is consistent with the Federal Tax Certificate attached as Exhibit D.

[“Rating Agency” has the meaning specified in the Bond Indenture.]

“Re-Pricing Agreement” means the Re-Pricing Agreement, dated as of the Bond Closing Date, by and between Issuer and MSES.

“Receiving Transporter” means the Transporter taking Gas at a Gas Delivery Point, or absent such Transporter, the Transporter delivering Gas at such Gas Delivery Point.

“Remarketing Election Deadline” means, for any Reset Period, the last date and time by which the Purchaser may provide a Remarketing Election Notice, which shall be 4:00 p.m. LPT on the 10th day of the Month (or, if such day is not a Business Day, the next succeeding Business Day) prior to the first delivery Month of a Reset Period with respect to which a Potential Remarketing Event has occurred.

“Remarketing Election Notice” has the meaning specified in Section 3.3(b).

“Replacement Gas” means Gas purchased by Purchaser to replace any Shortfall Quantity *provided* that such Gas (i) is purchased for delivery on the Gas Day to which such Shortfall Quantity relates or (ii) is purchased for delivery in the Month such Shortfall Quantity arises.

“Replacement Gas Price” means, with respect to any Shortfall Quantity for Gas, the price (in \$/MMBtu) at which Purchaser, acting in a Commercially Reasonable manner, purchases Replacement Gas for delivery at the Gas Delivery Point, subject to the final sentence of this definition, in respect of such Shortfall Quantity, including (i) costs reasonably incurred by Purchaser in purchasing such substitute Gas (including, but not limited to, any fees, charges, penalties or other costs payable by Purchaser as a result of purchasing such substitute Gas that must be delivered to Purchaser), and (ii) any transportation costs (including storage withdrawal and injection costs, which may include liquefaction and vaporization costs for stored liquefied natural gas). The Replacement Gas Price for any Shortfall Quantity shall not include any administrative or other internal costs incurred by Purchaser and shall be limited to a price that is Commercially Reasonable with respect to the timing and manner of purchase given (i) what constitutes a price reasonable for the delivery area, (ii) the amount of notice provided by Issuer, (iii) the immediacy of Purchaser’s Gas consumption needs, as applicable, (iv) the quantities involved, (v) the anticipated length of failure by Issuer and (vi) Purchaser’s obligation to mitigate Issuer’s damages pursuant to Section 4.1(d). In no event shall the Replacement Gas Price include any penalties or similar charges, *provided* that Imbalance Charges may be recovered under Section 5.2(d).

“Reset Period” means each “Reset Period” under the Re-Pricing Agreement.

“Reset Period Notice” has the meaning specified in Section 3.3(a).

“Schedule”, “Scheduled” or “Scheduling” means the actions of Issuer, Purchaser and/or their designated representatives of notifying, requesting and confirming to each other the quantity of Gas to be delivered during any given portion of the Delivery Period at a specified Gas Delivery Point.

“Shortfall Quantity” has the meaning specified in Section 4.1(a).

“Transporter(s)” means all Gas gathering or pipeline companies, or local distribution companies acting in the capacity of a transporter, transporting Gas for Issuer or Purchaser upstream or downstream, respectively, of the Gas Delivery Point.

“Trustee” means [____], and its successors as Trustee under the Bond Indenture.

“Utility Revenues” means all charges received for, and all other income and receipts derived by Purchaser from, the operation of Purchaser’s gas utility system, or arising from Purchaser’s gas utility system, including income derived from the sale or use of gas distributed by any facilities of Purchaser’s gas utility system, together with any receipts derived from the sale of any property pertaining to Purchaser’s gas utility system or incidental to the operation of Purchaser’s gas utility system or from any services performed by Purchaser in connection with or incidental to Purchaser’s gas utility system, or from any other source whatsoever directly or indirectly derived from Purchaser’s gas utility system, but exclusive in every case of any moneys derived from the levy or collection of taxes upon any taxable property within the jurisdictional boundaries of Purchaser.

“Voided Remarketing Election Notice” has the meaning specified in Section 3.3(b).

Section 1.2 Definitions; Interpretation. References to “Articles,” “Sections,” “Schedules” and “Exhibits” shall be to Articles, Sections, Schedules and Exhibits, as the case may be, of this Agreement unless otherwise specifically provided. Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect. Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. The use herein of the word “include” or “including”, when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not nonlimiting language (such as “without limitation” or “but not limited to” or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter. Any reference herein to any agreement or document includes all amendments, supplements or restatements to and of such agreement or document as may occur from time to time.

ARTICLE II

EXECUTION DATE AND DELIVERY PERIOD; NATURE OF COMMODITY PROJECT

Section 2.1 Execution Date; Delivery Period. Unless this Agreement is terminated pursuant to Article XVII, delivery of Gas under this Agreement shall commence and continue for the Delivery Period.

Section 2.2 Termination Due to Failure to Issue Bonds or Provide Minimum Discount. Each Party shall have a right to terminate this Agreement with the effect that this Agreement shall be of no further force or effect and the Parties shall have no rights or obligations hereunder if (a)

the Bonds are not issued on or before [____], 2019, or (b) Issuer notifies Purchaser that the expected Available Discount for the Initial Reset Period is less than the Minimum Discount.

Section 2.3 Nature of Commodity Project. Purchaser acknowledges and agrees that Issuer will meet its obligations to provide Gas to Purchaser under this Agreement exclusively through its purchase of long-term supplies of Gas from MSES pursuant to the Commodity Project and that Issuer is financing its purchase of such long-term supplies through the issuance of the Bonds.

Section 2.4 Pledge of this Agreement. Purchaser acknowledges and agrees that Issuer will pledge its right, title, and interest under this Agreement and the revenues to be received under this Agreement (other than the revenues attributable to the Project Administration Fee) to secure Issuer's obligations under the Bond Indenture.

ARTICLE III SALE AND PURCHASE

Section 3.1 Sale and Purchase of Gas. On each Gas Day during the Delivery Period, Issuer agrees to sell and deliver or cause to be delivered to Purchaser, and Purchaser agrees to purchase and take or cause to be taken from Issuer, in each case, on a Firm basis, the Contract Quantity of Gas pursuant to the terms and conditions set forth in this Agreement.

Section 3.2 Pricing.

(a) For each MMBtu of Gas delivered to Purchaser at the Gas Delivery Point, Purchaser shall pay Issuer the applicable Contract Price.

(b) Issuer shall bill and Purchaser shall pay each Month, as part of the Billing Statement described in Article XIV, a "Project Administration Fee" equal to the product of (i) the Contract Quantity for the Month of Gas deliveries, (ii) the number of Gas Days in such Month, and (iii) \$0.03.

(c) During the term of this Agreement, promptly following completion of the annual audit of Issuer's financial statements at the end of each fiscal year (currently the twelve-month period ending June 30), Issuer shall compare its revenues (as determined in accordance with the Bond Indenture) and expenses under the Commodity Project for that fiscal year. For purposes of such annual comparison, Issuer's expenses shall include: (a) its expenses incurred in obtaining Commodity supply under the Commodity Project; (b) its administrative, legal, and accounting expenses directly incurred in connection with or properly allocable to the Commodity Project, including the administration of this Agreement and all other contracts for the sale of Commodity obtained under the Commodity Project; (c) debt service on the Bonds, including payments under any interest rate swap or hedge agreement; (d) any replenishment of draws made upon any working capital fund associated with the Commodity Project; (e) any deposits required to be made by Issuer into any debt service reserve or other reserve or contingency fund or funds established with respect to the Bonds; (f) any fees or other amounts due to any provider of credit support for the Bonds; (g) payments under any commodity price swap or hedge agreement entered into in connection with the Commodity Project; and (h) any other similar costs and expenses. If this annual comparison demonstrates that such revenues exceeded such expenses during the applicable fiscal year and

there are amounts on deposit in the fund established by the Bond Indenture available for such purpose, then Issuer shall make refunds to Purchaser and the other Project Participants in the amount available after making allowances for any necessary and appropriate reserves and contingencies (as provided in the foregoing clause (e)), including but not limited to amounts deemed reasonably necessary by Issuer to fund any working capital reserve and to reserve or account for unfunded liabilities, including future sinking fund or other principal amortization of the Bonds. The amount available for refund shall be allocated among and paid annually to Purchaser and the other Project Participants in proportion to their respective purchases for such fiscal year. As of the Execution Date, the projected Annual Refund for the Initial Period is [\$0.0x] per MMBtu.

Section 3.3 Reset Period Remarketing.

(a) Reset Period Notice. For each Reset Period, Issuer shall provide to Purchaser, at least ten (10) days prior to the Remarketing Election Deadline, formal written notice setting forth (i) the duration of such Reset Period, (ii) the [Estimated Available Discount (as defined in the Re-Pricing Agreement)] for such Reset Period, and (iii) the applicable Remarketing Election Deadline (a "Reset Period Notice"). Issuer may thereafter update such notice at any time prior to the Remarketing Election Deadline and may extend the Remarketing Election Deadline in its sole discretion in any such update.

(b) Remarketing Election. If the Reset Period Notice (or any update thereto) indicates that the Available Discount in such notice is not at least equal to the Minimum Discount for that Reset Period, then: (i) a "Potential Remarketing Event" shall be deemed to exist, and (ii) Purchaser may, not later than the Remarketing Election Deadline, issue a written notice in the form attached hereto as Exhibit C (a "Remarketing Election Notice") to Issuer, MSES and the Trustee electing for all of Purchaser's Gas that would otherwise be delivered hereunder to be remarketed during the applicable Reset Period; *provided*, however, if the actual Available Discount, as finally determined under the Re-Pricing Agreement, is equal to or greater than the Minimum Discount, then Issuer may, in its sole discretion, elect by written notice to Purchaser to treat such Remarketing Election Notice as void (a "Voided Remarketing Election Notice"). If Purchaser issues a valid Remarketing Election Notice (other than a Voided Remarketing Election Notice), then Purchaser shall have no rights or obligations to take any Gas hereunder or to receive any Annual Refund attributable to the applicable Reset Period.

(c) Final Determination of Available Discount. The Parties acknowledge and agree that the final Available Discount for any Reset Period following the Initial Reset Period will be determined on the applicable [Re-Pricing Date (as defined in the Re-Pricing Agreement)], and that such Available Discount may differ from the estimate or estimates of such Available Discount provided to Purchaser prior to the applicable Remarketing Election Deadline; *provided* that the Available Discount for any Reset Period will not be less than the lesser of (i) the last [Estimated Available Discount (as defined in the Re-Pricing Agreement)] set forth in the Reset Period Notice (or any update thereof) sent by Issuer, and (ii) the Minimum Discount applicable to such Reset Period.

(d) Resumption of Deliveries. Notwithstanding the issuance of any Remarketing Election Notice for a Reset Period, Purchaser will remain obligated to purchase the

Contract Quantities hereunder for each subsequent Reset Period, unless Purchaser issues a new valid Remarketing Election Notice (other than a Voided Remarketing Election Notice) for any such Reset Period in accordance with Section 3.3(b).

(e) Reduction of Contract Quantity. The Parties recognize and agree that the Contract Quantity may be reduced in a Reset Period pursuant to the re-pricing methodology described in the Re-Pricing Agreement if necessary to achieve a successful remarketing of the Bonds. The Parties agree further that if, pursuant to the Re-Pricing Agreement, Issuer and the Calculation Agent (as defined therein) determine in connection with the establishment of any new Reset Period that: (i) such Reset Period will be the final Reset Period and (ii) such Reset Period will end prior to the end of the original Delivery Period, then (A) Issuer will notify Purchaser, (B) the Delivery Period will be deemed to be modified so that it ends at the end of such Reset Period, and (C) the Contract Quantity for the last Month in such Reset Period may be reduced as provided in the Re-Pricing Agreement.

ARTICLE IV FAILURE TO DELIVER OR TAKE COMMODITIES

Section 4.1 Issuer's Failure to Deliver the Contract Quantity (Not Due to Force Majeure).

(a) If, on any Gas Day during the Delivery Period, Issuer breaches its obligation to deliver all or any portion of the Contract Quantity at any Gas Delivery Point pursuant to the terms of this Agreement, then the portion of the Contract Quantity that Issuer failed to deliver shall be a "Shortfall Quantity" and Purchaser shall exercise Commercially Reasonable Efforts to purchase Replacement Gas.

(b) To the extent Purchaser actually purchases Replacement Gas with respect to any Shortfall Quantity, then Issuer shall pay to Purchaser the result determined by the following formula:

$$P = Q \times (RP - CP + AF)$$

Where:

P = The amount payable by Issuer under this Section 4.1(b);

Q = The quantity of Replacement Gas;

RP = The Replacement Gas Price;

CP = The Contract Price that would have applied to such Gas;
and

AF = The Administrative Fee.

(c) Purchaser shall monitor nominations and deliveries of Gas to be delivered to Purchaser at each Gas Delivery Point and shall promptly notify Issuer upon becoming aware that such nominations or deliveries might result in a Shortfall Quantity with respect to such Gas Delivery Point.

(d) Purchaser shall exercise Commercially Reasonable Efforts to mitigate Issuer's damages paid hereunder, *provided* that such Commercially Reasonable Efforts shall not require Purchaser to utilize or change its utilization of its owned or controlled assets or market positions to minimize Issuer's liability.

(e) Imbalance Charges for Gas shall not be recovered under this Section 4.1, but rather in accordance with Section 5.2(d).

Section 4.2 Purchaser's Failure to Take the Contract Quantity (Not Due to Force Majeure). If, on any Gas Day during the Delivery Period, Purchaser breaches its obligation to take all or any portion of the Contract Quantity at any Gas Delivery Point pursuant to the terms of this Agreement, then Purchaser shall remain obligated to pay Issuer the Contract Price for the Contract Quantity. Issuer shall credit to Purchaser's account any net revenues Issuer may receive from MSES under the Prepaid Agreement in connection with the ultimate sale of any such Gas by MSES pursuant to Exhibit C of the Prepaid Agreement, up to the Contract Price.

Section 4.3 Sole Remedies. Except with respect to the payment of Imbalance Charges pursuant to Section 5.2(d), the remedies set forth in this Article IV shall be each Party's sole and exclusive remedies for any failure by the other Party to deliver or take Gas, as applicable, pursuant to this Agreement.

Section 4.4 Make-up Delivery in Lieu of Payment. The Parties may mutually agree to make up all or a portion of the Daily Contract Quantity not delivered or taken by increasing deliveries and takes over the remainder of the month in which such failure occurred.

ARTICLE V TRANSPORTATION AND DELIVERY; COMMUNICATIONS

Section 5.1 Gas Delivery Point.

(a) All Gas delivered under this Agreement shall be delivered and received (i) at the delivery point[s] specified in Exhibit A (the "Primary Gas Delivery Point"), or (ii) to any other point (an "Alternate Gas Delivery Point") that has been mutually agreed upon by Purchaser and Issuer (the Primary Gas Delivery Point or Alternate Gas Delivery Point, if specified, each being a "Gas Delivery Point").

(b) The Contract Index Price for each Alternate Gas Delivery Point, as applicable, shall be the price mutually agreed upon and identified by the Parties, or if no such price is identified for such Alternate Gas Delivery Point, the price shall be the Contract Index Price for such Alternate Gas Delivery Point, as applicable, specified on Exhibit A for the Primary Gas Delivery Point from which quantities are being shifted to such Alternate Gas Delivery Point.

Section 5.2 Responsibility for Transportation and Related Provisions.

(a) Issuer shall obtain and pay for all processing, gathering, and transportation necessary for delivery of the Contract Quantity to each Gas Delivery Point. Purchaser shall obtain or cause to be obtained and pay for all transportation necessary to receive the Contract Quantity at each Gas Delivery Point and to transport the Contract Quantity from each Gas Delivery Point.

(b) Should either Party receive an operational flow order or other order or notice from a Transporter requiring action to be taken in connection with the Gas flowing under this Agreement (a “Critical Notice”), such Party shall notify or cause the notification of the other Party of the Critical Notice and provide or cause to be provided to the other Party a copy of same by electronic mail, or facsimile if requested, within a Commercially Reasonable timeframe. The Parties shall exercise Commercially Reasonable Efforts required by the Critical Notice within the time prescribed by the applicable Transporter. Each Party shall, in accordance with the procedures set forth in Section 18.1, indemnify, defend and hold harmless the other Party from any Claims associated with any Critical Notice (i) of which the indemnifying Party failed to give the indemnified Party the notice required under this Agreement or (ii) under which the indemnifying Party failed to take the action required by the Critical Notice within the time prescribed, *provided* the notice from the indemnified Party was timely delivered.

(c) Unless otherwise agreed by the Parties or required by the Receiving Transporter and Delivering Transporter, Issuer shall nominate, schedule and deliver, and Purchaser shall nominate, schedule and take, the Contract Quantity of Gas (deemed ratable) during the Delivery Period at each Gas Delivery Point in accordance with the requirements of the Receiving Transporter and Delivering Transporter at such Gas Delivery Point.

(d) The Parties shall use Commercially Reasonable Efforts to avoid the imposition of any Imbalance Charges. If Purchaser or Issuer receives an invoice from a Transporter that includes Imbalance Charges related to the obligations of either Party under this Agreement, the Parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of Purchaser’s taking of quantities of Gas greater than or less than the Contract Quantity at any Gas Delivery Point, then Purchaser shall pay for such Imbalance Charges or reimburse Issuer for such Imbalance Charges paid by Issuer. If the Imbalance Charges were incurred as a result of Issuer’s delivery of quantities of Gas greater than or less than the Contract Quantities at any Gas Delivery Point, then Issuer shall pay for such Imbalance Charges or reimburse Purchaser for such Imbalance Charges paid by Purchaser.

Section 5.3 Title and Risk of Loss.

(a) Title to Gas delivered under this Agreement and risk of loss shall pass from Issuer to Purchaser at the Gas Delivery Point.

(b) As between the Parties, Issuer shall be deemed to be in exclusive control and possession of the Gas delivered under this Agreement, and responsible for any damage or injury caused thereby, prior to the time such Gas has been delivered to Purchaser at the Gas Delivery Point. After delivery of Gas to Purchaser at the Gas Delivery Point, Purchaser shall be deemed to be in exclusive control and possession thereof and responsible for any injury or damage caused thereby. Each Party (each, an “Indemnifying Party”) assumes all liability for and, subject to the provisions of Section 18.1, shall indemnify, defend and hold harmless the other Party from

any Claims, including death of Persons, arising from any act or incident occurring when title to Gas is vested in the Indemnifying Party.

Section 5.4 Communications Protocol. Purchaser and Issuer may at any time agree to Schedule Gas deliveries pursuant to the communications protocols set forth in Exhibit G-1 to the Prepaid Agreement.

ARTICLE VI GAS QUALITY AND MEASUREMENT

Purchaser shall not be required to accept Gas delivered by Issuer that does not meet the pressure, quality and heat content requirements of the Receiving Transporter as detailed in the applicable pipeline tariff. Purchaser's sole and exclusive remedy against Issuer with respect to any Gas that fails to meet such pressure, quality and heat content requirements shall be the right to reject non-conforming Gas and to receive payment under Article IV. If such rejected Gas meets the pressure, quality and heat content requirements of the Delivering Transporter, but does not meet such requirements of the Receiving Transporter, any such rejection by Purchaser and failure to deliver by Issuer shall be deemed to be excused by Force Majeure. For the avoidance of doubt, the provisions of Article XI shall apply to any such event of Force Majeure. If such rejected Gas does not meet such requirements of either the Receiving Transporter or the Delivering Transporter, Issuer shall be deemed to have failed to deliver any such Gas that is properly rejected. The unit of quantity measurement for Gas for purposes of this Agreement shall be one MMBtu dry. Measurement of Gas quantities under this Agreement shall be in accordance with the established procedures of the operator of the applicable Gas Delivery Point. With respect to any measurement of Gas delivered or received under this Agreement at any Gas Delivery Point, the measurement of such Gas (including the definition of Btu used in making such measurement) by the operator of such Gas Delivery Point shall be deemed to be conclusive; *provided*, however, if the operator of such Gas Delivery Point revises its measurement statements for Gas, such revision shall be effective as the measurement of Gas for the purposes of this Agreement and may be corrected pursuant to Section 14.5. If the operator of such Gas Delivery Point measures Gas in terms of dekatherms, one dekatherm (as determined by such operator) will be deemed to equal to one MMBtu for purposes of this Agreement.

ARTICLE VII USE OF GAS

Section 7.1 Tax Exempt Status of the Bonds. Purchaser acknowledges that the Bonds will be issued with the intention that the interest thereon will be exempt from federal taxes under Section 103 of the Code. Accordingly, Purchaser agrees that it will (a) provide such information with respect to its utility system as may be requested by Issuer in order to establish the tax-exempt status of the Bonds, and (b) act in accordance with such written instructions as Issuer may provide from time to time in order to maintain the tax-exempt status of the Bonds. Purchaser further agrees that it will not at any time take any action, or fail to take any action, that would adversely affect the tax-exempt status of the Bonds.

Section 7.2 Priority Gas. Purchaser agrees to take the Contract Quantities to be delivered under this Agreement (a) in priority over and in preference to all other Gas available to

Purchaser that are not Priority Gas; and (b) on at least a pari passu and non-discriminatory basis with other Priority Gas.

Section 7.3 Assistance with Sales to Third Parties. If, notwithstanding Purchaser's compliance with Section 7.1, Purchaser does not require or is unable to receive all or any portion of the Contract Quantity that it is obligated to purchase under this Agreement as a result of (i) decreased Gas requirements due to reduced generation requirements during the Delivery Period, or (ii) decreased demand by Purchaser's retail customers, Issuer shall, upon reasonable notice from Purchaser, use Commercially Reasonable Efforts, to the extent permitted in the Prepaid Agreement, to arrange for the sale of such quantities by MSES (A) to another Municipal Utility, or (B) if necessary, to another purchaser. If Issuer succeeds in arranging such a sale by MSES, Issuer shall credit against the amount owed by Purchaser for such Contract Quantities the amount received by Issuer from MSES for such sales less all directly incurred costs or expenses, including but not limited to remarketing administrative charges paid to MSES under the Prepaid Agreement, but in no event shall the amount of such credit be more than the Contract Price.

Section 7.4 Qualifying Use. Without limiting Purchaser's other obligations under this Article VII, Purchaser agrees that it will use all of the Gas purchased under this Agreement in compliance with the Qualifying Use Requirements. Purchaser agrees that it will provide such additional information, records and certificates as Issuer may reasonably request to confirm Purchaser's compliance with this Section 7.4.

ARTICLE VIII REPRESENTATIONS AND WARRANTIES; ADDITIONAL COVENANTS

Section 8.1 Representations and Warranties of Parties. As a material inducement to entering into this Agreement, each Party, with respect to itself, hereby represents and warrants to the other Party as of the Execution Date as follows:

(a) For Issuer as the representing Party, Issuer is a public corporation and public instrumentality of its associated municipalities and of the State of Tennessee organized under the Energy Acquisition Corporations Act;

(b) For Purchaser as the representing Party, Purchaser is a [_____] duly organized and validly existing under the laws of the State of [_____];

(c) it has all requisite power and authority to conduct its business, to own its properties and to execute, deliver and perform its obligations under this Agreement;

(d) there is no litigation, action, suit, proceeding or investigation pending or, to the best of such Party's knowledge, threatened, before or by any Government Agency, which could reasonably be expected to materially and adversely affect the performance by such Party of its obligations under this Agreement or that questions the validity, binding effect or enforceability hereof, any action taken or to be taken by such Party pursuant hereto, or any of the transactions contemplated hereby;

(e) the execution, delivery and performance of this Agreement by such Party have been duly authorized by all necessary action on the part of such Party and do not require any

approval or consent of any security holder of such Party or any holder (or any trustee for any holder) of any indebtedness or other obligation of such Party;

(f) this Agreement has been duly executed and delivered on behalf of such Party by an appropriate officer or authorized Person of such Party and constitutes the legal, valid and binding obligation of such Party, enforceable against it in accordance with its terms, as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar Laws affecting creditors' rights generally and by general principles of equity;

(g) the execution, delivery and performance of this Agreement by such Party shall not violate any provision of any Law, decree or other legal or regulatory determination applicable to it;

(h) the execution, delivery and performance by such Party of this Agreement, and the consummation of the transactions contemplated hereby, including the incurrence by such Party of its financial obligations under this Agreement, shall not result in any violation of any term of any material contract or agreement applicable to it, or any of its charter or bylaws or of any license, permit, franchise, judgment, writ, injunction or regulation, decree, order, charter, Law or ordinance applicable to it or any of its properties or to any obligations incurred by it or by which it or any of its properties or obligations are bound or affected, or of any determination or award of any arbitrator applicable to it, and shall not conflict with, or cause a breach of, or default under, any such term or result in the creation of any lien upon any of its properties or assets, except with respect to Issuer, the lien of the Bond Indenture;

(i) to the best of the knowledge and belief of such Party, no consent, approval, order or authorization of, or registration, declaration or filing with, or giving of notice to, obtaining of any license or permit from, or taking of any other action with respect to, any Government Agency is required in connection with the valid authorization, execution, delivery and performance by such Party of this Agreement or the consummation of any of the transactions contemplated hereby other than those that have been obtained; and

(j) it enters this Agreement as a bona-fide, arm's-length transaction involving the mutual exchange of consideration and, once executed by both Parties, considers this Agreement a legally enforceable contract.

Section 8.2 Warranty of Title. Issuer warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold under this Agreement and delivered by it to Purchaser, free and clear of all liens, encumbrances, and claims. Issuer assumes all liability for and, subject to the provisions of Section 18.1, shall indemnify, defend and hold harmless Purchaser from any Claims arising from breach of this warranty.

Section 8.3 Disclaimer of Warranties. EXCEPT FOR THE WARRANTIES EXPRESSLY MADE BY ISSUER IN THIS ARTICLE VIII, ISSUER HEREBY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Section 8.4 Continuing Disclosure. Purchaser agrees to provide to Issuer: (a) such financial and operating information as may be requested by Issuer including its most recent audited

financial statements for use in Issuer's offering documents for the Bonds; and (b) annual updates to such information and statements to enable Issuer to comply with its continuing disclosure undertakings under Rule 15(c)2-12 of the United States Securities and Exchange Commission. Failure by Purchaser to comply with its agreement to provide such annual updates shall not be a default under this Agreement, but any such failure shall entitle Issuer or an owner of the Bonds to take such actions and to initiate such proceedings as may be necessary and appropriate to cause Purchaser to comply with such agreement, including without limitation the remedies of mandamus and specific performance.

ARTICLE IX TAXES

Issuer shall (i) be responsible for all ad valorem, excise, severance, production and other taxes assessed with respect to Gas delivered pursuant to this Agreement upstream of the Gas Delivery Point, and (ii) indemnify Purchaser and its Affiliates for any such taxes paid by Purchaser or its Affiliates. Purchaser shall (i) be responsible for all such taxes assessed at or downstream of the Gas Delivery Point, and (ii), subject to the provisions of Section 18.1, shall indemnify Issuer and its Affiliates for any such taxes paid by Issuer or its Affiliates.

ARTICLE X JURISDICTION; WAIVER OF JURY TRIAL

Section 10.1 Consent to Jurisdiction. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST EITHER PARTY ARISING OUT OF OR RELATING HERETO SHALL BE BROUGHT EXCLUSIVELY IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE WESTERN DISTRICT OF TENNESSEE AND OTHERWISE, IF SUCH COURTS LACK JURISDICTION, THEN IN THE COURTS OF THE STATE OF TENNESSEE. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH PARTY AGREES THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE PARTY AT ITS ADDRESS PROVIDED IN ACCORDANCE WITH ARTICLE XVI; AGREES THAT SERVICE AS PROVIDED ABOVE IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER THE PARTY IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT.

Section 10.2 Waiver of Jury Trial. EACH OF THE PARTIES HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING UNDER THIS AGREEMENT. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS AGREEMENT, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH PARTY ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. EACH

PARTY FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 10.2 AND EXECUTED BY EACH OF THE PARTIES), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS HERETO. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY A COURT.

ARTICLE XI FORCE MAJEURE

Section 11.1 Applicability of Force Majeure. To the extent either Party is prevented by Force Majeure from carrying out, in whole or part, its obligations under this Agreement and such Party (the "Claiming Party") gives notice and details of the Force Majeure to the other Party as soon as practicable, then the Claiming Party shall be excused from the performance of its obligations with respect to this Agreement (other than the obligation to make payments then due or becoming due with respect to performance prior to the Force Majeure). The Claiming Party shall mitigate the Force Majeure with all reasonable dispatch. For the duration of the Claiming Party's non-performance (and only for such period), the non-Claiming Party shall not be required to perform or resume performance of its obligations to the Claiming Party corresponding to the obligations of the Claiming Party excused by Force Majeure.

Section 11.2 Settlement of Labor Disputes. Notwithstanding anything to the contrary herein, the Parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the Party experiencing such disturbance, and the failure of a Party to settle such strikes, lockouts or other industrial disturbances shall not prevent the existence of Force Majeure or of reasonable dispatch to remedy the same.

ARTICLE XII GOVERNMENTAL RULES AND REGULATIONS

Section 12.1 Compliance with Laws. This Agreement shall be subject to all present and future Laws of any Government Agency having jurisdiction, and neither Party has knowingly undertaken or will knowingly undertake or knowingly cause to be undertaken any activity that would conflict with such Laws; *provided*, however, that nothing herein shall be construed to restrict or limit either Party's right to object to or contest any such Law, or its application to this Agreement or the transactions undertaken hereunder, and neither acquiescence therein or compliance therewith for any period of time shall be construed as a waiver of such right.

Section 12.2 Contests. Excluding all matters involving a contractual dispute between the Parties, no Party shall contest, cause to be contested or in any way actively support the contest of the equity, fairness, reasonableness or lawfulness of any terms or conditions set forth or established pursuant to this Agreement, as those terms or conditions may be at issue before any Government

Agency in any proceeding, if the successful result of such contest would be to preclude or excuse the performance of this Agreement by either Party.

Section 12.3 Defense of Agreement. Excluding all matters involving a contractual dispute between the Parties, each Party shall hereafter defend and support this Agreement before any Government Agency in any proceeding, if the substance, validity or enforceability of all or any part of this Agreement is hereafter directly challenged or if any proposed changes in regulatory practices or procedures would have the effect of making this Agreement invalid or unenforceable or would otherwise materially affect the rights or obligations of the Parties under this Agreement.

ARTICLE XIII ASSIGNMENT

The terms and provisions of this Agreement shall extend to and be binding upon the Parties and their respective successors, assigns, and legal representatives; *provided*, however, that, subject to Section 18.14, neither Party may assign this Agreement or its rights and interests, in whole or in part, under this Agreement without the prior written consent of the other Party. Prior to assigning this Agreement, Purchaser shall deliver to Issuer (i) written confirmation from each of the Applicable Rating Agencies, *provided* that such agency has rated and continues to rate the Bonds, that the assignment will not result in a reduction, qualification, or withdrawal of the then-current ratings assigned by the Applicable Rating Agencies to the Bonds; or (ii) written confirmation from each of the Applicable Rating Agencies, that the assignee has an outstanding long-term senior, unsecured, unenhanced debt rating equivalent to or higher than the ratings assigned by the Applicable Rating Agencies to the Bonds. Whenever an assignment or a transfer of a Party's interest in this Agreement is requested to be made with the written consent of the other Party, the assigning or transferring Party's assignee or transferee shall expressly agree to assume, in writing, the duties and obligations under this Agreement of the assigning or transferring Party. Upon the agreement of a Party to any such assignment or transfer, the assigning or transferring Party shall furnish or cause to be furnished to the other Party a true and correct copy of such assignment or transfer and assumption of duties and obligations.

ARTICLE XIV PAYMENTS

Section 14.1 Monthly Statements.

(a) No later than the 5th day of each Month during the Delivery Period (excluding the first Month of the Delivery Period) and the first Month following the end of the Delivery Period, Purchaser shall deliver to Issuer, if applicable, a statement (a "Purchaser's Statement") listing (i) in respect of any Replacement Gas, the quantity and Replacement Gas Price applicable to such purchase, and (ii) any other amounts due to Purchaser in connection with this Agreement with respect to the prior Month(s).

(b) No later than the 10th day of each Month during the Delivery Period (excluding the first Month of the Delivery Period) and the first Month following the end of the Delivery Period (the "Billing Date"), Issuer shall deliver a statement (a "Billing Statement") to Purchaser indicating (i) the total amount due to Issuer for Gas delivered in the prior Month, (ii)

any other amounts due to Issuer or Purchaser in connection with this Agreement with respect to the prior Month(s), and (iii) the net amount due to Issuer or Purchaser. If the actual quantity delivered is not known by the Billing Date, Issuer may provisionally prepare a Billing Statement based on Issuer's best available knowledge of the quantity of Gas delivered, which shall not exceed the sum of the Contract Quantity of all the Gas Days in such Month. The invoiced quantity and amounts paid thereon (with interest calculated on the amount overpaid or underpaid by Purchaser at the Default Rate) will then be adjusted on the following Month's Billing Statement, as actual delivery information becomes available based on the actual quantity delivered.

(c) Upon request by either Party, the other Party shall deliver such supporting documentation of the foregoing as such requesting Party may reasonably request.

Section 14.2 Payment.

(a) If the Billing Statement indicates an amount due from Purchaser, then Purchaser shall remit such amount to the Trustee for the benefit of the Issuer by wire transfer (pursuant to the Trustee's instructions), in immediately available funds, on or before the 20th day of the Month following the most recent Month to which such Billing Statement relates, or if such day is not a Business Day, the preceding Business Day. If the Billing Statement indicates an amount due from Issuer, then Issuer shall remit such amount to Purchaser by wire transfer (pursuant to Purchaser's instructions), in immediately available funds, on or before the 28th day of the Month following the most recent Month to which such Billing Statement relates, or if such day is not a Business Day, the following Business Day.

(b) If Purchaser fails to issue a Purchaser's Statement with respect to any Month, Issuer shall not be required to estimate any amounts due to Purchaser for such Month, provided that Purchaser may include any such amount on subsequent Purchaser's Statements issued within the next sixty (60) days. The sixty (60) day deadline in this subsection (b) replaces the two (2) year deadline in Section 14.5(b) with respect to any claim by any non-delivering Party of inaccuracy in any estimated invoice issued or payment made pursuant to this subsection (b).

Section 14.3 Payment of Disputed Amounts; Correction of Index Price.

(a) If Purchaser disputes any amounts included in the Issuer's Billing Statement, Purchaser shall (except in the case of manifest error) nonetheless pay any amount required by the Billing Statement in accordance with Section 14.2 without regard to any right of set-off, counterclaim, recoupment or other defenses to payment that Purchaser may have; *provided*, however, that Purchaser shall have the right, after payment, to dispute any amounts included in a Billing Statement or otherwise used to calculate payments due under this Agreement pursuant to Section 14.5. If Issuer disputes any amounts included in the Purchaser's Statement, Issuer may withhold payment to the extent of the disputed amount; *provided*, however, that interest shall be due at the Default Rate for any withheld amount later found to have been properly due.

(b) If a value published for any rate or index used or to be used in this Agreement is subsequently corrected and the correction is published or announced by the Person responsible for that publication or announcement within 30 days after the original publication or announcement, either Party may notify the other Party of (i) that correction and (ii) the amount (if

any) that is payable as a result of that correction. If, not later than 30 days after publication or announcement of that correction, a Party gives notice that an amount is so payable, the Party that originally either received or retained such amount shall, not later than three Business Days after the effectiveness of that notice, pay, subject to any other applicable provisions of this Agreement, to the other Party that amount, together with interest on that amount at the Default Rate for the period from and including the day on which a payment originally was (or was not) made to but excluding the day of payment of the refund or payment resulting from that correction.

Section 14.4 Late Payment. If Purchaser fails to remit the full amount payable within one Business Day of when due, interest on the unpaid portion shall accrue from the date due until the date of payment at the Default Rate.

Section 14.5 Audit; Adjustments.

(a) A Party shall have the right, at its own expense, upon reasonable notice to the other Party and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books, records, and telephone recordings of the other Party to the extent reasonably necessary, but only to such extent, to verify the accuracy of any statement, charge, payment, or computation made under this Agreement. This right to examine, audit, and obtain copies shall not be available with respect to proprietary information not directly relevant to transactions under this Agreement.

(b) Each Purchaser's Statement and each Billing Statement shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such Purchaser's Statement or Billing Statement is objected to in writing, with adequate explanation and/or documentation, within two (2) years after the applicable Month of Gas delivery.

(c) All retroactive adjustments shall be paid in full by the Party owing payment within thirty (30) days of notice and substantiation of such inaccuracy. If the Parties are unable to agree upon any retroactive adjustments requested by either Party within the time period specified in Section 14.5(b), then either Party may pursue any remedies available with respect to such adjustments at law or in equity. Retroactive adjustments for payments made based on incorrect Billing Statements shall bear interest at the Default Rate from the date such payment was made.

Section 14.6 Netting; No Set-Off. The Parties shall net all amounts due and owing, including any past due amounts (which, for the avoidance of doubt, shall include any accrued interest), arising under this Agreement such that the Party owing the greater amount shall make a single payment of the net amount to the other Party in accordance with this Article XIV. Notwithstanding the foregoing, payment for all amounts set forth in a Billing Statement provided to Purchaser shall be made without set-off or counterclaim of any kind.

Section 14.7 Source of Purchaser's Payments. Purchaser covenants and agrees to make payments due hereunder from Utility Revenues, and only from such Utility Revenues, as an operating expense of its utility system; *provided*, however, that Purchaser may apply any legally available monies to the payment of amounts due hereunder.

Section 14.8 Rate Covenant. Purchaser hereby covenants and agrees that it will establish, fix, prescribe, maintain, and collect rates, fees, and charges from the customers of its utility system so as to provide Utility Revenues sufficient to enable Purchaser to pay any other amounts legally payable from Utility Revenues, and to maintain any required reserves for Purchaser's utility system. Purchaser further covenants and agrees that it shall not furnish or supply services free of charge to any Person, except any such service free of charge that Purchaser is supplying on the date hereof as has been specifically identified by Purchaser to Issuer in writing, and it shall promptly enforce the payment of any and all accounts owing to Purchaser for the sale of Gas or the provision of distribution or other services to its customers. Notwithstanding anything herein to the contrary, Purchaser shall not be obligated to make any payments hereunder except from Utility Revenues.

Section 14.9 Pledge of Utility Revenues. Purchaser shall not grant any lien on or security interest in, or otherwise pledge or encumber, the Utility Revenues if the terms or effect of such lien, pledge or other encumbrance results in such lien, pledge or other encumbrance having priority over the obligations of Purchaser to pay the Contract Price, which obligations constitute operating expenses of Purchaser.

Section 14.10 Financial Responsibility. When reasonable grounds for insecurity of payments due under this Agreement arise, Issuer may demand, and Purchaser shall provide within two (2) Business Days if demanded, adequate assurance of performance. Reasonable grounds include but are not limited to the occurrence of an insolvency or liquidation proceeding with respect to Purchaser or the downgrading of Purchaser's credit rating, if any, to a level below investment grade, or such facts and circumstances which would constitute reasonable grounds for insecurity under applicable Law. Adequate assurance shall mean sufficient security in the form and for a term reasonably specified by Issuer, including but not limited to a standby irrevocable letter of credit, a prepayment, a deposit to an escrow account, or a performance bond or guaranty by a creditworthy entity. The Parties agree that in the event Purchaser fails to provide such adequate assurance as demanded, Issuer shall have the right to suspend its performance under this Agreement, including the making of deliveries of Gas to Purchaser, on one (1) day written notice and shall not be obligated to restore such performance until the later of (i) the first day of the Month after such demand has been satisfied, and (ii) the completion of the term of deliveries to any replacement sales customer to which MSES has remarketed the Gas on behalf of Issuer.

ARTICLE XV EXCHANGE

Purchaser may enter into an exchange agreement with a third party whereby Purchaser causes the Contract Quantity hereunder to be delivered to such third party at the index price specified in this Agreement and the third party delivers on the same Gas Day to Purchaser a quantity of Gas equal to the Contract Quantity at a fixed price or on such other pricing terms as agreed upon by Purchaser and such third party. Purchaser agrees that it shall use all Gas received pursuant to any such exchange agreement consistent with the requirements of Section 7.4 of this Agreement.

ARTICLE XVI NOTICES

Any notice, demand, or request required or authorized by this Agreement to be given by one Party to the other Party (or to a third party) shall be in writing and shall either be sent by electronic means, courier, or personally delivered (including overnight delivery service) to each of the notice recipients and addresses specified in Exhibit B for the receiving Party. Any such notice, demand, or request shall be deemed to be given (i) when sent by electronic means or (ii) when actually received if delivered by courier or personal delivery (including overnight delivery service). Each Party shall have the right, upon 10 days' prior written notice to the other Party, to change its list of notice recipients and addresses in Exhibit B. The Parties may mutually agree in writing at any time to deliver notices, demands or requests through alternate or additional methods.

ARTICLE XVII DEFAULT; REMEDIES; TERMINATION

Section 17.1 Issuer Default. Each of the following events shall constitute an "Issuer Default" under this Agreement:

(a) any representation or warranty made by Issuer in this Agreement proves to have been incorrect in any material respect when made; or

(b) Issuer fails to perform, observe or comply with any covenant, agreement or term contained in this Agreement, and such failure continues for more than thirty (30) days following the earlier of (i) receipt by Issuer of notice thereof or (ii) an officer of Issuer becoming aware of such default.

Section 17.2 Purchaser Default. Each of the following events shall constitute a "Purchaser Default" under this Agreement:

(a) Purchaser fails to pay when due any amounts owed to Issuer pursuant to this Agreement and such failure continues for one (1) Business Day following the earlier of (i) receipt by Purchaser of notice thereof or (ii) an officer of Purchaser becoming aware of such default;

(b) Purchaser (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency Law or other similar Law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained, in each case within thirty (30) days of the institution or presentation thereof; (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (vi) seeks or becomes subject to the appointment of an administrator,

provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets; (vii) has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its of assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty (30) days thereafter; (viii) causes or is subject to any event with respect to it which, under the applicable Laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (i) through (vii); or (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts;

(c) any representation or warranty made by Purchaser in this Agreement proves to have been incorrect in any material respect when made; or

(d) Purchaser fails to perform, observe or comply with any covenant, agreement or term contained in this Agreement, and such failure continues for more than thirty (30) days following the earlier of (i) receipt by Purchaser of notice thereof or (ii) an officer of Purchaser becoming aware of such default.

Section 17.3 Remedies Upon Default.

(a) Termination. If at any time an Issuer Default or a Purchaser Default has occurred and is continuing, then the non-defaulting Party may do any or all of the following (i) by notice to the defaulting Party specifying the relevant Issuer Default or Purchaser Default, as applicable, terminate this Agreement effective as of a day not earlier than the day such notice is deemed given under Article XVI and/or (ii) declare all amounts due to the non-defaulting Party under this Agreement or any part thereof immediately due and payable, and the same shall thereupon become immediately due and payable, without notice, demand, presentment, notice of dishonor, notice of intent to demand, protest or other formalities of any kind, all of which are hereby expressly waived by the defaulting Party; *provided*, however, this Agreement shall automatically terminate and all amounts due to the non-defaulting Party hereunder shall immediately become due and payable as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition that upon the occurrence of a Purchaser Default specified in Section 17.2(b)(iv) or, to the extent analogous thereto, Section 17.2(b)(viii). In addition, during the existence of an Issuer Default or a Purchaser Default, as applicable, the non-defaulting Party may exercise all other rights and remedies available to it at Law or in equity, including without limitation mandamus, injunction and action for specific performance, to enforce any covenant, agreement or term of this Agreement.

(b) Additional Remedies. In addition to the remedies set forth in Section 17.3(a) (and without limiting any other provisions of this Agreement), during the existence of any Purchaser Default, Issuer may suspend its performance hereunder and discontinue the supply of all or any portion of the Gas otherwise to be delivered to Purchaser by it under this Agreement. If Issuer exercises its right to suspend performance under this Section 17.3(b), Purchaser shall remain fully liable for payment of all amounts in default and shall not be relieved of any of its payment obligations under this Agreement. Deliveries of Gas may only be reinstated, at a time to be determined by Issuer, upon (i) payment in full by Purchaser of all amounts then due and payable under this Agreement and (ii) payment in advance by Purchaser at the beginning of each Month of

amounts estimated by Issuer to be due to Issuer for the future delivery of Gas under this Agreement for such Month. Issuer may continue to require payment in advance from Purchaser after the reinstatement of Issuer's supply services under this Agreement for such period of time as Issuer in its sole discretion may determine is appropriate. In addition, and without limiting any other provisions of or remedies available under this Agreement, if Purchaser fails to accept from Issuer any Gas tendered for delivery under this Agreement, Issuer shall have the right to sell such Gas to third parties on any terms that Issuer, in its sole discretion, determines are appropriate.

(c) Effect of Early Termination. As of the effectiveness of any termination date in accordance with clause (i) of Section 17.3(a), (i) the Delivery Period shall end, (ii) the obligation of Issuer to make any further deliveries of Gas to Purchaser under this Agreement shall terminate, and (iii) the obligation of Purchaser to receive deliveries of Gas from Issuer under this Agreement will terminate. Neither this Agreement nor the Delivery Period may be terminated for any reason except as specified in this Article XVII. Without prejudice to any payment obligation in respect of periods prior to termination, no payments will be due from either Party in respect of periods occurring after the effective termination date of this Agreement.

Section 17.4 Termination of Prepaid Agreement. Purchaser acknowledges and agrees that (i) in the event the Prepaid Agreement terminates for any reason prior to the end of the Delivery Period, this Agreement shall terminate on the effective date of early termination of the Prepaid Agreement (which date shall be the last date upon which deliveries are required thereunder, subject to all winding up arrangements) and (ii) Issuer's obligation to deliver Gas under this Agreement shall terminate upon the termination of deliveries of Gas to Issuer under the Prepaid Agreement. Issuer shall provide notice to Purchaser of any early termination date of the Prepaid Agreement. The Parties recognize and agree that, in the event that the Prepaid Agreement terminates because of a [Failed Remarketing (as defined in the Bond Indenture)] of the Bonds that occurs in the first Month of a Reset Period, Issuer shall deliver Gas under this Agreement for the remainder of such first Month, and, notwithstanding anything in this Agreement to the contrary, no Monthly Discount or Annual Refunds shall be associated with such deliveries and the Contract Price shall be adjusted accordingly.

Section 17.5 Limitation on Damages. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS HEREIN PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY, OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION, OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING WITHOUT LIMITATION THE NEGLIGENCE OF EITHER PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES

REQUIRED TO BE PAID UNDER THIS AGREEMENT ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT, AND THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS. IN DETERMINING THE APPROPRIATE MEASURE OF DAMAGES THAT WOULD MAKE THE PARTIES WHOLE, THE PARTIES HAVE THOROUGHLY CONSIDERED, INTER ALIA, THE UNCERTAINTY OF FLUCTUATIONS IN GAS PRICES, THE ABILITY AND INTENTION OF THE PARTIES TO HEDGE SUCH FLUCTUATIONS, THE BARGAINED-FOR ALLOCATION OF RISK, THE KNOWLEDGE, SOPHISTICATION AND EQUAL BARGAINING POWER OF THE PARTIES, THE ARMS-LENGTH NATURE OF THE NEGOTIATIONS, THE SPECIAL CIRCUMSTANCES OF THIS TRANSACTION, THE ACCOUNTING AND TAX TREATMENT OF THE TRANSACTION BY THE PARTIES, AND THE ENTERING INTO OF OTHER TRANSACTIONS IN RELIANCE ON THE ENFORCEABILITY OF THE LIQUIDATED DAMAGES PROVISIONS CONTAINED HEREIN.

ARTICLE XVIII MISCELLANEOUS

Section 18.1 Indemnification Procedure. With respect to each indemnification included in this Agreement, the indemnity is given to the fullest extent permitted by applicable Law and the following provisions shall be applicable. The indemnified Party shall promptly notify the indemnifying Party in writing of any Claim and the indemnifying Party shall have the right to assume its investigation and defense, including employment of counsel, and shall be obligated to pay related court costs, attorneys' fees and experts' fees and to post any appeals bonds; *provided*, however, that the indemnified Party shall have the right to employ at its expense separate counsel and participate in the defense of any Claim. The indemnifying Party shall not be liable for any settlement of a Claim without its express written consent thereto. In order to prevent double recovery, the indemnified Party shall reimburse the indemnifying Party for payments or costs incurred in respect of an indemnity with the proceeds of any judgment, insurance, bond, surety or other recovery made by the indemnified Party with respect to a covered event.

Section 18.2 Deliveries. Contemporaneously with this Agreement (unless otherwise specified):

(a) each Party shall deliver to the other Party evidence reasonably satisfactory to it of (i) such Party's authority to execute, deliver and perform its obligations under this Agreement and (ii) the appropriate individuals who are authorized to sign this Agreement on behalf of such Party;

(b) as of the date hereof, Purchaser shall deliver to Issuer a fully executed Federal Tax Certificate in the form attached hereto as Exhibit D; provided that, if the Bond Closing Date occurs after December 31, 2019, Purchaser shall deliver an updated Federal Tax Certificate, in the form attached hereto as Exhibit D but utilizing data for the five calendar years ending December 31, 2019, on the Bond Closing Date;

(c) on the Bond Closing Date, Purchaser shall deliver to Issuer an opinion of counsel to Purchaser in the form attached hereto as Exhibit E;

(d) on the Bond Closing Date, Issuer shall deliver to Purchaser an opinion of counsel to Purchaser in the form attached hereto as Exhibit G; and

(e) on the Bond Closing Date, Purchaser shall deliver to Issuer a Closing Certificate in substantially the form set forth hereto as Exhibit H.

Section 18.3 Entirety; Amendments. This Agreement, including the exhibits and attachments hereto, constitutes the entire agreement between the Parties and supersedes all prior discussions and agreements between the Parties with respect to the subject matter hereof. There are no prior or contemporaneous agreements or representations affecting the same subject matter other than those expressed herein. Except for any matters that, in accordance with the express provisions of this Agreement, may be resolved by oral agreement between the Parties, no amendment, modification, supplement or change hereto shall be enforceable unless reduced to writing and executed by both Parties.

Section 18.4 Governing Law. THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES UNDER THIS AGREEMENT SHALL, TO THE EXTENT PERMITTED BY APPLICABLE LAW, BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY CONFLICTS OF LAW PRINCIPLE THAT WOULD DIRECT THE APPLICATION OF ANOTHER JURISDICTION'S LAW; PROVIDED, HOWEVER, THAT TO THE EXTENT A COURT DETERMINES THAT THE FOREGOING PROVISION IS UNENFORCEABLE, THEN THIS AGREEMENT SHALL, TO THE EXTENT PERMITTED BY APPLICABLE LAW, BE GOVERNED BY THE LAWS OF THE STATE OF TENNESSEE, WITHOUT REGARD TO ANY CONFLICTS OF LAW PRINCIPLE THAT WOULD DIRECT THE APPLICATION OF ANOTHER JURISDICTION'S LAW; PROVIDED FURTHER THAT THE AUTHORITY OF THE PARTIES TO ENTER INTO AND PERFORM THEIR OBLIGATIONS UNDER THIS AGREEMENT SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THEIR STATES OF INCORPORATION.

Section 18.5 Non-Waiver. No waiver of any breach of any of the terms of this Agreement shall be effective unless such waiver is in writing and signed by the Party against whom such waiver is claimed. No waiver of any breach shall be deemed a waiver of any other subsequent breach.

Section 18.6 Severability. If any provision of this Agreement, or the application thereof, shall for any reason be invalid or unenforceable, then to the extent of such invalidity or unenforceability, the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected thereby, but rather shall be enforced to the maximum extent permissible under applicable Law, so long as the economic and legal substance of the transactions contemplated hereby is not affected in any materially adverse manner as to either Party.

Section 18.7 Exhibits. Any and all Exhibits referenced in this Agreement are hereby incorporated herein by reference and shall be deemed to be an integral part hereof.

Section 18.8 Winding Up Arrangements. All indemnity and confidentiality obligations, audit rights, and other provisions specifically providing for survival shall survive the expiration or termination of this Agreement. The expiration or termination of this Agreement shall not relieve either Party of (a) any unfulfilled obligation or undischarged liability of such Party on the date of such termination or (b) the consequences of any breach or default of any warranty or covenant contained in this Agreement. All obligations and liabilities described in the preceding sentence of this Section 18.8, and applicable provisions of this Agreement creating or relating to such obligations and liabilities, shall survive such expiration or termination.

Section 18.9 Relationships of Parties. The Parties shall not be deemed to be in a relationship of partners or joint venturers by virtue of this Agreement, nor shall either Party be an agent, representative, trustee or fiduciary of the other. Neither Party shall have any authority to bind the other to any agreement. This Agreement is intended to secure and provide for the services of each Party as an independent contractor.

Section 18.10 Immunity. Each Party represents and covenants to and agrees with the other Party that it is not entitled to and shall not assert the defense of sovereign immunity or governmental immunity with respect to its contractual obligations or any contractual Claims under this Agreement, and each hereby waives any such defense of sovereign or governmental immunity for contractual obligations or claims to the full extent permitted by Law. Nothing herein shall be construed to waive either party's rights under the Tennessee Governmental Tort Liability Act.

Section 18.11 Rates and Indices. If the source of any publication used to determine the index or other price used in the Contract Price should cease to publish the relevant prices or should cease to be published entirely, an alternative index or other price will be used based on the determinations made by Issuer and MSES under [Section 19.11 of the Prepaid Agreement]. Issuer shall provide Purchaser the opportunity to provide its recommendations and other input to Issuer for Issuer's use in the process for selecting such alternative index or other price under [Section 19.11 of the Prepaid Agreement].

Section 18.12 Limitation of Liability. The obligations of Issuer under this Agreement are special and limited obligations payable solely from the revenues, income and funds of its Commodity Project that are pledged pursuant to the Bond Indenture.

Section 18.13 Counterparts. This Agreement may be executed and acknowledged in multiple counterparts and by the Parties in separate counterparts, each of which shall be an original and all of which shall be and constitute one and the same instrument.

Section 18.14 Third Party Beneficiaries; Rights of Trustee. Purchaser acknowledges and agrees that (a) Issuer will pledge and assign its rights, title and interest in this Agreement and the amounts payable by Purchaser under this Agreement (other than amounts payable in respect of the Project Administration Fee) to secure Issuer's obligations under the Bond Indenture, (b) the Trustee shall be a third-party beneficiary of this Agreement with the right to enforce Purchaser's obligations under this Agreement, (c) the Trustee or any receiver appointed under the Bond

Indenture shall have the right to perform all obligations of Issuer under this Agreement, and (d) in the event of any Purchaser Defaults under Section 17.2(a), (i) MSES may, to the extent provided for in, and in accordance with, the [Receivables Purchase Provisions (as defined in the Bond Indenture)], take assignment from Issuer of receivables owed by Purchaser to Issuer under this Agreement, and shall thereafter have all rights of collection with respect to such receivables, and (ii) if such receivables are not so assigned, the [Swap Counterparty (as defined in the Bond Indenture)] shall have the right to pursue collection of such receivables to the extent of any non-payment by Issuer to the Swap Counterparty was caused by Purchaser's payment default. Pursuant to the terms of the Bond Indenture, Issuer has irrevocably appointed the Trustee as its agent to issue notices and as directed under the Bond Indenture, to take any other actions that Issuer is required or permitted to take under this Agreement. Purchaser may rely on notices or other actions taken by Issuer or the Trustee and Purchaser has the right to exclusively rely on any notices delivered by the Trustee, regardless of any conflicting notices that it may receive from Issuer.

Section 18.15 Waiver of Defenses. Purchaser waives all rights to set-off, counterclaim, recoupment and any other defenses that might otherwise be available to Purchaser with regard to Purchaser's obligations pursuant to the terms of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Gas Supply Contract to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

[Separate Signature Page(s) Attached]

TENNERGY CORPORATION, AN ENERGY ACQUISITION CORPORATION

By: _____
Name: _____
Title: _____

[PARTICIPANT]

By: _____
Name: _____
Title: _____

EXHIBIT A
GAS DELIVERY POINTS; CONTRACT QUANTITIES

[To be attached.]

**EXHIBIT B
NOTICES**

IF TO ISSUER: Tennergy Corporation, An Energy Acquisition Corporation
Attention: []
[] [], [] []
Phone: []
Email: []

Gas Related: []
Phone: []
Email: []

Invoicing/Payments: []
Phone: []
Email: []

IF TO PURCHASER: []
Attention: []
[] [], [] []
Phone: []
Email: []

Gas Related: []
Phone: []
Email: []

Invoicing/Payments: []
Phone: []
Email: []

EXHIBIT C
FORM OF REMARKETING ELECTION NOTICE

[Issuer]
[Address]

[MSES]
[Address]

[Trustee]
[Address]

To the Addressees:

The undersigned, duly authorized representative of [_____] (the "Purchaser"), is providing this notice (the "Remarketing Election Notice") pursuant to the Gas Supply Contract, dated as of [____], 2019 (the "Supply Contract"), between Tennergy Corporation, An Energy Acquisition Corporation and Purchaser. Capitalized terms used herein shall have the meanings set forth in the Supply Contract.

Pursuant to Section 3.3(b) of the Supply Contract, the Purchaser has elected to have its Contract Quantity for each Gas Day of the applicable Reset Period remarketed beginning as of the commencement of such Reset Period. The resumption of deliveries in any future Reset Period shall be in accordance with Section 3.3(d) of the Supply Contract.

Given this [____] day of [____], 20[____].

[Participant]

By: _____
Printed Name:
Title:

EXHIBIT D
FORM OF FEDERAL TAX CERTIFICATE¹

[____], 2019

This Federal Tax Certificate is executed in connection with the Gas Supply Contract dated as of [____], 2019 (the "Supply Contract"), by and between Tennergy Corporation, An Energy Acquisition Corporation ("Issuer") and [____] ("Purchaser"). Capitalized terms used and not otherwise defined herein shall have the meanings given to them in the Supply Contract, in the Tax Certificate and Agreement, or in the Bond Indenture.

WHEREAS Purchaser acknowledges that Issuer is issuing the Bonds to fund the prepayment price under the Prepaid Agreement; and

WHEREAS the Bonds are intended to qualify for tax exemption under Section 103 of the Internal Revenue Code of 1986, as amended; and

WHEREAS Purchaser's use of Gas acquired pursuant to the Supply Contract and certain funds and accounts of Purchaser will affect the Bonds' qualification for such tax exemption.

NOW, THEREFORE, PURCHASER HEREBY CERTIFIES AS FOLLOWS:

1. Purchaser is a [____] [created and existing pursuant to the provisions of] [organized under].
2. Purchaser will resell all of the Gas acquired pursuant to the Supply Contract to its retail Gas customers within its Gas service area, [or to its joint action agency customers for sale to their municipal customers for resale to their retail customers in their Gas service areas, or to municipal distribution system customers for resale to their retail customers in their Gas service areas,] with retail sales in all cases being made pursuant to regularly established and generally applicable tariffs or under authorized requirements contracts. For purposes of the foregoing sentence, the term "service area" means (x) the area throughout which Purchaser, Purchaser's municipal wholesale customers, or a joint action agency's municipal customers, provided Gas transmission or distribution service at all times during the 5-year period ending on December 31, 2018, and from then until the date of issuance of the Bonds (the "Closing Date"), and (y) any area recognized as the service area of Purchaser, Purchaser's municipal wholesale customers, or a joint action agency's municipal customers, under state or federal law.
3. The annual average amount during the testing period of Gas purchased (other than for resale) by customers of Purchaser who are located within the service area of Purchaser, [by municipal wholesale customers of Purchaser for resale within the service areas of such municipal wholesale customers, and by a joint action agency from Purchaser for resale to its municipal customers for resale to their retail customers within those municipal customers' Gas service areas] is [_____] MMBtu. The maximum annual amount of Gas in any year being acquired pursuant to the Supply Contract is [_____] MMBtu. The annual average amount of Gas that Purchaser holds in storage as of the Closing Date is [_____] MMBtu. The annual average amount of Gas that Purchaser otherwise has a right to acquire as of the Closing Date is [_____] MMBtu. The sum of (a) the maximum amount of Gas in any year being acquired pursuant to the Supply

¹ NTD: Subject to continuing tax counsel review and comment.

Contract, (b) the annual average amount of Gas that Purchaser holds in storage, and (c) the amount of Gas that Purchaser otherwise has a right to acquire in the year described in the foregoing clause (a) is [] MMBtu. Accordingly, the amount of Gas to be acquired under the Supply Contract by Purchaser, supplemented by the amount of Gas otherwise available to Purchaser as of the Closing Date, during any year does not exceed the sum of (i) []% of the annual average amount during the testing period of Gas purchased (other than for resale) by customers of Purchaser who are located within the service area of Purchaser, by municipal wholesale customers of Purchaser for resale to customers of such municipal wholesale customers within such customers' service areas, or by a joint action agency from Purchaser for resale to its municipal customers for resale to their retail customers within those municipal customers' Gas service areas; and (ii) the amount of Gas to be used to transport the prepaid Gas to Purchaser during such year. For purposes of this paragraph 3, the term "testing period" means the 5 calendar years ending December 31, 2018, and the term "service area" means (x) the area throughout which Purchaser provided Gas transmission or distribution service at all times during the testing period, (y) any area within a county contiguous to the area described in (x) in which retail customers of Purchaser are located if such area is not also served by another utility providing Gas services, and (z) any area recognized as the service area of Purchaser under state or federal law.

4. Purchaser expects to pay for Gas acquired pursuant to the Supply Contract solely from funds derived from its Gas distribution operations. Purchaser expects to use current net revenues of its to pay for current Gas acquisitions. There are no funds or accounts of Purchaser or any person who is an Affiliate to Purchaser in which monies are invested and which are reasonably expected to be used to pay for Gas acquired more than one year after it is acquired. No portion of the proceeds of the Bonds will be used directly or indirectly to replace funds of Purchaser or any persons who are Affiliates to Purchaser that are or were intended to be used for the purpose for which the Bonds were issued.

_____, 2019

[Participant]

By: _____

[Name]
[Title]

EXHIBIT E
FORM OF OPINION OF COUNSEL TO PURCHASER

[____], 2019

Tennergy Corporation, An Energy Acquisition Corporation
[____], [____][____]

Morgan Stanley Energy Structuring, L.L.C.
New York, NY

Morgan Stanley
New York, NY

[insert name of trustee], as trustee
[____], [____][____]

[Swap Counterparty]
[____], [____][____]

Re: Gas Supply Contract between [Participant] and Tennergy Corporation, An Energy Acquisition Corporation dated as of [____], 2019

Ladies and Gentlemen:

We are Counsel to [Participant] (“Purchaser”). Purchaser is a Purchaser in the Commodity Project undertaken by Tennergy Corporation, An Energy Acquisition Corporation (“Issuer”). We are furnishing this opinion to you in connection with the Gas Supply Contract between Issuer and Purchaser dated as of [____], 2019 (the “Supply Contract”).

Unless otherwise specified herein, all terms used but not defined in this opinion shall have the same meaning as is ascribed to them in the Supply Contract.

In connection with this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the following:

(a) The Constitution and laws of the State of [____] (the “State”) including, as applicable, acts, ordinances, certificates, articles, charters, bylaws, and agreements pursuant to which Purchaser was created and by which it is governed;

(b) Resolution No. [____], duly adopted by Purchaser on [____] (the “Resolution”) and certified as true and correct by certificate and seal, authorizing Purchaser to execute and deliver the Supply Contract;

(c) A copy of the Supply Contract executed by Purchaser; and

(d) All outstanding instruments relating to bonds, notes, or other indebtedness of or relating to Purchaser and Purchaser's municipal utility district.

We have also examined and relied upon originals or copies, certified or otherwise authenticated to our satisfaction, of such records, documents, certificates, and other instruments, and made such investigations of law, as in our judgment we have deemed necessary or appropriate to enable us to render the opinions expressed below.

Based upon the foregoing, we are of the opinion that:

1. Purchaser is a [] of the State, duly organized and validly existing under the laws of the State, and has the power and authority to own its properties, to carry on its business as now being conducted, and to enter into and to perform its obligations under the Agreement.

2. The execution, delivery, and performance by Purchaser of the Supply Contract have been duly authorized by the governing body of Purchaser and do not and will not require, subsequent to the execution of the Supply Contract by Purchaser, any consent or approval of the governing body or any officers of Purchaser.

3. The Supply Contract is the legal, valid, and binding obligation of Purchaser, enforceable in accordance with its terms, except as such enforceability may be subject to (i) the exercise of judicial discretion in accordance with general principles of equity and (ii) bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted, to the extent constitutionally applicable.

4. No approval, consent or authorization of any governmental or public agency, authority, commission or person, or, to our knowledge, of any holder of any outstanding bonds or other indebtedness of Purchaser, is required with respect to the execution, delivery and performance by Purchaser of the Supply Contract or Purchaser's participation in the transactions contemplated thereby other than those approvals, consents and/or authorizations that have already been obtained.

5. The authorization, execution and delivery of the Supply Contract and compliance with the provisions thereof (a) will not conflict with or constitute a breach of, or default under, (i) any instrument relating to the organization, existence or operation of Purchaser, (ii) any ruling, regulation, ordinance, judgment, order or decree to which Purchaser (or any of its officers in their respective capacities as such) is subject or (iii) any provision of the laws of the State relating to Purchaser and its affairs, and (b) to our knowledge will not result in, or require the creation or imposition of, any lien on any of the properties or revenues of Purchaser pursuant to any of the foregoing.

6. Purchaser is not in breach of or default under any applicable constitutional provision or any law or administrative regulation of the State or the United States or any applicable judgment or decree or, to our knowledge, any loan or other agreement, resolution, indenture, bond, note, resolution, agreement or other instrument to which Purchaser is a party or to which Purchaser or any of its property or assets is otherwise subject, and to our knowledge no event has occurred

and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument.

7. Payments to be made by Purchaser under the Supply Contract shall constitute operating expenses of Purchaser's utility system payable solely from the revenues and other available funds of Purchaser's utility system as a cost of purchased gas. The application of the revenues and other available funds of Purchaser's utility system to make such payments is not subject to any prior lien, encumbrance or other restriction.

8. As of the date of this opinion, to the best of our knowledge after due inquiry, there is no pending or threatened action or proceeding at law or in equity or by any court, government agency, public board or body affecting or questioning the existence of Purchaser or the titles of its officers to their respective offices or affecting or questioning the legality, validity, or enforceability of this Supply Contract nor to our knowledge is there any basis therefor.

9. This opinion is subject to the following qualifications:

- a. We express no opinion with respect to the validity or enforceability of any provisions of the Supply Contract or any other documents that may be read to require the Purchaser to indemnify any party or waive trial by jury.
- b. We express no opinion as to the enforceability of provisions waiving, directly or indirectly, expressly or impliedly, defenses to obligations or rights granted by law, where such waivers are prohibited by law or are against public policy.
- c. Our opinion as to enforceability is limited by standards of good faith, fair dealing, materiality, and reasonableness that may be applied by a court to the exercise of certain rights and remedies; limitations based on statutes or on public policy limiting a person's rights to waive the benefit of statutory provisions or of a common law right; and limitations releasing a party from or indemnifying a party against liability for its own wrongful or negligent act when such release or indemnification is contrary to public policy.
- d. We bring to your attention the fact that we are admitted to the bar of the State of Tennessee and the opinions herein are limited to the laws of the State of Tennessee and the federal laws of the United States of America. We express no opinion as to the enforceability, under the laws of the State of Tennessee or any other State, of the choice of law provisions contained in the Supply Contract, nor, assuming such provisions would be enforceable under the choice of law principles of the State of Tennessee or any other State, do we state any opinion as to the enforceability of the Supply Contract under the internal laws of any other State. Notwithstanding the foregoing, you have requested us to review the Supply Contract and provide you with the opinions set forth above assuming, solely for purposes of these opinions, that the internal laws of the State of Tennessee would govern the Supply Contract. If the Supply Contract were to be governed under the internal laws of the State

of Tennessee, our opinions would be as set forth herein. We note that if a court of competent jurisdiction determines the Supply Contract to be unenforceable under the laws of any other State, then the Supply Contract may not be enforced by Tennessee courts under the applicable Tennessee conflict of law provisions.

This opinion is rendered solely for the use and benefit of the addressees listed above in connection with the Supply Contract and may not be relied upon other than in connection with the transactions contemplated by the Supply Contract, or by any other person or entity for any purpose whatsoever, nor may this opinion be quoted in whole or in part or otherwise referred to in any document or delivered to any other person or entity, without the prior written consent of the undersigned.

Very truly yours,

EXHIBIT F

MONTHLY DISCOUNT

Monthly Discount:	\$[]/MMBtu during the Initial Reset Period, and for each Month of a Reset Period thereafter, the Monthly Discount portion of the Available Discount for such Reset Period determined by the Calculation Agent pursuant to the Re-Pricing Agreement.
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EXHIBIT G

FORM OF OPINION OF COUNSEL TO ISSUER

[_____] , 2019

[Purchaser]
[____], [____][_____]

Morgan Stanley Energy Structuring, L.L.C.
New York, NY

Morgan Stanley
New York, NY

[*insert name of trustee*], as trustee
[____], [____][_____]

[Swap Counterparty]
[____], [____][_____]

Re: Gas Supply Contract between [Participant] and Tennergy Corporation, An Energy Acquisition Corporation dated as of [____], 2019

[NOTE: Bass Berry to provide.]

EXHIBIT H

FORM OF CLOSING CERTIFICATE

CLOSING CERTIFICATE OF PURCHASER

_____, 2019

Re: Tennergy Corporation, An Energy Acquisition Corporation
Commodity Supply Revenue Bonds

The undersigned _____ of _____, _____ (the "*Purchaser*"), hereby certifies as follows in connection with the Gas Supply Contract dated as of _____, 2019 (the "*Agreement*") between the Purchaser and Tennergy Corporation, An Energy Acquisition Corporation ("*Issuer*") and the issuance and sale by Issuer of the above-referenced bonds (the "*Bonds*") (capitalized terms used and not defined herein shall have the meanings given to them in the Agreement):

1. Purchaser is a [_____], duly created and validly existing and in good standing under the laws of the State of _____ (the "*State*"), and has the corporate power and authority to enter into and perform its obligations under the Agreement.

2. By all necessary official action on its part, the Purchaser has duly authorized and approved the execution and delivery of, and the performance by the Purchaser of the obligations on its part contained in the Agreement, and such authorization and approval has not been amended, supplemented, rescinded or modified in any respect since the date thereof.

3. The Agreement constitutes the legal, valid and binding obligation of the Purchaser.

4. The authorization, execution and delivery of the Agreement and compliance with the provisions on the Purchaser's part contained therein (a) will not conflict with or constitute a breach of or default in any material respect under (i) any instrument relating to the organization, existence or operation of Purchaser, (ii) any ruling, regulation, ordinance, judgment, order or decree to which Purchaser (or any of its officers in their respective capacities as such) is subject or (iii) any provision of the laws of the State relating to Purchaser and its affairs, and (b) will not result in, or require the creation or imposition of, any lien on any of the properties or revenues of Purchaser pursuant to any of the foregoing.

5. The Purchaser is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Purchaser is a party or to which the

Purchaser or any of its property or assets are subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default in any material respect by the Purchaser under any of the foregoing.

6. Payments to be made by the Purchaser under the Agreement shall constitute operating expenses of the Purchaser's utility system payable solely from the revenues and other available funds of Purchaser's utility system as a cost of purchased gas. The application of the revenues and other available funds of the Purchaser's utility system to make such payments is not subject to any prior lien, encumbrance or other restriction.

7. No litigation, proceeding or tax challenge is pending or, to its knowledge, threatened, against the Purchaser in any court or administrative body which would (a) contest the right of the officials of the Purchaser to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Purchaser, (c) contest the validity, due authorization and execution of the Agreement or (d) attempt to limit, enjoin or otherwise restrict or prevent the Purchaser from executing, delivering and performing the Agreement, nor to the knowledge of the Purchaser is there any basis therefor.

8. All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Purchaser of its obligations under the Agreement have been duly obtained.

9. The representations and warranties of the Purchaser contained in the Agreement were true, complete and correct on and as of the date thereof and are true, complete and correct on and as of the date hereof.

10. The statements and information with respect to the Purchaser contained in the Official Statement dated _____, 2019 with respect to the Bonds, including Appendix B thereto (the "*Official Statement*"), fairly and accurately describe and summarize the financial and operating position of the Purchaser for the periods shown therein, and such statements and information did not as of the date of the Official Statement and do not as of the date hereof contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make such statements and information, in the light of the circumstances under which they were made, not misleading.

11. No event affecting the Purchaser has occurred since the date of the Official Statement which should be disclosed therein in order to make the statements and information with respect to the Purchaser contained therein, in light of the circumstances under which they were made, not misleading in any material respect.

IN WITNESS WHEREOF the undersigned has executed this Certificate on and as of the date first written above.

[Participant]

By _____

Name:

Title:



Knoxville Utilities Board

November 15, 2019

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

Commissioners,

Powell Clinch Utility District (PCUD) and KUB have determined that a transfer of KUB natural gas distribution facilities and a transfer of service rights to certain KUB natural gas customers located on Emory Road in the Emory Vista Subdivision will better define the service boundaries in this area. Resolution 1406 authorizes the transfer. If approved, KUB would transfer its natural gas service rights for approximately 100 customer accounts and the associated natural gas facilities to PCUD.

By adopting Resolution 1406, the Board finds that the transfer and exchange is in the best interest of KUB and its customers. The draft contract between PCUD and KUB is enclosed for your review. I recommend adoption of Resolution 1406.

Respectfully submitted,

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

Gabriel J. Bolas, II
President and CEO

Enclosure

RESOLUTION NO. 1406

A Resolution Authorizing the Execution of an Agreement to Convey Gas Facilities – Emory Vista Subdivision in Anderson County, Tennessee with Powell Clinch Utility District

Whereas, Knoxville Utilities Board (“KUB”) previously constructed a gas main extension, including service lines, fixtures and meters, from its facilities in Knox County into Anderson County generally alongside Mountain Vista Road to serve natural gas to parts of the Emory Vista Subdivision located in Anderson County (such gas main extension, including related connected service lines, fixtures and meters are referred to herein as the “Emory Vista Gas Main”); and

Whereas, state law provides that Powell Clinch Utility District (“PCUD”), as the gas utility service provider for Anderson County, Tennessee, has a prior right as respects KUB to provide gas utility service to customers within Anderson County; and

Whereas, the management of KUB and PCUD have been in discussions concerning service by each utility within the service territory of the other party and have determined that the transfer of certain gas distribution facilities and service rights along the common boundary will better define the boundaries, improve service to the customers and create a more uniform work environment for both utilities, and as a result, PCUD has notified KUB of its intent to serve customers in the Anderson County part of Emory Vista Subdivision; and

Whereas, pursuant to an agreement between KUB and PCUD, KUB will transfer to PCUD the Emory Vista Gas Main and related service lines, fixtures, meters, and service rights as more fully described in the attached Agreement.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE KNOXVILLE UTILITIES BOARD:

Section 1. The proposed Agreement to Convey Gas Facilities – Emory Vista Subdivision (“Agreement”), in substantially the form attached hereto and incorporated herein, is hereby approved by the adoption of this Resolution.

Section 2. The President and Chief Executive Officer and his designated officers are hereby authorized to execute the Agreement and any related documents necessary for the conveyance approved by this Resolution and are further authorized to approve any minor changes or revisions to said documents as are in the best interest of KUB. The aforementioned officers are further authorized to provide any documentation or assurances as may be necessary to effectuate the transfer of the Emory Vista Gas Main as described herein.

Section 3. The President and Chief Executive Officer is fully authorized and empowered generally to take such actions and authorize other persons to take such actions as may be necessary, proper or convenient to carry into effect this Resolution and carry out the terms of the Agreement.

Section 4. The proceeds of the conveyance shall be placed into the account of KUB's Gas Division, in accordance with the Gas System Bond Resolution.

Section 5. That this Resolution shall take effect from and after passage.

K. Hamilton/s
Kathy Hamilton, Chair

M. Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: 11-21-19
EFFECTIVE DATE: 11-21-19
MINUTE BOOK 41 PAGE 9657-9667

**AGREEMENT TO CONVEY GAS FACILITIES
EMORY VISTA SUBDIVISION**

This Agreement to Convey Gas Facilities-Emory Vista Subdivision (“Agreement”) is entered into this ____ day of _____, 2019, by and between Knoxville Utilities Board (“KUB”), a municipal utility created pursuant to the Charter of the City of Knoxville, Tennessee (“City”), and Powell-Clinch Utility District (“PCUD”), a utility district organized pursuant to the Tennessee Utility District Law of 1937, as amended.

RECITALS:

WHEREAS, the delivery of gas utility service by the City and the facilities for such purpose are under the jurisdiction, control and management of KUB; and

WHEREAS, PCUD owns and operates a natural gas utility system within the prescribed boundaries of Anderson and Campbell Counties in Tennessee; and

WHEREAS, KUB has constructed a gas main extension, including related connected service lines, fixtures, and meters, from its facilities in Knox County into Anderson County, generally alongside Mountain Vista Road to serve natural gas to the Emory Vista subdivision located in Anderson County (such gas main extension, including related connected service lines, fixtures, and meters are referred to herein as the “Emory Vista Gas Main”), which is more fully described on **Exhibit A**; and

WHEREAS, state law provides that PCUD, as the utility district utility service provider for Anderson County, has the prior right as respects KUB to provide gas utility service to customers within Anderson County; and

WHEREAS, PCUD has notified KUB of its intent to serve the Emory Vista subdivision;

WHEREAS, KUB and PCUD have reached an agreement with respect to gas utility service to the Emory Vista subdivision whereby PCUD will purchase the Emory Vista Gas Main from KUB, subject to the terms and conditions of this Agreement; and

WHEREAS, KUB and PCUD agree that the Emory Vista Gas Main is personal property, and title to the Emory Vista Gas Main shall be properly conveyed via a Bill of Sale.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained in this Agreement the parties agree as follows:

1. Transfer of Gas Facilities. Subject to the fulfillment by both parties of the terms and conditions of this Agreement, KUB will transfer to PCUD and PCUD will accept from KUB the Emory Vista Gas Main. A copy of the form of Bill of Sale which will complete the legal transfer of the Emory Vista Gas Main is attached as **Exhibit B**.

2. Purchase Price. PCUD shall pay to KUB for the Emory Vista Gas Main and related public functions, rights, and duties the sum of Eighty-Two Thousand and 00/100 Dollars (\$82,000.00) (the "Purchase Price") upon Closing for Operational Transfer, as described herein.

3. Closing for Operational Transfer. The closing for the transfer of the Emory Vista Gas Main (the "Closing for Operational Transfer") shall occur at such time when PCUD has extended gas main to supply gas to the Emory Vista Gas Main and PCUD and KUB have completed connection of PCUD's gas main to the Emory Vista Gas Main. The parties recognize and agree that the Closing for Operational Transfer is expected to be completed within one (1) year from the date of this agreement and that upon Closing for Operational Transfer PCUD will take possession of the Emory Vista Gas Main.

- a. At Closing for Operational Transfer, PCUD will deliver to KUB the Purchase Price, as set forth in Section 2.
- b. At Closing for Operational Transfer, KUB will deliver to PCUD, the fully executed Bill of Sale evidencing transfer of ownership of the Emory Vista Gas Main in an "as-is" condition.

4. Conditions to Closing. PCUD's obligation to close the transaction contemplated by this Agreement shall be subject to the following conditions:

- a. PCUD shall have a period of ninety (90) days following receipt of the Emory Vista Gas Main Records (as defined below) in which to review such records and make any additional inspections required by PCUD to ensure the Emory Vista Gas Main meets PCUD's requirements and specifications (the "Inspection Period"). In the event PCUD determines during such inspection that the purchase of the Emory Vista Gas Main is not in PCUD's best interest, in PCUD's sole discretion, PCUD may terminate this Agreement by providing written notice to KUB of its election to terminate on or before the expiration of the Inspection Period. If PCUD provides KUB written notice of its intent to terminate this Agreement, such notice of termination shall constitute PCUD's waiver of its first right to serve the Emory Vista Subdivision in favor of KUB. If PCUD does not provide notice of its intention to terminate this Agreement by the expiration of the Inspection Period, and KUB does not otherwise default in its obligations hereunder, PCUD shall close this transaction in accordance with the terms of this Agreement, subject to satisfaction of the closing condition in Section 4(b).
- b. KUB shall have complied with the terms of this Agreement, including without limitation, the obligation to operate and maintain the Emory Vista Gas Main until Closing for Operational Transfer in accordance with the terms of Section 6(a) below.

5. Additional Covenants.

- a. Within thirty (30) days of execution of this Agreement, KUB shall provide to PCUD copies of all records in its possession pertaining to the Emory Vista Gas Main including without limitation, installation records, as built drawings, documentation and results of testing, customer records and a listing of all customers and their mailing and service addresses ("Emory Vista Gas Main Records"). At Closing for Operational Transfer, KUB will deliver to PCUD (i) an updated listing of all customers and their mailing and service addresses as of the date of Closing for Operational Transfer and (ii) any other Emory Vista Gas Main Records not previously provided.
- b. KUB covenants and agrees to assist in the orderly transfer to PCUD of all customers served by the Emory Vista Gas Main so that such customers become PCUD customers at Closing for Operational Transfer. KUB and PCUD have the shared goal of making the service transition as easy as possible for the customers.

6. Operational Responsibility.

- a. KUB shall operate and maintain the Emory Vista Gas Main until completion of the Closing for Operational Transfer pursuant to Section 3, and KUB shall be wholly responsible for the maintenance, operation, and liability of, or damages to, the Emory Vista Gas Main until completion of Closing for Operational Transfer. During such time, KUB shall maintain and operate the Emory Vista Gas Main in its usual and customary manner and shall not alter or modify the Emory Vista Gas Main without PCUD's prior written consent. KUB shall promptly notify PCUD of any issues or concerns that arise with respect to the Emory Vista Gas Main during such time and will consult with PCUD prior to taking any action with respect to the Emory Vista Gas Main that would not be considered in the ordinary and customary course of operating practice for KUB. Any and all losses, damages, claims or liabilities arising from or on account of KUB's operation of the Emory Vista Gas Main prior to the date of Closing for Operational Transfer shall remain the responsibility of KUB.
- b. PCUD will operate and maintain the Emory Vista Gas Main and serve all gas customers added by PCUD for service from that main, from and after the Closing for Operational Transfer pursuant to Section 3 and shall be wholly responsible for the maintenance, operation and liability of or damages to the transferred Emory Vista Gas Main from and after such time. Any and all losses, damages, claims of liability arising from or on account of PCUD's ownership of the transferred Emory Vista Gas Main from and after the date of Closing for Operational Transfer shall be the responsibility of PCUD.
- c. Nothing herein shall be construed to alter or waive the rights, responsibilities or protections afforded either party pursuant to the Tennessee Governmental Tort Liability Act ("GTLA").

7. Meter Reading and Billing. From and after the Closing for Operational Transfer, PCUD shall monitor the gas service provided to customers served off the Emory Vista Gas Main, and shall charge all customers for gas service provided through the Emory Vista Gas Main according to the schedule of rates and charges established by PCUD from time to time.

8. KUB Warranties. KUB warrants to PCUD as follows:

- a. To KUB's actual knowledge, the Emory Vista Gas Main is lawfully located within easements, right of ways or other property interests inuring to the benefit of KUB.
- b. KUB is the lawful owner of the Emory Vista Gas Main free and clear of any obligation to any contractor.
- c. To the best of KUB's knowledge, except as disclosed in writing to PCUD, the Emory Vista Gas Main does not utilize any mechanical fittings connecting the main lines and service lines.
- d. KUB has the right and authority to own, operate and maintain the Emory Vista Gas Main as well as the right to convey the Emory Vista Gas Main to PCUD pursuant to the terms of this Agreement and will convey its facilities free and clear of any and all bond restrictions or any other debt encumbrances that might restrict or prohibit the conveyance or transfer of the same.
- e. The governing board of KUB has duly authorized execution, delivery and performance of this Agreement and all other documents required to be executed, delivered and/or performed by KUB in connection herewith.
- f. No other proceedings on the part of KUB are necessary to authorize execution of this Agreement or any transaction required or contemplated by this Agreement.
- g. Neither the execution, delivery or performance of this Agreement, nor the compliance with, or fulfillment of the terms or provisions of this Agreement will violate, conflict with, or result in any breach of any of the terms, conditions or provisions of, or constitute a default of (or an event which with notice or lapse of time, or both, would become a default of) the legislation authorizing the activities of KUB, or any bylaws or other governing document of KUB, or any agreement, indenture, bond document, lease, mortgage or other instrument to which KUB is a party or by which it is bound.
- h. A reasonable basis exists to support a determination that the performance of this Agreement by KUB will not violate applicable laws of the State of Tennessee pertaining to the business affairs of KUB.
- i. This Agreement, when fully executed and delivered, will constitute a legal, valid, binding and enforceable agreement of KUB.

9. Warranties by PCUD. PCUD warrants to KUB as follows:

- a. PCUD is a lawfully created and existing utility district with full right, power and authority to enter into and perform this Agreement.
- b. The Board has duly authorized the execution, delivery and performance of this Agreement and all other documents required be executed, delivered or performed by PCUD in connection herewith.

- c. No other proceedings on the part of PCUD are necessary to authorize the execution and performance of this Agreement or any transaction hereby contemplated or required.
- d. Neither the execution, delivery or performance of this Agreement, nor the compliance with, nor the fulfillment of the terms, conditions, or provisions will violate, conflict with, or result in any breach of any of the terms, conditions, or provisions, or constitute a default of (or an event which with notice or lapse of time, or both, would become a default of) the legislation authorizing the activities of PCUD, or any bylaws or other governing document of PCUD, or any agreement, indenture, bond document, lease, mortgage or other instrument to which PCUD is a party or by which it is bound.
- e. A reasonable basis exists to support a determination that the performance of this Agreement by PCUD will not violate applicable laws of the State of Tennessee pertaining to the business affairs of PCUD.
- f. This Agreement, when executed and delivered, will constitute a legal, valid, binding and enforceable agreement of PCUD.
- g. PCUD is acquiring the Emory Vista Gas Main "as-is" with no representations or warranties except as expressly provided herein.

10. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the parties named herein and their respective successors and assigned. Nothing in this Agreement, expressed or implied, is intended to confer upon any person other than KUB or PCUD any right or remedy under or arising by reason of this Agreement.

11. Notices. All notices required are permitted by this Agreement or applicable law shall be sufficient if personally delivered or sent by registered or certified mail with a return receipt requested, addressed as follows:

Powell-Clinch Utility District
203 E. First Street
Rocky Top, TN 37769
Attn: President

Knoxville Utilities Board
445 Gay Street
Knoxville, TN 37902
Attn: Senior Vice President, Chief Operating Officer

Either party may notify the other party in writing of a change of the designated recipient or listed mailing address, and such substitute person/ mailing address shall thereafter be used.

12. Entire Agreement. This Agreement and the exhibits attached hereto embody the entire agreement and understanding of the parties with respect to the transaction contemplated by this Agreement, and supersedes all prior written or oral agreements, commitments, arrangements, or understandings between the parties with respect to such transactions.

13. Amendment and Waivers. No amendment, modification or waiver of any provision of this Agreement shall be effective or binding upon the parties unless in writing and signed by the parties. The waiver of a breach of this Agreement shall not operate or be construed as a waiver of any subsequent breach by any party.

14. Invalidity. If any one or more provisions of this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the remaining provisions or parts hereof, and this Agreement shall be construed in such a way and to the extent permitted by law to give effect to the intent of such invalid provisions or parts.

15. Headings. The headings and captions contained in this Agreement are solely for convenience and reference and are not intended to, and do not, in anyway limit, construe or modify the terms and conditions hereof.

16. Expenses and Attorney's Fees. Each party hereto shall bear its own expenses, including the fees of any attorneys, accountants, engineers, or others engaged by such parties in connection with the transaction contemplated by this Agreement.

17. Counter-parts. This Agreement may be executed in any number of counter-parts, each of which shall be deemed an original and all of which shall be considered equally valid and binding.

[Signature page follows.]

IN WITNESS THEREOF, the parties have executed this Agreement as of the day and year first written above.

Knoxville Utilities Board

By: _____
Gabriel J. Bolas, II
Its: President and
Chief Executive Officer

Attest: _____

Powell-Clinch Utility District

By: _____
Robert Neil
Its: President

Attest: _____

NAME OF RESPONSIBLE
TAXPAYER OMITTED SINCE
PROPERTY IS EXEMPT FROM
TAXATION BOTH WHILE
OWNED BY GRANTOR AND BY
GRANTEE

This Bill of Sale prepared by:
J. William Coley, Esq.
Hodges, Doughty & Carson, PLLC
P.O. Box 869
Knoxville, Tennessee 37901

BILL OF SALE

THIS BILL OF SALE is made, executed and delivered on this ____ day of _____, 2019, by Knoxville Utilities Board (“KUB”), a municipal utility organized and existing pursuant to the charter of the City of Knoxville, Tennessee (the “City”), with jurisdiction, control and management over gas utility services of the City and Powell-Clinch Utility District of Anderson County, Tennessee (“PCUD”), a public corporation organized pursuant to the provisions of the Tennessee Utility District law of 1937.

RECITALS:

WHEREAS, KUB agreed to transfer to PCUD a gas main extension, including related connected service lines, fixtures and meters in Anderson County, Tennessee, generally alongside Mountain Vista Road to serve gas to the Anderson County parts of Emory Vista Subdivision (such gas main extension, including related connected service lines, fixtures and meters are referred to herein as the “Emory Vista Gas Main”), which is more fully described on **Exhibit A** attached hereto; and

WHEREAS, this Bill of Sale is being executed and delivered by KUB for the purpose of conveying to PCUD the Emory Vista Gas Main and all of KUB’s public functions and rights relative to such Emory Vista Gas Main.

CONVEYANCE:

NOW, THEREFORE, in consideration of PCUD’s obligation to pay KUB the sum of Eighty-Two Thousand Dollars (\$82,000.00), said consideration being due at the time of Closing for Operational Transfer of the Emory Vista Gas Main to PCUD, KUB has this day granted, bargained, sold and conveyed, and does by these presents hereby grant, bargain, sell and convey to PCUD, its successors and assigns, all of the right, title and interest in and to KUB’s public functions, rights, duties and the Emory Vista Gas Main, including easements, rights of way, licenses, and personalty, together with all hereditaments and appurtenances thereunto belonging or appertaining.

By this Bill of Sale, KUB covenants with PCUD, its successors and assigns that KUB is lawfully seized and possessed of all of the Emory Vista Gas Main and has the right to convey the same; that all of the Emory Vista Gas Main and related facilities are transferred free and clear of all liens and encumbrances whatsoever and however created; and that KUB will warrant and defend the title thereto against any and all such liens from encumbrances against all entities or persons claiming an interest in the Emory Vista Gas Main.

IN WITNESS WHEREOF, KUB, having been duly authorized, has executed this Bill of Sale by its duly authorized officer, as of the day and year first written above.

KNOXVILLE UTILITIES BOARD

By: _____

Its: _____

Attest: _____

NO AFFIDAVIT OF VALUE IS REQUIRED FOR THIS TRANSFER UNDER T.C.A. § 67-4-404 SINCE GRANTEE IS A UTILITY DISTRICT

STATE OF TENNESSEE

COUNTY OF KNOX

Before me, the undersigned authority, a Notary Public of the State and County aforesaid, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself/herself to be the _____ of Knoxville Utilities Board, the within named bargainor, a municipal utility, and that s/he, as such officer, executed the foregoing instrument for the purposes therein contained by signing the name of the municipal utility by himself/herself as _____.

Witness my hand and seal, at office this ____ day of _____, 2019.

NOTARY PUBLIC

My Commission Expires:

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