

**Knoxville Utilities Board  
Board Meeting  
Minutes  
Thursday, February 17, 2022 Noon**

**Call to Order**

The Knoxville Utilities Board met in regular session in the Mintha E. Roach Corporate Services and Conference Center at 4505 Middlebrook Pike, on Thursday, February 17, 2022, pursuant to the public notice published in the January 8, 2022, edition of the *News Sentinel*. Chair Jerry Askew called the meeting to order at 12:00 p.m.

**Roll Call**

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

Commissioner Absent: Claudia Caballero

**Approval of Minutes**

Upon a motion by Commissioner Herbert and a second by Commissioner Small, the January 20, 2022 Board Meeting minutes were approved by a roll call vote. The following Commissioners voted "aye": Askew, Feinbaum, Hamilton, Herbert, Simpson-Brown, and Small. No Commissioner voted "nay".

**Old Business**

None

**New Business**

**Resolution 1452, A Resolution Requesting the Council of the City of Knoxville, Tennessee to Provide for the Issuance of Not to Exceed Twenty-Seven Million Four Hundred Fifteen Thousand and No/100 Dollars (\$27,415,000) in Aggregate Principal Amount of Electric System Revenue Refunding Bonds, Series NN-2022; the Issuance of Not to Exceed Fifteen Million Seven Hundred Sixty-Five Thousand and No/100 Dollars (\$15,765,000) in Aggregate Principal Amount of Water System Revenue Refunding Bonds, Series MM-2022; and the Issuance of Not to Exceed Twenty-Four Million Five Hundred Thirty-Five Thousand and No/100 Dollars (\$24,535,000) in Aggregate Principal Amount of Wastewater System Revenue Refunding Bonds, Series 2022B**

February 17, 2022

President Gabriel Bolas advised Commissioners that KUB has identified an opportunity to refinance outstanding bonds for the electric, water, and wastewater systems at lower interest rates, providing a significant savings for KUB customers. He recognized Mark Walker, Senior Vice President and Chief Financial Officer, to provide the details.

President Bolas recommended adoption of Resolution 1452 on first and final reading. His written recommendation is included in Attachment 1.

Upon a motion by Commissioner Hamilton and a second by Commissioner Herbert, Resolution 1452 was adopted by a roll call vote on first and final reading. The following Commissioners voted "aye": Askew, Feinbaum, Hamilton, Herbert, Simpson-Brown, and Small. No Commissioner voted "nay".

## **President's Report**

### **Field Ergonomics Project**

President Bolas advised Commissioners that safety of our customers and our employees is a top priority at KUB. A big part of safety for our employees is actively looking for ways to prevent injuries from occurring. He recognized Emily Smith, Occupational Health Team Lead, to share information about KUB's ergonomics program for field employees.

### **Commercial Metals Company Natural Gas Meter Set Relocation Project**

President Bolas advised Commissioners that staff recently collaborated to assist one of KUB's largest customers, Commercial Metals Company, with a major project. He recognized David Rosecrance, Key Account Representative, and Rob Callori, Gas Systems Engineer, to share the details of the project.

### **Cumberland Avenue Water Main Repair**

President Bolas advised Commissioners that we recently had a significant event on our water system on Cumberland Avenue. He recognized Doug Miller, Manager of Underground Construction, to provide an update on KUB's response.

## **Other Business**

None

## **Public Comment**

Erin Rose – 1140 Farrington Drive – Knoxville, TN 37923

February 17, 2022

**Adjournment**

There being nothing further to come before the Board, Chair Askew declared the Board meeting adjourned at 1:03 p.m.

  
Jerry Askew, Chair

  
Mark Walker, Board Secretary

**Attachments**

Attachment 1	Recommendation Letter and Resolution 1452 – A Resolution Requesting the Council of the City of Knoxville, Tennessee to Provide for the Issuance of Not to Exceed Twenty-Seven Million Four Hundred Fifteen Thousand and No/100 Dollars (\$27,415,000) in Aggregate Principal Amount of Electric System Revenue Refunding Bonds, Series NN-2022; the Issuance of Not to Exceed Fifteen Million Seven Hundred Sixty-Five Thousand and No/100 Dollars (\$15,765,000) in Aggregate Principal Amount of Water System Revenue Refunding Bonds, Series MM-2022; and the Issuance of Not to Exceed Twenty-Four Million Five Hundred Thirty-Five Thousand and No/100 Dollars (\$24,535,000) in Aggregate Principal Amount of Wastewater System Revenue Refunding Bonds, Series 2022B	<b><u>Page(s)</u></b> 11308 – 11426
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Knoxville Utilities Board

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February 11, 2022

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

Commissioners:

The February 17 Board meeting agenda includes a single official action item, a resolution for the proposed refinancing of outstanding bonds for KUB's electric, water, and wastewater systems. An overview of the resolution is provided below.

**Resolution 1452**

Staff has identified an opportunity for refinancing outstanding bonds for the electric, water, and wastewater systems, thus providing a savings in future debt service payments. The refunding candidates represent bonds sold by KUB in 2015.

Resolution 1452 authorizes the issuance of up to \$67.7 million in revenue refunding bonds, including \$27.4 million for the electric system, \$15.8 million for the water system, and \$24.5 million for the wastewater system. The proceeds of the bonds will be used to retire the outstanding bonds, pay the underwriters' discounts, and cover all issuance costs related to the sale of the refunding bonds. The refunding bonds will not extend the life of the outstanding bonds to be refunded. Resolution 1452 also requests City Council authorization to issue the refunding bonds, as Council approval is required for any debt issuance with a final maturity in excess of five years.

Based on current bond market performance, we are projecting total debt service savings of \$8.2 million over the life of the bonds, including \$3.8 million for the electric system, \$1.6 million for water system, and \$2.8 million for the wastewater system. Costs related to the issuance of the refunding bonds, including fees for the financial advisor, bond counsel, rating agencies, and other expenses, are estimated to be \$440,000.

Resolution 1452 and the supporting City Council resolutions have been attached for your review. A summary of the major provisions of the resolutions is also included for your information. I recommend approval of Resolution 1452 on first and final reading.

Respectfully submitted,

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

Gabriel J. Bolas II  
President and CEO

## RESOLUTION NO. 1452

**A Resolution Requesting the Council of the City of Knoxville, Tennessee to Provide for the Issuance of Not to Exceed Twenty-Seven Million Four Hundred Fifteen Thousand and No/100 Dollars (\$27,415,000) in Aggregate Principal Amount of Electric System Revenue Refunding Bonds, Series NN-2022; the Issuance of Not to Exceed Fifteen Million Seven Hundred Sixty-Five Thousand and No/100 Dollars (\$15,765,000) in Aggregate Principal Amount of Water System Revenue Refunding Bonds, Series MM-2022; and the Issuance of Not to Exceed Twenty-Four Million Five Hundred Thirty-Five Thousand and No/100 Dollars (\$24,535,000) in Aggregate Principal Amount of Wastewater System Revenue Refunding Bonds, Series 2022B**

**Whereas**, by the provisions of the City Charter of the City of Knoxville, Tennessee (the "City"), the management and operation of the City's electrical power distribution system (the "Electric System"); the City's water distribution and treatment system (the "Water System"); and the City's wastewater system (the "Wastewater System") have been placed under the jurisdiction of the Board of Commissioners (the "Board") of the Knoxville Utilities Board ("KUB"); and

**Whereas**, the Board, after due investigation and consideration, deems it in the best interest of the City for the City to issue and sell not to exceed \$27,415,000 in aggregate principal amount of Electric System Revenue Refunding Bonds, Series NN-2022 (the "Electric Bonds") for the purpose of providing funds to refinance the outstanding principal amount of the City's outstanding Electric System Revenue Bonds, Series FF-2015, dated May 20, 2015, maturing July 1, 2022 through July 1, 2045, including the payment of legal, fiscal and administrative costs incident to the issuance and sale of the Electric Bonds; and

**Whereas**, the Board, after due investigation and consideration, deems it in the best interest of the City for the City to issue and sell not to exceed \$15,765,000 in aggregate principal amount of Water System Revenue Refunding Bonds, Series MM-2022 (the "Water Bonds") for the purpose of providing funds to refinance the outstanding principal amount of the City's outstanding Water System Revenue Bonds, Series CC-2015, dated May 20, 2015, maturing March 1, 2023 through March 1, 2045, including the payment of legal, fiscal, and administrative costs incident to the issuance and sale of the Water Bonds; and



**Whereas**, the Board, after due investigation and consideration, deems it in the best interest of the City for the City to issue and sell not to exceed \$24,535,000 in aggregate principal amount of Wastewater System Revenue Refunding Bonds, Series 2022B (the "Wastewater Bonds") for the purpose of providing funds to refinance the outstanding principal amount of the City's outstanding Wastewater System Revenue Bonds, Series 2015B, dated May 20, 2015, maturing April 1, 2023 through April 1, 2050, including the payment of legal, fiscal, and administrative costs incident to the issuance and sale of the Wastewater Bonds; and

**Whereas**, the Board has had prepared for passage by the Council of the City a resolution authorizing the issuance of the Electric Bonds, a copy of which is attached hereto and made a part hereof (the "Electric Resolution"); a resolution authorizing the issuance of the Water Bonds, a copy of which is attached hereto and made a part hereof (the "Water Resolution"); and a resolution authorizing the issuance of the Wastewater Bonds, a copy of which is attached hereto and made a part hereof (the "Wastewater Resolution").

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

**Section 1.** The Board hereby determines and finds that it is in the best interest of the City that the Council of the City adopt the Electric Resolution, in substantially the form presented to this meeting with only such changes as the Chief Financial Officer of KUB shall deem necessary, and authorize the issuance and sale of the Electric Bonds pursuant thereto, the description of the Electric Bonds, the security therefor and the purposes for which said Bonds are to be issued, being more fully stated in the Electric Resolution.

**Section 2.** The Board hereby determines and finds that it is in the best interest of the City that the Council of the City adopt the Water Resolution, in substantially the form presented to this meeting with only such changes as the Chief Financial Officer of KUB shall deem necessary, and authorize the issuance and sale of the Water Bonds pursuant thereto, the description of the Water Bonds, the security therefor and the purposes for which said Bonds are to be issued, being more fully stated in the Water Resolution.

**Section 3.** The Board hereby determines and finds that it is in the best interest of the City that the Council of the City adopt the Wastewater Resolution, in substantially the form presented to this meeting with only such changes as the Chief Financial Officer of KUB shall deem necessary, and authorize the issuance and sale of the Wastewater Bonds pursuant thereto, the description of the Wastewater Bonds, the security therefor and the purposes for which said Bonds are to be issued, being more fully stated in the Wastewater Resolution.

**Section 4.** As required by the State Funding Board of the State of Tennessee, the Board has heretofore adopted a KUB Debt Management Policy. The Board hereby finds the issuance of the Electric Bonds, Water Bonds, and Wastewater Bonds, as proposed herein, is consistent with the KUB Debt Management Policy.

**Section 5.** The Board hereby formally requests the Council of the City to pass the Electric Resolution, the Water Resolution and the Wastewater Resolution, and the Board does hereby adopt, ratify, approve, consent and agree to each and every provision contained in the Electric Resolution, the Water Resolution and the Wastewater Resolution upon adoption.

**Section 6.** The Board has elected and does hereby elect that the Electric Bonds be issued under the Electric Resolution, the Water Bonds be issued under the Water Resolution and the Wastewater Bonds be issued under the Wastewater Resolution.

**Section 7.** The Secretary of the Board shall deliver a certified copy of this Resolution to the Mayor and the Council of the City as formal evidence of this Board's action in connection therewith.

**Section 8.** This Resolution shall take effect from and after its passage.

Jerry Askew/s  
Jerry Askew, Chair

Mark Walker/s  
Mark Walker, Board Secretary

APPROVED ON 1<sup>st</sup>  
& FINAL READING: 2-17-22  
EFFECTIVE DATE: 2-17-22  
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A RESOLUTION SUPPLEMENTING RESOLUTION NO. 1644 ADOPTED BY THE CITY COUNCIL OF THE CITY OF KNOXVILLE, TENNESSEE ON JANUARY 4, 1949 ENTITLED "A RESOLUTION PROVIDING FOR THE ISSUANCE OF ELECTRIC SYSTEM REVENUE REFUNDING BONDS" SO AS TO PROVIDE FOR THE ISSUANCE OF NOT TO EXCEED TWENTY-SEVEN MILLION FOUR HUNDRED FIFTEEN THOUSAND AND NO/100 DOLLARS (\$27,415,000) OF ELECTRIC SYSTEM REVENUE REFUNDING BONDS, SERIES NN-2022.

RESOLUTION NO: \_\_\_\_\_

REQUESTED BY: \_\_\_\_\_

PREPARED BY: \_\_\_\_\_

APPROVED AS TO FORM

CORRECTNESS: \_\_\_\_\_

Law Director

FINANCIAL IMPACT STATEMENT:

\_\_\_\_\_

\_\_\_\_\_

Director of Finance

APPROVED: \_\_\_\_\_

APPROVED AS AN  
EMERGENCY MEASURE: \_\_\_\_\_

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WHEREAS, the City of Knoxville (the "City"), pursuant to a resolution entitled "A Resolution Providing for the Issuance of Electric System Revenue Bonds," being Resolution No. 1644 of the City Council adopted January 4, 1949 (which resolution as heretofore amended is hereinafter sometimes referred to as the "1949 Resolution"), authorized an issue of Electric System Revenue Bonds; and

WHEREAS, pursuant to the 1949 Resolution, and for the purpose of financing the cost of the extensions and improvements of the City's electrical power distribution system (hereinafter sometimes referred to as the "System") and the refinancing of indebtedness issued for that purpose, the City issued Electric System Revenue Bonds, the series of which, the amount issued, and the amount outstanding as of March 1, 2022, are as follows:

<u>Series</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
EE-2015	\$28,550,000	\$21,530,000
FF-2015	\$35,000,000	\$30,575,000
GG-2016	\$40,000,000	\$35,700,000
HH-2017	\$23,445,000	\$15,225,000
II-2017	\$40,000,000	\$36,885,000
JJ-2018	\$39,995,000	\$37,550,000
KK-2020	\$14,380,000	\$13,225,000
LL-2021	\$70,180,000	\$70,180,000

WHEREAS, it is desirable that an additional series of bonds be issued to refinance the outstanding principal amount of the City's outstanding Electric System Revenue Bonds, Series FF-2015, dated May 20, 2015, maturing July 1, 2023 through July 1, 2045 (the "Refunded Bonds"), including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the bonds, pursuant to the authority of the 1949 Resolution and pursuant to the authority of this resolution; and

WHEREAS, the Board of Commissioners (the "Board") of the Knoxville Utilities Board ("KUB") has duly adopted a resolution requesting the City Council of the City to adopt this resolution authorizing the issuance of bonds for the purposes and in the manner hereinafter more fully stated; and

WHEREAS, the plan of refunding for the Refunded Bonds has been submitted to the State Director of the Division of Local Government Finance (the "State Director") as required by Section 9-21-903, Tennessee Code Annotated, as amended, and she has acknowledged receipt thereof to the City and KUB and submitted her report thereon to the City and KUB, and such report has been provided to members of the City Council of the City; and

WHEREAS, it is the intention of the City Council of the City to adopt this resolution for the purpose of authorizing not to exceed \$27,415,000 in aggregate principal amount of electric system revenue refunding bonds for the purposes described above, establishing the terms of such bonds, providing for the issuance, sale and payment of the bonds and disposition of proceeds therefrom, and collection of revenues from the System and the application thereof to the payment of principal of, premium, if any, and interest on said bonds.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Knoxville, Tennessee, as follows:

Section 1. Authority. The bonds authorized by this resolution are issued pursuant to Sections 7-34-101 et seq. and 9-21-101 et seq., Tennessee Code Annotated, and other applicable provisions of law.

Section 2. Definitions. Capitalized terms used herein and not defined in this Section 2 shall have the meanings ascribed to them in the 1949 Resolution (as hereinbelow defined). The following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise.

(a) "Board" shall mean the Board of Commissioners of the Knoxville Utilities Board;

(b) "Bond Purchase Agreement" means a Bond Purchase Agreement, dated as of the sale of the Series NN-2022 Bonds, entered into by and between KUB and the Underwriter, in substantially the form of the document attached hereto as Exhibit A, subject to such changes as permitted by Section 10 hereof, as approved by the President and Chief Executive Officer of KUB, consistent with the terms of this resolution;

(c) "Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which physical Bond certificates in fully registered form are issued to a Depository, or to its nominee as Registered Owner, with the certificated Bonds being held by and "immobilized" in the custody of such Depository, and under which records maintained by persons, other than the City, KUB or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial "book-entry" interests in those Bonds;

(d) "City" shall mean the City of Knoxville, Tennessee;

(e) "Code" shall mean the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated or proposed thereunder;

(f) "Depository" means any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-Entry System, including, but not limited to, DTC;

(g) "DTC" means the Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns;

(h) "DTC Participant(s)" means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC system;

(i) "Governing Body" shall mean the City Council of the City;

(j) "KUB shall mean the Knoxville Utilities Board;

(k) "1949 Resolution" shall mean Resolution No. 1644 of the Governing Body, adopted January 4, 1949, as amended and supplemented by Resolution No. 2171, Resolution No. 3491, Resolution No. R-317-90, Resolution No. R-422-98, Resolution No. R-149-01, Resolution No. R-332-2010 and Resolution R-230-2018 and as otherwise supplemented prior to the date hereof;

(l) "Outstanding Bonds" shall mean the City's outstanding Electric System Revenue Refunding Bonds, Series EE-2015, dated May 1, 2015, maturing July 1, 2022 and thereafter, the City's outstanding Electric System Revenue Bonds, Series FF-2015, dated May 20, 2015, maturing July 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series NN-2022 Bonds, the City's outstanding Electric System Revenue Bonds, Series GG-2016, dated August 5, 2016, maturing July 1, 2022 and thereafter, the City's outstanding Electric System Revenue Refunding Bonds, Series HH-2017, dated April 7, 2017, maturing July 1, 2022 and thereafter, the City's outstanding Electric System Revenue Bonds, Series II-2017, dated September 15, 2017, maturing July 1, 2022 and thereafter, the City's outstanding Electric System Revenue Bonds, Series JJ-2018, dated September 14, 2018, maturing



July 1, 2022 and thereafter, the City's outstanding Electric System Revenue Refunding Bonds, Series KK-2020, dated May 22, 2020, maturing July 1, 2022 and thereafter, and the City's outstanding Electric System Revenue Refunding Bonds, Series LL-2021, dated April 19, 2021, maturing July 1, 2022 and thereafter.

(m) "Parity Bonds" shall mean any bonds issued on a parity with the Series NN-2022 Bonds and the Outstanding Bonds pursuant to the 1949 Resolution;

(n) "Refunded Bonds" shall mean those portions of the City's outstanding Electric System Revenue Bonds, Series FF-2015, dated May 20, 2015, maturing July 1, 2023 through July 1, 2045 that are selected for refunding pursuant to Section 10 hereof;

(o) "Refunding Escrow Agent" shall mean the refunding escrow agent under the Refunding Escrow Agreement as shall be designated by the President and Chief Executive Officer of KUB, or any successor thereunder pursuant to the terms thereof;

(p) "Refunding Escrow Agreement" shall mean the Refunding Escrow Agreement, dated as of the date of the Series NN-2022 Bonds that is authorized to be entered into by and between KUB and the Refunding Escrow Agent in substantially the form attached hereto as Exhibit B, subject to such changes therein as shall be permitted by Section 13 hereof;

(q) "Registration Agent" shall mean the registration and paying agent for the Series NN-2022 Bonds designated by the President and Chief Executive Officer of KUB, or any successor as designated by the Board;

(r) "Series NN-2022 Bonds" shall mean the City's Electric System Revenue Refunding Bonds, Series NN-2022, dated the date of their issuance or such other date as shall be determined by the Board pursuant to Section 10 hereof, authorized to be issued by the 1949 Resolution and this resolution in an aggregate principal amount not to exceed \$27,415,000;

(s) "State" shall mean the State of Tennessee; and

(t) "Underwriter" shall mean an investment banking firm qualified to underwrite bonds such as the Series NN-2022 Bonds in the State of Tennessee selected by the President and Chief Executive Officer of KUB.

Section 3. Declarations. It is hereby determined that all requirements of the 1949 Resolution have been or will have been met upon the issuance of the Series NN-2022 Bonds so that the Series NN-2022 Bonds will be issued as Parity Bonds.

Section 4. Findings of the Governing Body. It is hereby found and determined by the Governing Body as follows:

(a) The refunding of the Refunded Bonds as set forth herein through the issuance of the Series NN-2022 Bonds will result in a reduction in debt service payable by the City and KUB over the term of the Refunded Bonds, thereby effecting a cost savings to the System; and

(b) It is advantageous to the City and KUB to deposit a portion of the proceeds from the sale of the Series NN-2022 Bonds and other funds of KUB, if any, with the Refunding Escrow Agent pursuant to the Refunding Escrow Agreement which, together with investment income thereon, will be sufficient to pay principal of, premium, if any, and interest on the Refunded Bonds, provided, that KUB may dispense with the use of a Refunding Escrow Agreement to the extent permitted by Section 13 hereof.



Section 5. Authorization and Terms of the Series NN-2022 Bonds. (a) For the purpose of providing funds for the payment of principal of and premium and interest on the Refunded Bonds to the earliest practicable optional redemption date thereof, including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the Series NN-2022 Bonds as more fully set out in Section 10 hereof, there are hereby authorized to be issued revenue bonds of the City in the aggregate principal amount of not to exceed \$27,415,000. The Series NN-2022 Bonds shall be issued in fully registered form, without coupons, shall be known as "Electric System Revenue Refunding Bonds, Series NN-2022" and shall be dated the date of their issuance or such other date as shall be determined by the Board or the President and Chief Executive Officer of KUB as its designee pursuant to Section 10 hereof. The Series NN-2022 Bonds shall bear interest at a rate or rates not to exceed five percent (5.00%) per annum, payable semi-annually on January 1 and July 1 in each year, commencing January 1, 2023 or such later date as is permitted pursuant to Section 10 hereof. The Series NN-2022 Bonds shall be initially issued in \$5,000 denominations or integral multiples thereof as shall be requested by the purchaser thereof. The Series NN-2022 Bonds shall mature and be payable either serially or through mandatory redemption on each July 1 in such years as is established by the Board or the President and Chief Executive Officer of KUB as its designee pursuant to Section 10, provided that the final maturity date shall not be later than July 1, 2045. The final maturity schedule shall be established by the award resolution or certificate awarding the Series NN-2022 Bonds to the successful purchaser thereof or in the Bond Purchase Agreement provided for in Section 10 if the Series NN-2022 Bonds are sold by negotiated sale.

(b) Subject to adjustment pursuant to Section 10 hereof, the Series NN-2022 Bonds maturing on or before July 1, 2031 shall mature without option of prior redemption, and the Series NN-2022 Bonds maturing on July 1, 2032 and thereafter (if any) shall be subject to redemption prior to maturity at the option of the City, acting through the Board, on or after July 1, 2031, as a whole or in part at any time at a redemption price equal to the principal amount plus interest accrued to the redemption date.

If less than all the Series NN-2022 Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board in its discretion. If less than all the Series NN-2022 Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Series NN-2022 Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Series NN-2022 Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Series NN-2022 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series NN-2022 Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

(c) Pursuant to Section 10 hereof, KUB is authorized to sell the Series NN-2022 Bonds, or any maturities thereof, as term bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by KUB. In the event any or all the Series NN-2022 Bonds are sold as term bonds, KUB shall redeem such term bonds on redemption dates corresponding to the maturity dates set forth in the award resolution or certificate awarding the Series NN-2022 Bonds, in amounts so as to achieve an amortization of the indebtedness approved by the Board or the President and Chief Executive Officer of KUB as its designee. DTC, as Depository for the Series NN-2022 Bonds, or any successor Depository for the Series NN-2022 Bonds, shall determine the interest of each Participant in the Series NN-2022 Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as Depository for the Series NN-2022 Bonds, the



Series NN-2022 Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, KUB may (i) deliver to the Registration Agent for cancellation Series NN-2022 Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Series NN-2022 Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Series NN-2022 Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of KUB on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Series NN-2022 Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. KUB shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

(d) Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series NN-2022 Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Series NN-2022 Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Series NN-2022 Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series NN-2022 Bonds, as and when above provided, and neither KUB, the City, nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices, in the case of term bonds with mandatory redemption requirements as and when provided herein and in the Series NN-2022 Bonds and, in the case of optional redemption, as and when directed by the Board pursuant to written instructions from an authorized representative of the Board given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Series NN-2022 Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the City or KUB to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

(e) The Series NN-2022 Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the City with the manual or facsimile signature of the Chair of the Board and attested by the manual or facsimile signature of the Secretary of the Board.

(f) The City hereby authorizes and directs the Board to appoint a Registration Agent and paying agent for the Series NN-2022 Bonds, and the Registration Agent so appointed is authorized and



directed to maintain Bond registration records with respect to the Series NN-2022 Bonds, to authenticate and deliver the Series NN-2022 Bonds as provided herein, either at original issuance, upon transfer, or as otherwise directed by the Board, to effect transfers of the Series NN-2022 Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Series NN-2022 Bonds as provided herein, to cancel and destroy Series NN-2022 Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish KUB at least annually a certificate of destruction with respect to Series NN-2022 Bonds canceled and destroyed, and to furnish KUB at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Series NN-2022 Bonds. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed. The Board hereby delegates to the President and Chief Executive Officer of KUB the authority to select and appoint the Registration Agent and any paying agents for the Series NN-2022 Bonds and to select and appoint the Refunding Escrow Agent (as well as any successors to any of the foregoing). The Chair of the Board is hereby authorized to execute and the Secretary of the Board is hereby authorized to attest such written agreement between KUB and the Registration Agent as they shall deem necessary or proper with respect to the obligations, duties and rights of the Registration Agent.

(g) The Series NN-2022 Bonds shall be payable, principal and interest, in lawful money of the United States of America at the designated trust office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds on each interest payment date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owners at their addresses shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Series NN-2022 Bonds, and all such payments shall discharge the obligations of KUB in respect of such Series NN-2022 Bonds to the extent of the payments so made. Payment of principal of the Series NN-2022 Bonds shall be made upon presentation and surrender of such Series NN-2022 Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. In the event the Series NN-2022 Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Series NN-2022 Bonds, payment of interest on such Series NN-2022 Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

(h) Any interest on any Series NN-2022 Bond which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid to the persons in whose names the Series NN-2022 Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: KUB shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Series NN-2022 Bond and the date of the proposed payment, and at the same time KUB shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify KUB of such Special Record Date and, in the name and at the



expense of KUB, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Series NN-2022 Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of KUB to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Series NN-2022 Bonds when due.

(i) The Series NN-2022 Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Series NN-2022 Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Series NN-2022 Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Series NN-2022 Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Series NN-2022 Bond or Series NN-2022 Bonds to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Series NN-2022 Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Series NN-2022 Bond, nor to transfer or exchange any Series NN-2022 Bond after notice calling such Series NN-2022 Bond for redemption has been made, nor to transfer or exchange any Series NN-2022 Bond during the period following the receipt of instructions from KUB to call such Series NN-2022 Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Series NN-2022 Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Series NN-2022 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither KUB nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Series NN-2022 Bonds shall be overdue. Series NN-2022 Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Series NN-2022 Bonds of the same maturity in any authorized denomination or denominations. This subsection shall be applicable only if the Series NN-2022 Bonds are no longer held by a Depository, and as long as the Series NN-2022 Bonds are held by a Depository, transfers of ownership interests in the Series NN-2022 Bonds shall be governed by the rules of the Depository.

(j) Except as otherwise authorized herein, the Series NN-2022 Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as the Depository for the Series NN-2022 Bonds except as otherwise provided herein. References in this Section to a Series NN-2022 Bond or the Series NN-2022 Bonds shall be construed to mean the Series NN-2022 Bond or the Series NN-2022 Bonds that are held under the Book-Entry System. One Series NN-2022 Bond for each maturity of the Series NN-2022 Bonds shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Registration Agent is a custodian and agent for DTC, and the Series NN-2022 Bond will be immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Series NN-2022 Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Series NN-2022 Bonds. Beneficial ownership interests in the Series NN-2022 Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Series NN-2022 Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Series NN-2022 Bonds. Transfers of ownership interests in the Series



NN-2022 Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE SERIES NN-2022 BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE SERIES NN-2022 BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES NN-2022 BONDS, RECEIPT OF NOTICES, VOTING AND TAKING OR NOT TAKING, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Series NN-2022 Bonds, so long as DTC is the only owner of the Series NN-2022 Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co. as provided in the Letter of Representation relating to the Series NN-2022 Bonds from the City, acting by and through KUB, and the Registration Agent to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. Neither the City, KUB nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as Depository for the Series NN-2022 Bonds or (2) to the extent permitted by the rules of DTC, the Board determines to discontinue the Book-Entry System, the Book-Entry System with DTC shall be discontinued. If the Board fails to identify another qualified securities depository to replace DTC, the Board shall cause the Registration Agent to authenticate and deliver replacement Series NN-2022 Bonds in the form of fully registered Series NN-2022 Bonds to each Beneficial Owner.

NEITHER THE CITY, KUB NOR THE REGISTRATION AGENT SHALL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE SERIES NN-2022 BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES NN-2022 BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS, (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES NN-2022 BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

If the purchaser or Underwriter certifies that it intends to hold the Series NN-2022 Bonds for its own account, then the City may issue, acting by and through KUB, certificated Bonds without the utilization of DTC and the Book-Entry System.

(k) In case any Series NN-2022 Bond shall become mutilated, or be lost, stolen, or destroyed, the City, acting by and through KUB, in its discretion, shall issue, and the Registration Agent, upon written direction from KUB, shall authenticate and deliver, a new Series NN-2022 Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Series NN-2022 Bond, or in lieu of and in substitution for such lost, stolen or destroyed Series NN-2022 Bond, or if any such Series NN-2022 Bond shall have matured or shall be about to mature, instead of issuing a substituted Series NN-2022 Bond KUB may pay or authorize payment of such Series NN-2022 Bond without surrender thereof. In every case the applicant shall furnish evidence satisfactory to KUB and the Registration Agent of the destruction, theft or loss of such Series NN-2022 Bond, and indemnity satisfactory to KUB and the Registration Agent; and KUB may charge the applicant for the issue of such

new Series NN-2022 Bond an amount sufficient to reimburse KUB for the expense incurred by it in the issue thereof.

(l) The Registration Agent is hereby authorized to authenticate and deliver the Series NN-2022 Bonds to DTC, on behalf of the initial purchaser thereof, or an agent of DTC, upon receipt by KUB of the proceeds of the sale thereof, subject to the rules of the depository, and to authenticate and deliver Series NN-2022 Bonds in exchange for Series NN-2022 Bonds of the same principal amount delivered for transfer upon receipt of the Series NN-2022 Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Series NN-2022 Bonds shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an authorized representative thereof on the certificate set forth herein on the Series NN-2022 Bond form.

(m) The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Series NN-2022 Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Series NN-2022 Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Series NN-2022 Bonds and provision of notices with respect to Series NN-2022 Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the Beneficial Owners of the Series NN-2022 Bonds, provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this section.

Section 6. Source of Payment. The Series NN-2022 Bonds shall be payable solely from and be secured by a pledge of the Net Revenues of the System as hereinafter provided and as provided in the 1949 Resolution on a parity and equality of lien with the Outstanding Bonds. The punctual payment of principal of and interest on the Series NN-2022 Bonds, the Outstanding Bonds and any Parity Bonds shall be secured equally and ratably by the Net Revenues of the System, without priority by reason of series, number or time of sale and delivery. The owners of the Series NN-2022 Bonds shall have no recourse to the power of taxation of the City.

Section 7. Form of Series NN-2022 Bonds. The Series NN-2022 Bonds shall be in substantially the following form, the omissions to be appropriately completed when the Series NN-2022 Bonds are prepared and delivered:

(Form of Series NN-2022 Bond)

REGISTERED  
Number \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
COUNTY OF KNOX  
CITY OF KNOXVILLE  
ELECTRIC SYSTEM REVENUE REFUNDING BOND, SERIES NN-2022

Interest Rate:                      Maturity Date:                      Date of Bond:                      CUSIP No.:

Registered Owner:  
Principal Amount:



KNOW ALL PERSONS BY THESE PRESENTS: That the City of Knoxville, a municipal corporation lawfully organized and existing in Knox County, Tennessee (the "City"), acting by and through the Knoxville Utilities Board ("KUB"), for value received hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth, or upon earlier redemption, as set forth herein, and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date or redemption date, said interest being payable on January 1, 2023, and semi-annually thereafter on the first day of January and July in each year until this Bond matures or is redeemed. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the designated trust office of \_\_\_\_\_, \_\_\_\_\_, Tennessee, as registration agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond by check or draft on each interest payment date directly to the registered owner hereof shown on the bond registration records maintained by the Registration Agent as of the close of business on the day which is the fifteenth (15th) day of the month next preceding the interest payment date (the "Regular Record Date") by depositing said payment in the United States mail, postage prepaid, addressed to such owner at such owner's address shown on said bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the City and KUB to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of and premium, if any, on the Bonds shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds of the series of which this Bond is one. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Registration Agent is a custodian and agent for DTC, and the Bond will be immobilized in its custody. A book-entry system (the "Book-Entry System") shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, as defined in the Resolution, pursuant to rules and procedures established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the City, KUB and the Registration Agent shall treat Cede & Co., as the only owner of the Bonds for all purposes under the Resolution, including receipt of all principal of, premium, if any, and interest on the Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal, maturity amounts, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners, as defined in the Resolution. Neither the City, KUB, nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) to the extent permitted by the rules of DTC, the Board of Commissioners of KUB (the "Board") determines to discontinue the Book-Entry System, the Book-Entry System with DTC shall be discontinued. If the Board fails to identify another qualified securities depository to replace DTC, the Board shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. Neither the City, KUB nor the Registration Agent shall have any responsibility or



obligations to any DTC Participant or any Beneficial Owner with respect to (i) the Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts of and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners, (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

The Bonds of the issue of which this Bond is one maturing on or before July 1, 2031 shall mature without option of prior redemption. The Bonds maturing on July 1, 2032 and thereafter shall be subject to redemption prior to maturity at the option of the City, acting through the Board, on or after July 1, 2031, as a whole or in part at any time at a redemption price equal to the principal amount plus interest accrued to the redemption date.

[If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Series Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.]

[Subject to the credit hereinafter provided, the City acting by and through KUB, shall redeem Bonds maturing on the redemption dates set forth below opposite such maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, as securities depository for the series of Bonds of which this Bond is one, or any successor Depository for the Bonds, shall determine the interest of each Participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as securities depository for the Bonds, the Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and amount of Bonds to be redeemed on said dates are as follows:

<u>Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds to be Redeemed</u>
-----------------	------------------------	---

\*final maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the City, acting through KUB, may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive credit in respect of its redemption obligation under the mandatory redemption provision for any Bonds to be redeemed which



prior to said date have been purchased or redeemed (otherwise than by mandatory redemption) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under the mandatory redemption provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of KUB on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of the Bonds to be redeemed by operation of the mandatory redemption provision shall be accordingly reduced. KUB shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this paragraph are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

Notice of call for redemption, whether optional or mandatory shall be given by the Registration Agent on behalf of the City, but only upon direction of the Board, not fewer than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly given as set forth in the Resolution, as hereafter defined. In the case of a Conditional Redemption, the failure of the City or KUB to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.]

The Bonds of the issue of which this Bond is one are issuable only as fully registered Bonds, without coupons, in the denomination of Five Thousand Dollars (\$5,000) or any authorized integral multiple thereof. At the designated trust office of the Registration Agent, in the manner and subject to the limitations, conditions and charges provided in the Resolution, fully registered Bonds may be exchanged for an equal aggregate principal amount of fully registered Bonds of the same maturity, of authorized denominations, and bearing interest at the same rate. The Bonds shall be numbered consecutively from one upwards and will be made eligible for the Book-Entry System of DTC. Except as otherwise provided in this paragraph and the Resolution, as hereinafter defined, the Bonds shall be registered in the name of Cede & Co. as nominee of DTC. The Board may discontinue use of DTC for Bonds at any time upon determination by the Board that the use of DTC is no longer in the best interest of the beneficial owners of the Bonds. Upon such determination, registered ownership of the Bonds may be transferred on the registration books maintained by the Registration Agent, and the Bonds may be delivered in physical form to the following:

- i. any successor of DTC or its nominee;
- ii. any substitute depository to which the Registration Agent does not unreasonably object, upon (a) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (b) a determination by the Board that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; or



iii. any person, upon (a) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository, or (b) termination by the Board of the use of DTC (or substitute depository or its successor).

In the event that this Bond is no longer held in a Book-Entry System by DTC, this Bond shall be transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the designated trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denomination or denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the City, KUB nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the Board to call such Bond for redemption.

This Bond is one of a total authorized issue aggregating \$27,415,000 and issued by the City, acting by and through KUB, for the purpose of providing funds to refinance the outstanding principal amount of the City's outstanding Electric System Revenue Bonds, Series FF-2015, dated May 20, 2015, maturing July 1, 2023 through July 1, 2045 (the "Refunded Bonds"), including the payment of legal, fiscal and administrative costs incident thereto and costs incident to the issuance of the Bonds, under and in full compliance with the Constitution and statutes of the State of Tennessee, including Sections 7-34-101 et seq. and Section 9-21-101 et seq., Tennessee Code Annotated, and pursuant to Resolution No. 1644 duly adopted by the City Council of the City on January 4, 1949, as supplemented and amended by Resolution No. 2171, Resolution No. 3491, Resolution No. R-317-90, Resolution No. R-422-98, Resolution No. R-149-01, Resolution No. R-332-2010 and Resolution R-230-2018, and as otherwise supplemented prior to the date hereof (as supplemented and amended, the "Resolution").

This Bond, and interest hereon, are payable solely from and secured by a pledge of the income and revenues to be derived from the operation of the electrical power distribution system of the City (the "System"), subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing, and insuring the System. The Bonds of the series of which this Bond is one shall enjoy complete parity and equality of lien with the City's outstanding Electric System Revenue Refunding Bonds, Series EE-2015, dated May 1, 2015, maturing July 1, 2022 and thereafter, the City's outstanding Electric System Revenue Bonds, Series FF-2015, dated May 20, 2015, maturing July 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series NN-2022 Bonds, the City's outstanding Electric System Revenue Bonds, Series GG-2016, dated August 5, 2016, maturing July 1, 2022 and thereafter, the City's outstanding Electric System Revenue Refunding Bonds, Series HH-2017, dated April 7, 2017, maturing July 1, 2022 and thereafter, the City's outstanding Electric System Revenue Bonds, Series II-2017, dated September 15, 2017, maturing July 1, 2022 and thereafter, the City's outstanding Electric System Revenue Bonds, Series JJ-2018, dated September 14, 2018, maturing July 1, 2022 and thereafter, the City's outstanding Electric System Revenue Refunding Bonds, Series KK-2020, dated May 22, 2020, maturing July 1, 2022 and thereafter, and the City's outstanding Electric System Revenue Refunding Bonds, Series LL-2021, dated April 19, 2021, maturing July 1, 2022 and thereafter (collectively, the "Outstanding Bonds"). As provided in the Resolution, the punctual payment of principal of, premium, if any, and interest on the series of Bonds of which this Bond is one, the Outstanding Bonds, and any other bonds issued on a parity therewith pursuant to the terms of the



Resolution shall be secured equally and ratably by said revenues without priority by reason of series, number or time of sale or delivery. The owner of this Bond shall have no recourse to the power of taxation of the City. The Board has covenanted that it will fix and impose such rates and charges for the services rendered by the System and will collect and account for sufficient revenues to pay promptly the principal of and interest on this Bond and the issue of which it is a part, as each payment becomes due. For a more complete statement of the revenues from which and conditions under which this Bond is payable, a statement of the conditions on which obligations may hereafter be issued on a parity with this Bond, the general covenants and provisions pursuant to which this Bond is issued and the terms upon which the Resolution may be modified, reference is hereby made to the Resolution.

Under existing law, this Bond and the income therefrom are exempt from all present state, county and municipal taxation in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on this Bond during the period such Bond is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of this Bond in the Tennessee franchise tax base or any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of either the City or KUB, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the City acting by and through the Board has caused this Bond to be signed by the Chair of the Board by his manual or facsimile signature and attested by the Secretary of the Board by his manual or facsimile signature, all as of the date hereinabove set forth.

CITY OF KNOXVILLE  
by and through the  
KNOXVILLE UTILITIES BOARD

By: \_\_\_\_\_  
Chair

ATTESTED:

\_\_\_\_\_  
Secretary

Transferable and payable at the  
designated trust office of: \_\_\_\_\_  
\_\_\_\_\_, Tennessee

Date of Registration: \_\_\_\_\_

This Bond is one of the issue of Bonds issued pursuant to the Resolution hereinabove described.

\_\_\_\_\_  
Registration Agent

By: \_\_\_\_\_  
Authorized Representative

### FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto \_\_\_\_\_, [Please insert Federal Tax Identification Number or Social Security Number of Assignee \_\_\_\_\_] whose address is \_\_\_\_\_, the within bond of the City of Knoxville, Tennessee, and does hereby irrevocably constitute and appoint \_\_\_\_\_, \_\_\_\_\_, Tennessee, attorney, to transfer the said bond on the records kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by a member firm of a Medallion Program acceptable to the Registration Agent.

Section 8. Equality of Lien; Pledge of Net Revenues. The punctual payment of principal of, premium, if any, and interest on the Series NN-2022 Bonds, the Outstanding Bonds and any Parity Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of series, number or time of sale or execution or delivery, and the Net Revenues of the System are hereby irrevocably pledged to the punctual payment of such principal, premium and interest as the same become due.

Section 9. Applicability of the 1949 Resolution. The Series NN-2022 Bonds are issued in compliance with the 1949 Resolution so as to be on a parity with the Outstanding Bonds, and, when duly delivered, the Series NN-2022 Bonds shall constitute a series of bonds issued under the authority of the 1949 Resolution. All recitals, provisions, covenants and agreements contained in the 1949 Resolution, as supplemented and amended herein (except insofar as any of said recitals, provisions, covenants and agreements necessarily relate exclusively to any series of the Outstanding Bonds) are hereby ratified and confirmed and incorporated herein by reference and, for so long as any of the Series NN-2022 Bonds shall be outstanding and unpaid either as to principal or interest, or until discharge and satisfaction of the Series NN-2022 Bonds as provided in Section 12 hereof, shall be applicable to the Series NN-2022 Bonds, shall inure to the benefit of owners of the Series NN-2022 Bonds as if set out in full herein, and shall be fully enforceable by the owner of any Series NN-2022 Bond.

All references to "holder" or "holders" in the 1949 Resolution shall be deemed to include owners of the Series NN-2022 Bonds, and all references to "Bonds" in the 1949 Resolution shall be deemed to include the Series NN-2022 Bonds.



Section 10. Sale of Series NN-2022 Bonds.

(a) The Series NN-2022 Bonds or any emission thereof may be sold at negotiated sale to the Underwriter or at public sale as determined by the President and Chief Executive Officer of KUB at a price of not less than 98.00% of par, exclusive of original issue discount, plus accrued interest, if any, provided, however, that no emission of Series NN-2022 Bonds may be sold at negotiated sale unless the Audit and Finance Committee of the Board has previously approved the sale of such emission at negotiated sale. The sale of any emission of the Series NN-2022 Bonds to the Underwriter or by public sale shall be binding on the City and KUB, and no further action of the Board with respect thereto shall be required.

(b) The President and Chief Executive Officer of KUB, as the designee of the Board, is further authorized with respect to each emission of Series NN-2022 Bonds to:

(1) change the dated date to a date other than the date of issuance;

(2) specify or change the series designation of the Series NN-2022 Bonds to a designation other than "Electric System Revenue Refunding Bonds";

(3) change the first interest payment date to a date other than January 1, 2023, provided that such date is not later than twelve months from the dated date of such emission of Series NN-2022 Bonds;

(4) establish and adjust the principal and interest payment dates and determine maturity or mandatory redemption amounts of the Series NN-2022 Bonds or any emission thereof, provided that (A) the total principal amount of all emissions of the Series NN-2022 Bonds does not exceed the total amount of Series NN-2022 Bonds authorized herein; (B) the final maturity date of each emission shall be not later than July 1, 2045; and (C) the debt service schedule is substantially the same as what was presented to the State Director in connection with requesting a report on the refunding of the Refunded Bonds;

(5) modify or remove the optional redemption provisions contained herein, provided that the premium amount to be paid in connection with any redemption provision shall not exceed two percent (2%) of the principal amount thereof;

(6) sell the Series NN-2022 Bonds, or any emission thereof, or any maturities thereof as term bonds with mandatory redemption requirements as determined by the Board, as it shall deem most advantageous to KUB; and

(7) cause all or a portion of the Series NN-2022 Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company to achieve the purposes set forth herein and to serve the best interests of KUB and to enter into agreements with such insurance company to the extent not inconsistent with this Resolution.

(c) If any emission of Series NN-2022 Bonds is sold at negotiated sale, the President and Chief Executive Officer of KUB is authorized to execute a Bond Purchase Agreement with respect to such emission of Series NN-2022 Bonds, providing for the purchase and sale of the Series NN-2022 Bonds, or any emission thereof. Each Bond Purchase Agreement shall be in substantially the form attached hereto as Exhibit A, with such changes as the President and Chief Executive Officer deems necessary or advisable in connection with the sale of such Series NN-2022 Bonds, provided any such changes are not inconsistent with the terms of this Section. If the Underwriter does not intend to reoffer the Series NN-2022 Bonds to the public, then the Bond Purchase Agreement shall be conformed to reflect



such intention. The form of the Series NN-2022 Bond set forth in Section 7 hereof shall be conformed to reflect any changes made pursuant to this Section 10.

(d) The President and Chief Executive Officer and the Chief Financial Officer of KUB, or either of them, are authorized to cause the Series NN-2022 Bonds, in book-entry form (except as otherwise authorized herein), to be authenticated and delivered by the Registration Agent to the purchaser(s), and to execute, publish, and deliver all certificates and documents, including an official statement, the Bond Purchase Agreement and closing certificates, as they shall deem necessary in connection with the sale and delivery of each emission of the Bonds.

(e) If the Series NN-2022 Bonds are sold at public sale, the Series NN-2022 Bonds shall be awarded by the President and Chief Executive Officer of KUB to the bidder that offers to purchase the Bonds for the lowest true interest cost to KUB.

Section 11. Disposition of Series NN-2022 Bond Proceeds. The proceeds of the sale of the Series NN-2022 Bonds shall be paid to KUB and used and applied by KUB as follows:

(a) All accrued interest, if any, shall be deposited to the Debt Service Fund created under the 1949 Resolution and used to pay interest on the Series NN-2022 Bonds on the first interest payment date following delivery of the Series NN-2022 Bonds;

(b) An amount, which together with investment earnings thereon and legally available funds of KUB, if any, will be sufficient to pay principal of, premium, if any, and interest on the Refunded Bonds (subject to adjustments permitted by Section 10 above), shall be transferred to the Refunding Escrow Agent under the Refunding Escrow Agreement to be deposited to the Escrow Fund established thereunder to be held and applied as provided therein, or if no Refunding Escrow Agreement is utilized (as permitted by Section 13 hereof), such amount shall be applied by KUB directly to refund the Refunded Bonds; and

(c) The remainder shall be applied to the payment of costs of issuance relating to the Series NN-2022 Bonds. If there are any remaining proceeds of the Series NN-2022 Bonds after application as provided above, such remaining proceeds shall be used to pay principal and/or interest on the Series NN-2022 Bonds.

Section 12. Discharge and Satisfaction of Series NN-2022 Bonds. If KUB, on behalf of the City, shall pay and discharge the indebtedness evidenced by any of the Series NN-2022 Bonds or Parity Bonds (referred to hereinafter, collectively, in this Section as the "Bonds") in any one or more of the following ways:

(a) By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

(b) By depositing or causing to be deposited with any financial institution which has trust powers and which is regulated by and the deposits of which are insured by the Federal Deposit Insurance Corporation or similar federal agency ("an Agent"; which Agent may be the Registration Agent), in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay premium, if any, and interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice); or



(c) By delivering such Bonds to the Registration Agent, for cancellation by it;

and if KUB, on behalf of the City, shall also pay or cause to be paid all other sums payable hereunder by KUB or the City with respect to such Bonds or make adequate provision therefor, and by resolution of the Board instruct any such Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest and redemption premiums, if any, on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, liens, pledges, agreements and obligations entered into, created, or imposed hereunder, including the pledge of and lien on the Net Revenues of the System set forth herein, shall be fully discharged and satisfied with respect to such Bonds and the owners thereof and shall thereupon cease, terminate and become void.

If KUB, on behalf of the City, shall pay and discharge or cause to be paid and discharged the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Defeasance Obligations nor moneys deposited with the Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and premium, if any, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to KUB as received by the Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and premium, if any, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments, to the extent not needed for the payment of such principal, premium and interest, shall be paid over to KUB, as received by the Agent. For the purposes of this Section, Defeasance Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee law for the purposes described in this Section, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

No redemption privilege shall be exercised with respect to the Series NN-2022 Bonds or any Parity Bonds except at the option and election of the Board. The right of redemption set forth herein shall not be exercised by any Registration Agent or Agent unless expressly so directed in writing by an authorized representative of the Board.

Section 13. Refunding Escrow Agreement. For the purpose of providing for the payment of the principal of, premium, if any, and interest on the Refunded Bonds, the President and Chief Executive Officer of KUB is hereby authorized and directed to execute and the Secretary of the Board to attest on behalf of KUB a Refunding Escrow Agreement with the Refunding Escrow Agent and to deposit with the Refunding Escrow Agent the amounts to be used by the Refunding Escrow Agent to purchase Defeasance Obligations as provided therein. The President and Chief Executive Officer of KUB and the Secretary of the Board are hereby authorized and directed to execute and deliver the Refunding Escrow Agreement on behalf of KUB in such form as is approved by the President and Chief Executive Officer of KUB and the Secretary of the Board, their execution thereof to constitute conclusive evidence of their approval of such form of the Refunding Escrow Agreement. The Refunding Escrow Agent is hereby authorized and directed to hold and administer all funds deposited in trust for the payment when due of principal of and interest on the Refunded Bonds and to exercise such duties as set forth in the Refunding Escrow



Agreement. Notwithstanding the foregoing, the Chief Financial Officer of KUB is authorized to dispense with the use of a Refunding Escrow Agreement and to apply proceeds of the Bonds directly to the redemption of the Refunded Bonds if the delivery date of the Bonds is not more than thirty (30) days prior to the redemption of the Refunded Bonds.

Section 14. Notice of Refunding. Prior to the issuance of the Series NN-2022 Bonds, notice of the City's intention to refund the Refunded Bonds, to the extent required by applicable law, shall be given by the registration agent for the Refunded Bonds to be mailed by first-class mail, postage prepaid, to the registered holders thereof, as of the date of the notice, as shown on the bond registration records maintained by such registration agent of said Refunded Bonds. The President and Chief Executive Officer of KUB and the Secretary of the Board, or either of them, is hereby authorized and directed to authorize the registration agent of said Refunded Bonds to give such notice on behalf of the City in accordance with this Section.

Section 15. Federal Tax Matters. The City and KUB recognize that the purchasers and owners of the Series NN-2022 Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon will not be included in gross income for purposes of federal income taxation under laws in force on the date of delivery of the Series NN-2022 Bonds. In this connection, KUB, on behalf of the City, agrees that it shall take no action which may render the interest on any of the Series NN-2022 Bonds includable in gross income for purposes of federal income taxation. It is the reasonable expectation of the City and KUB that the proceeds of the Series NN-2022 Bonds will not be used in a manner which will cause the Series NN-2022 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Series NN-2022 Bonds and other related funds established for the purposes herein set out, shall be used and spent expeditiously for the purposes described herein. In the event Section 148(f) of the Code shall require the payment of any investment proceeds of the Series NN-2022 Bonds to the United States government, KUB will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Series NN-2022 Bonds from becoming taxable. The Chair of the Board, the Secretary of the Board, the President and Chief Executive Officer of KUB and Chief Financial Officer of KUB, or any of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as any or all shall deem appropriate, and such certifications shall constitute a representation and certification of the City and KUB.

Section 16. Official Statement. The President and Chief Executive Officer of KUB, or his designee, is hereby authorized and directed to provide for the preparation and distribution of a Preliminary Official Statement describing the Series NN-2022 Bonds. After the Series NN-2022 Bonds have been awarded, the President and Chief Executive Officer of KUB, or his designee, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The President and Chief Executive Officer of KUB, or his designee, shall arrange for the delivery to the purchaser of the Series NN-2022 Bonds of a reasonable number of copies of the Official Statement within seven business days after the Series NN-2022 Bonds have been awarded for subsequent delivery by the purchaser to each potential investor requesting a copy of the Official Statement and to each person to whom such purchaser and members of his group initially sell the Series NN-2022 Bonds.

The President and Chief Executive Officer of KUB, or his designee is authorized, on behalf of the Board, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the Board except for the omission in the Preliminary Official Statement of such pricing and other information.



Section 17. Continuing Disclosure. The City hereby covenants and agrees that KUB will provide annual financial information and material event notices for the Series NN-2022 Bonds as required by Rule 15c2-12 of the Securities and Exchange Commission. The Chief Financial Officer of KUB is authorized to execute at the closing of the sale of the Series NN-2022 Bonds, an agreement for the benefit of and enforceable by the owners of the Series NN-2022 Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of KUB to comply with the undertaking herein described and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause KUB to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 18. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 19. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Adopted and approved this 8th day of March, 2022.

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Mayor

ATTEST:

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City Recorder



STATE OF TENNESSEE     )  
  )  
COUNTY OF KNOX         )

I, Will Johnson, hereby certify that I am the duly qualified and acting City Recorder of the City of Knoxville, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of the governing body of the City Council held on Tuesday, March 8, 2022; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original records relate to an amount not to exceed \$27,415,000 Electric System Revenue Refunding Bonds, Series NN-2022.

WITNESS my official signature of the City of Knoxville, Tennessee, this \_\_\_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
City Recorder

**EXHIBIT A**

**\$27,415,000**  
**CITY OF KNOXVILLE, TENNESSEE**  
**ACTING ON BEHALF OF KNOXVILLE UTILITIES BOARD**  
**ELECTRIC SYSTEM REVENUE REFUNDING BONDS, SERIES NN-2022**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2022

Knoxville Utilities Board  
445 South Gay Street  
Knoxville, Tennessee 37902

Ladies and Gentlemen:

The undersigned (the "Underwriter") offers to enter into this agreement with Knoxville Utilities Board ("KUB") which, upon your acceptance of this offer, will be binding upon you and upon us.

This offer is made subject to your acceptance of this agreement on or before 5:00 p.m., Eastern Standard Time, on \_\_\_\_\_, 2022.

1. Purchase Price.

Upon the terms and conditions and upon the basis of the respective representations, warranties and covenants set forth herein, the Underwriter hereby agrees to purchase from KUB, and KUB hereby agrees to sell to the Underwriter, all (but not less than all) of \$27,415,000 aggregate principal amount of KUB's Electric System Revenue Refunding Bonds, Series NN-2022 (the "Bonds"). The purchase price is \$ \_\_\_\_\_ plus accrued interest and shall be paid in accordance with paragraph 6 hereof. The purchase price is equal to the par amount of the Bonds less \$ \_\_\_\_\_ original issue discount, less \$ \_\_\_\_\_ underwriter's discount and plus accrued interest. The Bonds are to be issued under and pursuant to, and are to be secured by the Resolution (the "Bond Resolution") adopted on March 8, 2022, by the City Council of the City of Knoxville (the "City") at the request of KUB. The Bonds shall mature on the dates and shall bear interest at the rates all as described in the Official Statement referred to in Section 3 hereof. The maturities, rates and discount at which the Bonds are being sold are more fully described on **Schedule I** attached hereto.

The Bonds are being issued to provide funds to refinance the outstanding principal amount of the City's outstanding Electric System Revenue Bonds, Series FF-2015, dated May 20, 2015, maturing July 1, 2023 through July 1, 2045 (the "Refunded Bonds"), including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the Bonds.



2. Public Offering.

The Underwriter intends to make an initial bona fide public offering of all of the Bonds at not in excess of the public offering prices set forth on the cover of the Official Statement and may subsequently change such offering price without any requirement of prior notice. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover of the Official Statement. The Underwriter reserves the right (i) to over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market; and (ii) to discontinue such stabilizing, if commenced at any time without prior notice.

3. Official Statement.

(a) KUB has provided the Underwriter with information that constitutes a "deemed final" official statement for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 ("Rule 15c2-12"). Concurrently with KUB's acceptance of this Bond Purchase Agreement, KUB shall deliver or cause to be delivered to the Underwriter two copies of the Official Statement (as hereinafter defined) relating to the Bonds dated the date hereof substantially in the same form as the Preliminary Official Statement with only such changes as shall have been accepted by the Underwriter.

(b) Within seven (7) business days from the date hereof and within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, KUB shall deliver to the Underwriter copies of the Official Statement of KUB, dated the date hereof, relating to the Bonds, in sufficient quantity as may reasonably be requested by the Underwriter in order to comply with Rule 15c2-12 and any applicable rules of the Municipal Securities Rulemaking Board, in substantially the form approved by KUB (which, together with the cover page, and all exhibits, appendices, and statements included therein or attached thereto and any amendments and supplements that may be authorized for use with respect to the Bonds is herein called the "Official Statement"), executed on behalf of KUB by a duly authorized officer of KUB. You hereby authorize and approve the Official Statement and other pertinent documents referred to in Section 6 hereof to be lawfully used in connection with the offering and sale of the Bonds. You also acknowledge and ratify the use by the Underwriter, prior to the date hereof, of the Preliminary Official Statement in connection with a public offering of the Bonds.

(c) If, prior to the Closing (as defined in Section 5 below) or within twenty-five (25) days subsequent to the end of the underwriting period as such term is used for purposes of Rule 15c2-12, any event shall occur with respect to KUB or KUB shall receive notice of the occurrence of any other event that might or would cause the information contained in the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, KUB shall so notify the Underwriter. KUB agrees to amend or supplement the Official Statement whenever requested by the Underwriter when in the reasonable judgment of the Underwriter such amendment or supplementation is required and to furnish the Underwriter with sufficient quantities of such amendment or supplement in order to permit the Underwriter to comply with Rule 15c2-12.

4. Representations and Warranties.

KUB hereby represents and warrants to the Underwriter that:

(a) KUB is duly existing pursuant to the Charter of the City and is authorized by such Charter to operate and manage the System. KUB has duly authorized all necessary action to be taken by it for: (i) the issuance and sale of the Bonds upon the terms set forth herein and in the Official



Statement; (ii) the approval of the Official Statement and the signing of the Official Statement by a duly authorized officer; (iii) the execution, delivery and receipt of this Bond Purchase Agreement, the Bonds and any and all such other agreements and documents as may be required to be executed, delivered and received by KUB in order to carry out, give effect to, and consummate the transactions contemplated hereby, by the Bonds, the Official Statement and the Bond Resolution;

(b) When executed by the respective parties thereto, this Bond Purchase Agreement will constitute a legal, valid and binding obligation of KUB enforceable in accordance with its terms;

(c) The information and statements contained in the Preliminary Official Statement, as of its date and as of the date hereof, did not and do not contain any untrue statement of a material fact or omit to state any material fact which was necessary in order to make such information and statements, in the light of the circumstances under which they were made, not misleading;

(d) The information and statements contained in the Official Statement, as of its date and as of the Closing, are and will be correct and complete in all material respects and do not and will not contain any untrue statement of a material fact or omit to state any material fact which is necessary in order to make such information and statements, in the light of the circumstances under which they were made, not misleading;

(e) KUB has complied, and will at the Closing be in compliance, in all respects with the obligations on its part contained in the Bond Resolution and the laws of the State of Tennessee (the "State"), including the Act;

(f) The City has duly adopted the Bond Resolution, and the City and KUB have (a) duly authorized and approved the distribution of the Preliminary Official Statement, (b) duly authorized and approved the execution and delivery of the Official Statement, (c) duly authorized and approved the execution and delivery of, and the performance by KUB of the obligations on its part contained in, the Bonds, the Bond Resolution and this Bond Purchase Agreement, and (d) duly authorized and approved the consummation by it of all other transactions contemplated by this Bond Purchase Agreement and the Official Statement;

(g) KUB is not in breach of or default under any applicable law or administrative regulation of the State or the United States in any manner related to or affecting the transactions contemplated hereby or in breach of or default under any applicable judgment or decree or any loan agreement, note, resolution, ordinance, agreement or other instrument to which KUB is a party or to which it or any of its property is otherwise subject; and the execution and delivery of this Bond Purchase Agreement, the Bonds and the adoption of the Bond Resolution, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, note, resolution, ordinance, agreement or other instrument to which KUB is a party or to which it or any of its property is otherwise subject;

(h) Except as may be required under the securities or "blue sky" laws of any state, all approvals, consents, authorizations and orders of, filings with or certifications by any governmental authority, board, agency or commission having jurisdiction, which would constitute a condition precedent to the performance by KUB of its obligations hereunder and under the Bond Resolution and the Bonds, have been obtained;

(i) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of KUB, threatened against KUB or others (a) affecting KUB or the corporate existence of KUB or the titles of its officers to their



respective offices, (b) seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of Net Revenues pledged to pay the principal of and interest on the Bonds, or the pledge thereof, (c) in any way contesting or affecting the transactions contemplated hereby or by the Official Statement or by the validity or enforceability of the Bonds, the Bond Resolution or this Bond Purchase Agreement, (d) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or (e) contesting the powers or authority of KUB for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and delivery of this Bond Purchase Agreement;

(j) KUB will not take or omit to take any action that will in any way cause the proceeds from the sale of the Bonds and other moneys of KUB to be transferred on the date of issuance of the Bonds to be applied or result in such proceeds and other moneys being applied in a manner other than as provided in or permitted by the Bond Resolution and consistent with the utilization described in the Official Statement;

(k) KUB agrees reasonably to cooperate with the Underwriter and its counsel in any endeavor to qualify the Bonds for offering and sale under the securities or "blue sky" laws of such jurisdictions of the United States as the Underwriter may request. KUB hereby consents to the use of the Official Statement and the Bond Resolution by the Underwriter in obtaining any qualification required;

(l) If at any time from the date of this Bond Purchase Agreement through 25 days following the "end of the underwriting period" (as defined in Rule 15c2-12 described below) any event shall occur that might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, KUB shall notify the Underwriter and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, KUB will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter. If the Official Statement is so supplemented or amended prior to the Closing, such approval by the Underwriter of a supplement or amendment to the Official Statement shall not preclude the Underwriter from thereafter terminating this Bond Purchase Agreement, and if the Official Statement is so amended or supplemented subsequent to the date hereof and prior to the Closing, the Underwriter may terminate this Bond Purchase Agreement by notification to KUB at any time prior to the Closing if, in the judgment of the Underwriter, such amendment or supplement has or will have a material adverse effect on the marketability of the Bonds;

(m) KUB has duly authorized and approved the execution and delivery of this Bond Purchase Agreement and the performance by KUB of the obligations on its part contained herein;

(n) KUB is not, nor has it at any time, been in default in the payment of principal of or interest on any obligation issued or guaranteed by KUB;

(o) Any certificate signed by an authorized officer of KUB and delivered to the Underwriter at or prior to the Closing shall be deemed a representation and warranty by KUB in connection with this Bond Purchase Agreement to the Underwriter as to the statements made therein upon which the Underwriter shall be entitled to rely. KUB covenants that between the date hereof and the Closing, it will not take any action that will cause the representations and warranties made herein to be untrue as of the Closing;

(p) The Bonds, when issued, authenticated and delivered in accordance with the Bond Resolution and sold to the Underwriter as provided herein, will be validly issued and outstanding special obligations of KUB entitled to the benefits of the Bond Resolution;



(q) KUB has lawful authority to operate the System, to consummate the transactions contemplated by the Official Statement and collect revenues, fees and other charges in connection with the System and through its Board of Commissioners, to fix the rates, fees and other charges with respect to the System; and

(r) KUB hereby covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about KUB, for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under paragraph (b)(5) of Rule 15c2-12. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed in writing by the Underwriter. KUB represents that it has complied in all respects with its obligations to provide continuing disclosure of certain information as described in that certain Continuing Disclosure Certificate entered into in connection with the issuance of the Bonds.

5. Delivery of, and Payment for, the Bonds.

At 10:00 a.m. on or about \_\_\_\_\_, 2022, or at such other time or date as shall have been mutually agreed upon by KUB and the Underwriter, KUB will deliver, or cause to be delivered, to the Underwriter the other documents hereinafter mentioned and, subject to the conditions contained herein, the Underwriter will accept such delivery and pay the purchase price of the Bonds plus accrued interest payable to the order of KUB, in federal funds or other immediately available funds by delivering to KUB such funds by wire transfer to KUB or its designated agent except that physical delivery of the Bonds shall be made through the facilities of the Depository Trust Company.

Payment for the Bonds shall be confirmed and delivery of the documents as aforesaid shall be made at the offices of KUB, or such other place as may be agreed upon by the Underwriter and KUB. Such payment and delivery is herein called the "Closing." The Bonds will be delivered as fully registered bonds in such names and in such denominations as shall be designated in writing by the Underwriter to KUB at Closing.

6. Certain Conditions to Underwriter's Obligations.

The obligations of the Underwriter hereunder shall be subject to (i) the performance by KUB of its obligations to be performed hereunder, (ii) the accuracy in all material respects of the representations and warranties of KUB herein as of the date hereof and as of the date of the Closing, and (iii) to the following conditions:

(a) At the time of Closing, (i) the Bond Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, (ii) the proceeds of the sale of the Bonds shall be applied as described in the Official Statement, and (iii) KUB shall have duly adopted and there shall be in full force and effect such other resolutions as, in the opinion of Bass, Berry & Sims PLC, Knoxville, Tennessee ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby;

(b) At or prior to the Closing, the Underwriter shall have received an executed copy of each of the following documents:

(1) the approving opinion, dated the date of the Closing, of Bond Counsel addressed to KUB and the Underwriter, relating to, among other things, the validity of the Bonds [and the exclusion from gross income of the interest on the Bonds for federal and State of Tennessee



income tax purposes,] in substantially the form set forth as Appendix \_\_\_ to the Official Statement;

(2) a supplemental opinion, dated the date of the Closing, of Bond Counsel addressed to the Underwriter in substantially the form of Exhibit A hereto;

(3) an opinion, dated the date of the Closing, of Hodges, Doughty & Carson, Knoxville, Tennessee, counsel to KUB, addressed to KUB, Bond Counsel and the Underwriter in substantially the form of Exhibit B hereto;

(4) a certificate of KUB, dated the date of the Closing and signed by a duly authorized officer of KUB and in form and substance reasonably satisfactory to the Underwriter, to the effect that (i) since the execution of the Bond Purchase Agreement no material and adverse change has occurred in the financial position of the System or results of operations of the System; (ii) KUB has not incurred any material liabilities secured by the Net Revenues of the System other than in the ordinary course of business or as set forth in or contemplated by the Official Statement; and (iii) no event affecting KUB has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein not misleading as of the date of Closing;

(5) the Official Statement executed on behalf of KUB by a duly authorized officer thereof;

(6) the Bond Resolution and the Bonds;

(7) a certificate of a duly authorized officer of KUB, satisfactory to the Underwriter, dated the date of Closing, stating that such officer is charged, either alone or with others, with the responsibility for issuing the Bonds; setting forth, in the manner permitted by Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), the reasonable expectations of KUB as of such date as to the use of proceeds of the Bonds and of any other funds of KUB expected to be used to pay principal or interest on the Bonds and the facts and estimates on which such expectations are based; and stating that, to the best of the knowledge and belief of the certifying officer, KUB's expectations are reasonable;

(8) evidence indicating a rating on the Bonds of "\_\_\_" by [rating agency];

(9) other certificates of KUB listed on a Closing Memorandum to be approved by counsel to KUB, Bond Counsel and counsel to the Underwriter, including any certificates or representations required in order for Bond Counsel to deliver the opinion referred to in Paragraph 6(b)(1) of this Bond Purchase Agreement; and such additional legal opinions, certificates, proceedings, instruments and other documents as the counsel to the Underwriter or Bond Counsel may reasonably request to evidence compliance by KUB with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of KUB contained herein and the due performance or satisfaction by KUB at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by KUB.

All such opinions, certificates, letters, agreements and documents will be in compliance with the provisions hereof only if they are satisfactory in form and substance to the Underwriter and counsel to the Underwriter. KUB will furnish the Underwriter with such conformed copies or



photocopies of such opinions, certificates, letters, agreements and documents as the Underwriter may reasonably request.

(c) The Underwriter shall have received within seven (7) business days from the date hereof and within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, the Official Statement in sufficient quantity as may be reasonably requested by the Underwriter in order to comply with Rule 15(c) 2-12.

7. Termination.

The Underwriter shall have the right to cancel its obligation to purchase the Bonds if (i) between the date hereof and the Closing, legislation shall be enacted or recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, or a bill to amend the Internal Revenue Code (which, if enacted, would take effect in whole or in part prior to the Closing) shall be filed in either house, or recommended for passage by the Congress by any joint or conference committee thereof, or a decision by a court of the United States or the United States Tax Court shall be rendered, or a ruling, regulation or statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed to be made, with respect to the federal taxation upon interest on obligations of the general character of the Bonds, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly of changing the federal income tax consequences of any of the transactions contemplated in connection herewith, including the tax-exempt status of KUB and, in the opinion of the Underwriter, materially adversely affects the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, or (ii) there shall exist any event which in the Underwriter's judgment either (a) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (b) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect, or (iii) there shall have occurred any outbreak of hostilities or any national or international calamity or crisis including financial crisis, or a financial crisis or a default with respect to the debt obligations of, or the institution of proceedings under the federal or the state bankruptcy laws by or against the State of Tennessee or any subdivision, agency or instrumentality of such State, the effect of which on the financial markets of the United States being such as, in the reasonable judgment of the Underwriter, would make it impracticable for the Underwriter to market the Bonds or to enforce contracts for the sale of the Bonds, or (iv) there shall be in force a general suspension of trading on the New York Stock Exchange, or (v) a general banking moratorium shall have been declared by either federal, Tennessee or New York authorities, or (vi) there shall have occurred since the date of this Bond Purchase Agreement any material adverse change in the financial position of the System, except for changes which the Official Statement discloses have occurred or may occur, or (vii) legislation shall be enacted or any action shall be taken by the Securities and Exchange Commission which, in the opinion of counsel for the Underwriter, has the effect of requiring the contemplated distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or the Bond Resolution or any other document executed in connection with the transactions contemplated hereof to be qualified under the Trust Indenture Act of 1939, as amended, or (viii) a stop order, ruling, regulation or official statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of the Bonds, or of obligations of the general character of the Bonds as contemplated hereby, or the offering of any other obligation which may be represented by the Bonds is in violation of any provision of the Securities Act of 1933, as amended, the Securities Exchange



Act of 1934, as amended, or the Trust Indenture Act of 1939, as amended, or (ix) any state blue sky or securities commission shall have withheld registration, exemption or clearance of the offering, and in the reasonable judgment of the Underwriter the market for the Bonds is materially affected thereby.

If KUB shall be unable to satisfy any of the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement and such condition is not waived by the Underwriter, or if the obligations of the Underwriter to purchase and accept delivery of the Bonds shall be terminated or canceled for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor KUB shall be under further obligation hereunder; except that the respective obligations to pay expenses, as provided in Section 11 hereof, shall continue in full force and effect.

8. Particular Covenants.

KUB covenants and agrees with the Underwriter as follows:

(a) KUB shall use its best efforts to furnish or cause to be furnished to the Underwriter, without charge, as many copies of the Official Statement as the Underwriter may reasonably request;

(b) Before revising, amending or supplementing the Official Statement, KUB shall furnish a copy of the revised Official Statement or such amendment or supplement to the Underwriter. If in the opinion of KUB and the Underwriter a supplement or amendment to the Official Statement is required, KUB will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter and its counsel.

9. Survival of Representations.

All representations, warranties and agreements of KUB hereunder shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of the Bonds.

10. Payment of Expenses.

Whether or not the Bonds are sold to the Underwriter by KUB, KUB shall pay, but only out of the proceeds of the sale of the Bonds or other funds made available by KUB, any expenses incident to the performance of its obligations hereunder, including but not limited to: (i) the cost of the preparation and printing of the Official Statement and any supplements thereto, together with a number of copies which the Underwriter deems reasonable; (ii) the cost of the preparation and printing of the definitive Bonds; (iii) the rating agency fees; and (iv) the fees and disbursements of Counsel to KUB and Bond Counsel and any other experts or consultants retained by KUB.

Whether or not the Bonds are sold to the Underwriter, the Underwriter shall pay (i) all advertising expenses in connection with the public offering of the Bonds; (ii) the cost of preparing and printing the blue sky memorandum, if any, and filing fees in connection with the aforesaid blue sky memorandum other than the costs of preparation of the Preliminary Official Statement and the Official Statement; and (iii) all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds, including the fees and expenses of the Underwriter's counsel.

11. No Advisory or Fiduciary Role.

KUB acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between KUB and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as the agent, advisor or fiduciary of KUB, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of KUB with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter, or any affiliates of the Underwriter, has provided other services or are currently providing other services to KUB on other matters) and the Underwriter has no obligation to KUB with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Underwriter has financial and other interests that differ from those of KUB and (v) KUB has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

KUB and the Underwriter represent and warrant that no finder or other agent has been employed by either KUB or the Underwriter in connection with this transaction.

12. Notices.

Any notice or other communication to be given to KUB under this Bond Purchase Agreement may be given by delivering the same in writing at its address set forth above, and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.

13. Parties.

This Bond Purchase Agreement is made solely for the benefit of KUB and the Underwriter (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

14. Governing Law.

This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

15. General.

This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which will constitute one and the same instrument. The section headings of this Bond Purchase Agreement are for convenience of reference only and shall not affect its interpretation. This Bond Purchase Agreement shall become effective upon your acceptance hereof.

Very truly yours,

\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_



Accepted and agreed to as of  
the date first above written:

KNOXVILLE UTILITIES BOARD

By: \_\_\_\_\_  
President and Chief Executive Officer

**EXHIBIT A TO BOND PURCHASE AGREEMENT**

**[LETTERHEAD OF BASS, BERRY & SIMS PLC]**

[Closing Date]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Ladies and Gentlemen:

This opinion is being rendered to you pursuant to Paragraph 6(b)(2) of the Bond Purchase Agreement, dated \_\_\_\_\_, 2022 (the "Bond Purchase Agreement"), between \_\_\_\_\_ (the "Underwriter"), and Knoxville Utilities Board ("KUB"), relating to the sale by KUB of its Electric System Revenue Refunding Bonds, Series NN-2022, in the aggregate principal amount of \$27,415,000 (the "Bonds"). Terms which are used herein and not otherwise defined shall have the meanings assigned to them in the Bond Purchase Agreement.

Of even date herewith, we have delivered our approving opinion in connection with the issuance of the Bonds. In our capacity as Bond Counsel, we have reviewed a record of proceedings in connection with the issuance of the Bonds and we have participated in conferences from time to time with counsel to KUB, representatives of the Underwriter and counsel to the Underwriter, relative to the Official Statement, dated \_\_\_\_\_, 2022, relating to the Bonds, and the related documents described below. We have also examined such other agreements, documents and certificates, and have made such investigations of law, as we have deemed necessary or appropriate in rendering the opinions set forth below.

Based on the foregoing, we are of the opinion that, as of the date hereof:

1. The offer and sale of the Bonds to the public do not require any registration under the Securities Act of 1933, as amended, and, in connection therewith, the Bond Resolution does not need to be qualified under the Trust Indenture Act of 1939, as amended.

2. The statements contained in the Official Statement under the captions "Introduction" to the extent the narrative thereunder purports to describe the terms of the Bonds and the legal authority by which they are issued, "The Bonds," and in Appendix A to the Official Statement, insofar as such statements purport to summarize certain provisions of the Bonds and the Bond Resolution, fairly summarize such provisions. The statements contained in the Official Statement under the caption "Opinion of Bond Counsel" are correct as to matters of law.

This opinion may be relied upon only by the Underwriter and by other persons to whom written permission to rely hereon is granted by us.

Very truly yours,



**EXHIBIT B TO BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2022

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Bass, Berry & Sims  
900 South Gay Street, Suite 1700  
Knoxville, Tennessee 37902

Ladies and Gentlemen:

**Re: City of Knoxville, Tennessee acting on behalf of the Knoxville Utilities Board \$27,415,000 Electric System Revenue Refunding Bonds, Series NN-2022**

Ladies and Gentlemen:

You have requested that the undersigned, General Counsel to the Knoxville Utilities Board of the City of Knoxville, Tennessee ("KUB"), render this opinion in connection with the execution, delivery and sale of the captioned bonds (the "Bonds"), the proceeds of which will be used to refinance the outstanding principal amount of the City's outstanding Electric System Revenue Bonds, Series FF-2015, dated May 20, 2015, maturing July 1, 2023 through July 1, 2045 (the "Refunded Bonds")

It is our opinion that KUB is duly established and validly existing pursuant to the Charter of the City of Knoxville, Tennessee (the "Municipality"), and, pursuant to said Charter, the electrical power distribution system of the Municipality (the "System") is under the jurisdiction, control and management of KUB.

The undersigned does hereby certify that no litigation of any nature is now pending or, to our knowledge, threatened

- (1) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds;
- (2) seeking to restrain or enjoin the charging of sufficient rates to pay the cost of operating, maintaining, repairing and insuring the System and to pay principal of and interest on the Bonds and all outstanding obligations payable from the revenues of the System;
- (3) in any manner questioning the proceedings or authority pursuant to which the Bonds are authorized or issued or such rates are charged;
- (4) in any manner questioning or relating to the validity of the Bonds;
- (5) contesting in any way the completeness or accuracy of the Official Statement prepared and distributed in connection with the sale of the Bonds;

(6) in any way contesting the corporate existence or boundaries of the Municipality, except for various pending actions challenging past or present annexation efforts of the Municipality, which will have no material adverse effect on the revenues of the System;

(7) contesting the title of the present officers of KUB to their respective offices; or

(8) contesting the powers of KUB or the authority of KUB with respect to the Bonds, or proceedings authorizing the Bonds, or any act to be done or document or certificate to be executed or delivered in connection with the issuance and delivery of the Bonds.

Neither the voters of the Municipality nor its governing body nor the Board of Commissioners of KUB have approved any special, local or private act or legislation passed by the General Assembly of the State of Tennessee at its most recent session or any amendments to the Charter of the Municipality affecting the power of the Municipality to issue the Bonds or pay the principal of, premium, if any, and interest on the Bonds when due or affecting the power of the Board of Commissioners of KUB to manage and control the System.

I hereby certify that Jerry Askew and Mark Walker are the duly qualified, appointed and acting Chair and Secretary, respectively, of the Board of Commissioners of KUB with full power to act as such officers on behalf of KUB in connection with the execution and delivery of the Bonds.

Yours truly,



**EXHIBIT B**

**FORM OF REFUNDING ESCROW AGREEMENT**

**CITY OF KNOXVILLE, TENNESSEE  
ACTING ON BEHALF OF KNOXVILLE UTILITIES BOARD  
\$27,415,000 ELECTRIC SYSTEM REVENUE REFUNDING BONDS, SERIES NN-2022**

**REFUNDING ESCROW AGREEMENT**

This Refunding Escrow Agreement is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2022, by and between Knoxville Utilities Board ("KUB") acting on behalf of the City of Knoxville, Tennessee (the "City") and \_\_\_\_\_, \_\_\_\_\_, Tennessee (the "Agent").

**WITNESSETH:**

WHEREAS, the Board of Commissioners (the "Board") of KUB has determined to provide for payment of the City's outstanding Electric System Revenue Bonds, Series FF-2015, dated May 20, 2015, maturing July 1, 2023 through July 1, 2045 (the "Refunded Bonds") by depositing in escrow with the Agent funds that, with the investment income therefrom, will be sufficient to pay the principal of and interest on the portion of the Refunded Bonds set forth on Exhibit A hereto; and

WHEREAS, in order to obtain the funds needed to refund the Refunded Bonds, the City has authorized and issued its Electric System Revenue Refunding Bonds, Series NN-2022, dated \_\_\_\_\_, 2022 (the "Refunding Bonds"); and

WHEREAS, a portion of the proceeds derived from the sale of the Refunding Bonds and certain funds of KUB, if any, will be deposited in escrow with the Agent hereunder and applied to the purchase of certain securities described herein, the principal amount thereof together with interest thereon to mature at such times and in such amounts as shall be sufficient to pay when due all of the principal of, premium, if any, and interest on the Refunded Bonds identified on Exhibit A; and

WHEREAS, in order to create the escrow hereinabove described, provide for the deposit of the proceeds of the Refunding Bonds and the application thereof, and provide for the payment of the Refunded Bonds, the parties hereto do hereby enter into this Agreement;

NOW, THEREFORE, KUB, in consideration of the foregoing and the mutual covenants herein set forth and in order to secure the payment of the Refunded Bonds according to their tenor and effect, does by these presents hereby grant, warrant, demise, release, convey, assign, transfer, alien, pledge, set over and confirm, to the Agent, and to its successors hereunder, and to it and its assigns forever, in escrow, all and singular the property hereinafter described to wit:

DIVISION I

All right, title and interest of KUB and the City in and to \$ \_\_\_\_\_ derived from the proceeds of the sale of the Refunding Bonds and \$ \_\_\_\_\_ derived from other funds of KUB.

DIVISION II

All right, title and interest of KUB and the City in and to the Government Securities purchased with the funds described in Division I hereof and to all income, earnings and increment derived from or accruing to the Government Securities.

DIVISION III

Any and all other cash or eligible investments from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred in escrow hereunder by KUB or by anyone in its behalf to the Agent, which is hereby authorized to receive the same at any time to be held in escrow hereunder.

DIVISION IV

Any other cash or eligible investments that is by the express provisions of this Agreement required to be subject to the pledge hereof and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subject to the pledge hereof, by KUB or by anyone in its behalf, and the Agent is hereby authorized to receive the same at any time to be held in escrow hereunder.

TO HAVE AND TO HOLD, all and singular, the escrowed property, including all additional property which by the terms hereof has or may become subject to this Agreement, unto the Agent, and its successors and assigns, forever.

The escrowed property shall be held in escrow for the benefit and security of the owners from time to time of the portion of the Refunded Bonds identified on Exhibit A; but if the principal of and interest on the portion of the Refunded Bonds identified on Exhibit A shall be fully and promptly paid when due in accordance with the terms hereof, then this Agreement shall be and become void and of no further force and effect, otherwise the same shall remain in full force and effect, subject to the covenants and conditions hereinafter set forth.

ARTICLE I  
DEFINITIONS AND CONSTRUCTION

SECTION 1.1 Definitions. In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended:

"Agent" means \_\_\_\_\_, \_\_\_\_\_, Tennessee, its successors and assigns;

"Agreement" means this Refunding Escrow Agreement;

"Board" means the Board of Commissioners of KUB;



"City" means the City of Knoxville, Tennessee;

"Code" means the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated thereunder;

"Escrow Fund" shall have the meaning ascribed to it in Section 2.1 hereof;

"Escrow Property," "escrow property" or "escrowed property" means the property, rights and interest of KUB that are described in Divisions I through IV of this Agreement and hereinabove conveyed in escrow to the Agent;

"Government Securities" means obligations and securities described in Section 9-21-1012, Tennessee Code Annotated that are purchased pursuant to the terms of the Escrow Reinvestment Agreement on this Agreement;

"KUB" means Knoxville Utilities Board, Knoxville, Tennessee;

"Refunded Bonds" means the City's outstanding Electric System Revenue Bonds, Series FF-2015, dated May 20, 2015, maturing July 1, 2023 through July 1, 2045;

"Refunding Bonds" means the City's Electric System Revenue Refunding Bonds, Series NN-2022, dated \_\_\_\_\_, 2022;

"Written Request" means a request in writing signed by the President and Chief Executive Officer of KUB, the Chief Financial Officer of KUB or by any other officer or official of KUB duly authorized by KUB to act in their place.

SECTION 1.2 Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word "person" shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

## ARTICLE II ESTABLISHMENT AND ADMINISTRATION OF FUNDS

SECTION 2.1 Creation of Escrow; Deposit of Funds. KUB hereby creates and establishes with the Agent a special and irrevocable escrow composed of the Escrowed Property and hereby deposits with the Agent and the Agent hereby acknowledges receipt of \$ \_\_\_\_\_ as described in Division I hereof. The monies so deposited, together with investment income therefrom, is herein referred to as the "Escrow Fund" and shall constitute a fund to be held by the Agent as a part of the Escrowed Property created, established, and governed by this Agreement.

SECTION 2.2 Investment of Funds. The monies described in Section 2.1 hereof shall be held or invested as follows:

- (a) the amount of \$ \_\_\_\_\_ shall be used to purchase the Government Securities described on Exhibit B attached hereto; and
- (b) the amount of \$ \_\_\_\_\_ shall be held as cash in a non-interest-bearing account.

Except as provided in Sections 2.4 and 2.6 hereof, the investment income from the Government Securities in the Escrow Fund shall be credited to the Escrow Fund and shall not be reinvested. The Agent shall have no power or duty to invest any monies held hereunder or to make substitutions of Government Securities held hereunder or to sell, transfer, or otherwise dispose of the Government Securities acquired hereunder except as provided herein.

Section 2.3. Disposition of Escrow Funds. The Agent shall without further authorization or direction from KUB collect the principal and interest on the Government Securities promptly as the same shall fall due. From the Escrow Fund, to the extent that monies therein are sufficient for such purpose, the Agent shall make timely payments to the paying agent or its successor, for the Refunded Bonds of monies sufficient for the payment of the principal of and interest on the Refunded Bonds as the same shall become due and payable. Amounts and dates of principal and interest payments and the name and address of the paying agent with respect to the Refunded Bonds are set forth on Exhibit A. Payment on the dates and to the paying agent in accordance with Exhibit A shall constitute full performance by the Agent of its duties hereunder with respect to each respective payment. KUB represents and warrants that the Escrow Fund, if held, invested and disposed of by the Agent in accordance with the provisions of this Agreement, will be sufficient to make the foregoing payments. No paying agent fees, fees and expenses of the Agent, or any other costs and expenses associated with the Refunding Bonds or the Refunded Bonds shall be paid from the Escrow Fund, and KUB agrees to pay all such fees, expenses, and costs from its legally available funds as such payments become due. When the Agent has made all required payments of principal and interest on the Refunded Bonds to the paying agent as hereinabove provided, the Agent shall transfer any monies or Government Securities then held hereunder to KUB and this Agreement shall terminate.

Section 2.4. Excess Funds. Amounts held by the Agent, representing interest on the Government Securities in excess of the amount necessary to make the corresponding payment of principal and/or interest on the Refunded Bonds, shall be held by the Agent without interest and shall be applied before any other Escrow Fund monies to the payment of the next ensuing principal and/or interest payment on the Refunded Bonds. Upon retirement of all the Refunded Bonds, the Agent shall pay any excess amounts remaining in the Escrow Fund to KUB.

Section 2.5. Reports. The Escrow Agent shall deliver to KUB a monthly report summarizing all transactions relating to the Escrow Fund; and on or before the first day of August of each year shall deliver to the Chief Financial Officer of KUB a report current as of June 30 of that year, which shall summarize all transactions relating to the Escrow Fund effected during the immediately preceding fiscal year of KUB and which also shall set forth all assets in the Escrow Fund as of June 30 and set forth opening and closing balances thereof for that fiscal year.

Section 2.6 Investment of Moneys Remaining in Escrow Fund. The Agent may invest and reinvest any monies remaining from time to time in the Escrow Fund until such time as they are needed. Such monies shall be invested in Government Securities, maturing no later than the next interest payment date of the Refunded Bonds, or for such periods or at such interest rates as the Agent shall be directed by Written Request, provided, however, that KUB shall furnish the Agent, as a condition precedent to such investment, with an opinion from nationally recognized bond counsel stating that such reinvestment of such monies will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, cause the interest on the Refunding Bonds or the Refunded Bonds not to be excluded from gross income for federal income tax purposes and that such investment is not inconsistent with the statutes and regulations applicable to the Refunding Bonds and Refunded Bonds. Any interest income resulting from reinvestment of monies pursuant to this Section 2.6 shall be applied first to the payment of principal of and interest on the Refunded Bonds to the extent the



Escrow is or will be insufficient to retire the Refunded Bonds as set forth on Exhibit A and any excess shall be paid to KUB to be applied to the payment of the Refunding Bonds or the expenses of issuance thereof.

Section 2.7. Irrevocable Escrow Created. The deposit of monies, Government Securities, matured principal amounts thereof, and investment proceeds therefrom in the Escrow Fund shall constitute an irrevocable deposit of said monies and Government Securities for the benefit of the holders of the Refunded Bonds, except as provided herein with respect to amendments permitted under Section 4.1 hereof. All the funds and accounts created and established pursuant to this Agreement shall be and constitute escrow funds for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of KUB and the Agent and used only for the purposes and in the manner provided in this Agreement.

Section 2.8. Redemption of Refunded Bonds. The Refunded Bonds shall be redeemed as stated on Exhibit C attached hereto.

### ARTICLE III CONCERNING THE AGENT

SECTION 3.1 Appointment of Agent. KUB hereby appoints the Agent as escrow agent under this Agreement.

SECTION 3.2 Acceptance by Agent. By execution of this Agreement, the Agent accepts the duties and obligations as Agent hereunder. The Agent further represents that it has all requisite power, and has taken all corporate actions necessary to execute the escrow hereby created.

SECTION 3.3 Liability of Agent. The Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by KUB or any paying agent of its obligations, or to protect any of KUB's rights under any bond proceedings or any of KUB's other contracts with or franchises or privileges from any state, county, municipality or other governmental agency or with any person. The Agent shall not be liable for any act done or step taken or omitted to be taken by it, or for any mistake of fact or law, or anything which it may do or refrain from doing, except for its own gross negligence or willful misconduct in the performance or nonperformance of any obligation imposed upon it hereunder. The Agent shall not be responsible in any manner whatsoever for the recitals or statements contained herein or in the Refunded Bonds or in the Refunding Bonds or in any proceedings taken in connection therewith, but they are made solely by KUB. The Agent shall have no lien whatsoever upon any of the monies or investments in the Escrow Fund for the payment of fees and expenses for services rendered by the Agent under this Agreement.

The Agent shall not be liable for the accuracy of the calculations as to the sufficiency of Escrow Fund monies and Government Securities and the earnings thereon to pay the Refunded Bonds. So long as the Agent applies any monies, the Government Securities and the interest earnings therefrom to pay the Refunded Bonds as provided herein, and complies fully with the terms of this Agreement, the Agent shall not be liable for any deficiencies in the amounts necessary to pay the Refunded Bonds caused by such calculations. The Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Agreement and in full compliance with the provisions hereof.



In the event of the Agent's failure to account for any of the Government Securities or monies received by it, said Government Securities or monies shall be and remain the property of KUB in escrow for the benefit of the holders of the Refunded Bonds, as herein provided, and if for any improper reason such Government Securities or monies are applied to purposes not provided for herein or misappropriated by the Agent, the assets of the Agent shall be impressed with a trust for the amount thereof until the required application of such funds shall be made or such funds shall be restored to the Escrow Fund.

SECTION 3.4 Permitted Acts. The Agent and its affiliates may become the owner of or may deal in the Refunding Bonds or Refunded Bonds as fully and with the same rights as if it were not the Agent.

SECTION 3.5 Exculpation of Funds of Agent. Except as set forth in Section 3.3, none of the provisions contained in this Agreement shall require the Agent to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Agent shall be under no liability for interest on any funds or other property received by it hereunder, except as herein expressly provided.

SECTION 3.6 No Redemption or Acceleration of Maturity. The Agent will not pay any of the principal of or interest on the Refunded Bonds, except as provided in Exhibit A attached hereto and will not redeem or accelerate the maturity of any of the Refunded Bonds.

SECTION 3.7 Qualifications of Agent. There shall at all times be an Agent hereunder that shall be a corporation or banking association organized and doing business under the laws of the United States or any state, located in the State of Tennessee, authorized under the laws of its incorporation to exercise the powers herein granted, having a combined capital, surplus, and undivided profits of at least \$75,000,000 and subject to supervision or examination by federal or state authority. If such corporation or association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this paragraph the combined capital, surplus, and undivided profits of such corporation or association shall be deemed to be its combined capital, surplus, and undivided profits as set forth in its most recent report of condition as published. In case at any time the Agent shall cease to be eligible in accordance with the provisions of this section, the Agent shall resign immediately in the manner and with the effect specified herein.

SECTION 3.8 Resignation of Agent. The Agent may at any time resign by giving direct written notice to KUB and by giving the holders of the Refunded Bonds notice by first-class mail of such resignation. Upon receiving such notice of resignation, KUB shall promptly appoint a successor escrow agent in the manner provided in the resolution authorizing the Refunding Bonds. If no successor escrow agent shall have been appointed and have accepted appointment within thirty (30) days after the publication of such notice of resignation, the resigning Agent may petition any court of competent jurisdiction located in Knox County, Tennessee, for the appointment of a successor, or any holder of the Refunded Bonds may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor meeting the qualifications set forth in Section 3.7. The Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

SECTION 3.9 Removal of Agent. In case at any time the Agent shall cease to be eligible in accordance with the provisions of Section 3.8 hereof and shall fail to resign after written request therefor by KUB or by any holder of the Refunded Bonds, or the Agent shall become incapable of acting, shall be adjudged a bankrupt or insolvent or a receiver of the Agent or any of its property shall be appointed, or



any public officer shall take charge or control of the Agent or its property or affairs for the purpose of rehabilitation, conservation, or liquidation, then in any such case, the Board may remove the Agent and appoint a successor in the manner provided in the resolution authorizing the Refunding Bonds or any such bondholder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction situated in Knox County, Tennessee for the removal of the Agent and the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, remove the Agent and appoint a successor who shall meet the qualifications set forth in Section 3.8. Unless incapable of serving, the Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

The holders of a majority in aggregate principal amount of all the Refunded Bonds at any time outstanding may at any time remove the Agent and appoint a successor by an instrument or concurrent instruments in writing signed by such bondholders and presented, together with the successor's acceptance of appointment, to KUB and the Agent.

Any resignation or removal of the Agent and appointment of a successor pursuant to any of the provisions of this Agreement shall become effective upon acceptance of appointment by the successor as provided in Section 3.10 hereof.

SECTION 3.10 Acceptance by Successor. Any successor escrow agent appointed as provided in this Agreement shall execute, acknowledge and deliver to KUB and to its predecessor an instrument accepting such appointment hereunder and agreeing to be bound by the terms hereof, and thereupon the resignation or removal of the predecessor shall become effective and such successor, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Agent herein; but, nevertheless, on Written Request of KUB or the request of the successor, the predecessor shall execute and deliver an instrument transferring to such successor all rights, powers and escrow property of the predecessor. Upon request of any such successor, KUB shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor all such rights, powers and duties. No successor shall accept appointment as provided herein unless at the time of such acceptance such successor shall be eligible under the provisions of Section 3.7 hereof.

Any corporation into which the Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Agent shall be a party, or any corporation succeeding to the business of the Agent, shall be the successor of the Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor shall be eligible under the provisions of Section 3.7 hereof.

SECTION 3.11 Payment to Agent. KUB agrees to pay the Agent, as reasonable and proper compensation under this Agreement, a one-time fee of \$\_\_\_\_. The Agent shall be entitled to reimbursement of all advances, counsel fees and expenses, and other costs made or incurred by the Agent in connection with its services and/or its capacity as Agent or resulting therefrom. In addition, KUB agrees to pay to the Agent all out-of-pocket expenses and costs of the Agent incurred by the Agent in the performance of its duties hereunder, including all publication, mailing and other expenses associated with the redemption of the Refunded Bonds; provided, however, that KUB agrees, to the extent permitted by law, to indemnify the Agent and hold it harmless against any liability (unless such liability is due to the gross negligence or willful misconduct of the Agent) which it may incur while acting in good faith in its capacity as Agent under this Agreement, including, but not limited to, any court costs and attorneys' fees, and such indemnification shall be paid from available funds of KUB and shall not give rise to any claim against the Escrow Fund.



ARTICLE IV  
MISCELLANEOUS

SECTION 4.1 Amendments to this Agreement. This Agreement is made for the benefit of KUB, the holders from time to time for the Refunded Bonds, and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Agent and KUB; provided, however, that KUB and the Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Agent for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Agent; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Refunded Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Notwithstanding the foregoing or any other provision of this Agreement, upon Written Request and upon compliance with the conditions hereinafter stated, but only with the consent of the Provider, the Agent shall have the power to and shall, in simultaneous transactions, sell, transfer, otherwise dispose of or request the redemption of all or any portion of the Government Securities held hereunder and to substitute therefor direct obligations of, or obligations the principal of and interest on which are fully guaranteed by the United States of America, subject to the condition that such monies or securities held by the Agent shall be sufficient to pay principal of and interest on the Refunded Bonds. KUB hereby covenants and agrees that it will not request the Agent to exercise any of the powers described in the preceding sentence in any manner which will cause the Refunding Bonds to be arbitrage bonds within the meaning of Section 148 of the Code in effect on the date of such request and applicable to obligations issued on the issue date of the Refunding Bonds. The Agent shall purchase such substituted securities with the proceeds derived from the maturity, sale, transfer, disposition or redemption of the Government Securities held hereunder or from other monies available. The transactions may be effected only if there shall have been submitted to the Agent: (1) an independent verification by a nationally recognized independent certified public accounting firm concerning the adequacy of such substituted securities with respect to principal and the interest thereon and any other monies or securities held for such purpose to pay when due the principal of and interest on the Refunded Bonds in the manner required by the proceedings which authorized their issuance; and (2) an opinion from nationally recognized bond counsel to the effect that the disposition and substitution or purchase of such securities will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, cause the interest on the Refunding Bonds not to be exempt from Federal income taxation. Any surplus monies resulting from the sale, transfer, other disposition or redemption of the Government Securities held hereunder and the substitutions therefor of direct obligations of, or obligations the principal of and interest on which is fully guaranteed by, the United States of America, shall be released from the Escrow Fund and shall be transferred to KUB.



SECTION 4.2 Severability. If any provision of this Agreement shall be held or deemed to be invalid or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

SECTION 4.3 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Tennessee.

SECTION 4.4 Notices. Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by Registered or Certified Mail, postage prepaid, or sent by telegram as follows:

To KUB:

Chief Financial Officer  
Knoxville Utilities Board  
445 Gay Street  
Knoxville, Tennessee 37902

To the Agent:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

KUB and the Agent may designate in writing any further or different addresses to which subsequent notices, requests, communications or other papers shall be sent.

SECTION 4.5 Agreement Binding. All the covenants, promises and agreements in this Agreement contained by or on behalf of the parties shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 4.6 Termination. This Agreement shall terminate when all transfers and payments required to be made by the Agent under the provisions hereof shall have been made.

SECTION 4.7 Execution by Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, KUB has caused this Agreement to be signed in its name by its President and Chief Executive Officer and attested by the Secretary of its Board of Commissioners, and the Agent has caused this Agreement to be signed in its corporate name by its duly authorized officers, all as of the day and date first above written.

CITY OF KNOXVILLE, TENNESSEE  
by and through the  
KNOXVILLE UTILITIES BOARD

By: \_\_\_\_\_  
President and Chief Executive Officer

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Escrow Agent

By: \_\_\_\_\_  
Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Title: \_\_\_\_\_



EXHIBIT A TO REFUNDING ESCROW AGREEMENT

Debt Service Schedule of the outstanding Electric System Revenue Bonds, Series FF-2015, dated May 20, 2015, maturing July 1, 2023 through July 1, 2045 to the Redemption Date with name and address of the Paying Agent and Date and Amount of Redemption

<u>Payment Date</u>	<u>Principal Payable</u>	<u>Principal Redeemed</u>	<u>Interest Payable</u>	<u>Redemption Premium</u>	<u>Total Debt Service</u>
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Totals:

Paying Agent: Regions Bank  
Nashville, Tennessee

EXHIBIT B TO REFUNDING ESCROW AGREEMENT

Government Securities

Par Amount

Interest Rate

Maturity Date

Cost of Securities: \$ \_\_\_\_\_

Cash: \$ \_\_\_\_\_



EXHIBIT C TO REFUNDING ESCROW AGREEMENT

The outstanding Electric System Revenue Bonds, Series FF-2015, dated May 20, 2015, maturing July 1, 2023 through July 1, 2045 ("Refunded Bonds") of the City of Knoxville, Tennessee shall be redeemed as provided in this Exhibit C. The Agent is hereby authorized and directed to give the paying agent for the Refunded Bonds notice on or before \_\_\_\_\_ to give notice of a \_\_\_\_\_ redemption to the holders of said Refunded Bonds in accordance with the resolution authorizing the issuance of said Refunded Bonds.

NOTICE OF REDEMPTION

THE CITY OF KNOXVILLE, TENNESSEE  
BY AND THROUGH THE  
KNOXVILLE UTILITIES BOARD

NOTICE IS HEREBY GIVEN that the City of Knoxville, Tennessee (the "City"), by and through the Knoxville Utilities Board, has elected to and does exercise its option to call and redeem on \_\_\_\_\_, all of the City's Refunded Bonds as follows:

Electric System Revenue Bonds, Series FF-2015, dated May 20, 2015, maturing July 1, 2023 through July 1, 2045

The owners of the above-described Bonds are hereby notified to present the same to the principal office of Regions Bank, Nashville, Tennessee, where redemption shall be made at the price of par plus interest accrued to the redemption date. The redemption price will become due and payable on \_\_\_\_\_ upon each such Bond herein called for redemption and such Bonds shall not bear interest beyond \_\_\_\_\_.

Important Notice: Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Economic Growth and Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed W-9 or exemption certificate or equivalent when presenting your securities.

REGIONS BANK  
as Registration and Paying Agent

A RESOLUTION SUPPLEMENTING RESOLUTION NO. 2075 ADOPTED BY THE CITY COUNCIL OF THE CITY OF KNOXVILLE, TENNESSEE ON APRIL 20, 1954 ENTITLED "A RESOLUTION PROVIDING FOR THE ISSUANCE OF WATER REVENUE BONDS" SO AS TO PROVIDE FOR THE ISSUANCE OF NOT TO EXCEED FIFTEEN MILLION SEVEN HUNDRED SIXTY-FIVE THOUSAND AND NO/100 DOLLARS (\$15,765,000) OF WATER SYSTEM REVENUE REFUNDING BONDS, SERIES MM-2022.

RESOLUTION NO: \_\_\_\_\_

REQUESTED BY: \_\_\_\_\_

PREPARED BY: \_\_\_\_\_

APPROVED AS TO FORM

CORRECTNESS: \_\_\_\_\_

Law Director

FINANCIAL IMPACT STATEMENT:

\_\_\_\_\_

\_\_\_\_\_

Director of Finance

APPROVED: \_\_\_\_\_

APPROVED AS AN

EMERGENCY MEASURE: \_\_\_\_\_

MINUTE BOOK \_\_\_\_\_ PAGE \_\_\_\_\_



WHEREAS, the City of Knoxville (the "City"), pursuant to a resolution entitled "A Resolution Providing for the Issuance of Water Revenue Bonds," being Resolution No. 2075 of the City Council adopted April 20, 1954 (which resolution as heretofore amended is hereinafter sometimes referred to as "Resolution No. 2075"), authorized an issue of Water Revenue Bonds; and

WHEREAS, pursuant to Resolution No. 2075, and for the purpose of financing the cost of the extensions and improvements to the City's water distribution and treatment system (the "System") and the refinancing of indebtedness issued for that purpose, the City issued Water Revenue Bonds, the series of which, the amount issued, and the amount outstanding as of March 1, 2022 are as follows:

<u>Series</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
BB-2015	\$23,005,000	\$18,075,000
CC-2015	\$20,000,000	\$17,100,000
DD-2016	\$25,000,000	\$22,100,000
EE-2016	\$20,875,000	\$17,185,000
FF-2017	\$ 5,310,000	\$ 2,895,000
GG-2017	\$20,000,000	\$18,170,000
HH-2018	\$19,995,000	\$18,285,000
II-2019	\$19,995,000	\$18,850,000
JJ-2020	\$19,520,000	\$18,395,000
KK-2020	\$ 9,045,000	\$ 8,665,000
LL-2021	\$33,180,000	\$31,955,000

WHEREAS, it is desirable that an additional series of bonds be issued to refinance the outstanding principal amount of the City's outstanding Water System Revenue Bonds, Series CC-2015, dated May 20, 2015, maturing March 1, 2023 through March 1, 2045 (the "Refunded Bonds"), including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the bonds, pursuant to the authority of Resolution No. 2075 and pursuant to the authority of this resolution; and

WHEREAS, the Board of Commissioners (the "Board") of the Knoxville Utilities Board ("KUB") has duly adopted a resolution requesting the City Council of the City to adopt this resolution authorizing the issuance of bonds for the purposes and in the manner hereinafter more fully stated; and

WHEREAS, the plan of refunding for the Refunded Bonds has been submitted to the State Director of the Division of Local Government Finance (the "State Director") as required by Section 9-21-903, Tennessee Code Annotated, as amended, and she has acknowledged receipt thereof to the City and KUB and submitted her report thereon to the City and KUB, and such report has been provided to members of the City Council of the City; and

WHEREAS, it is the intention of the City Council of the City to adopt this resolution for the purpose of authorizing not to exceed \$15,765,000 in aggregate principal amount of water revenue refunding bonds for the purposes described above, establishing the terms of such bonds, providing for the issuance, sale and payment of the bonds and disposition of proceeds therefrom, and collection of revenues from the System and the application thereof to the payment of principal of, premium, if any, and interest on said bonds.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Knoxville, Tennessee, as follows:

Section 1. Authority. The bonds authorized by this resolution are issued pursuant to Sections 7-34-101 et seq. and 9-21-101 et seq., Tennessee Code Annotated, and other applicable provisions of law.

Section 2. Definitions. Capitalized terms used herein and not defined in this Section 2 shall have the meanings ascribed to them in the 1954 Resolution (as hereinbelow defined). The following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise.

(a) "Board" shall mean the Board of Commissioners of the Knoxville Utilities Board;

(b) "Bond Purchase Agreement" means a Bond Purchase Agreement, dated as of the sale of the Series LL- Bonds, entered into by and between KUB and the Underwriter, in substantially the form of the document attached hereto as Exhibit A, subject to such changes as permitted by Section 10 hereof, as approved by the President and Chief Executive Officer of KUB, consistent with the terms of this resolution;

(c) "Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which physical Bond certificates in fully registered form are issued to a Depository, or to its nominee as Registered Owner, with the certificated Bonds being held by and "immobilized" in the custody of such Depository, and under which records maintained by persons, other than the City, KUB or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial "book-entry" interests in those Bonds;

(d) "City" shall mean the City of Knoxville, Tennessee;

(e) "Code" shall mean the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated or proposed thereunder;

(f) "Depository" means any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-Entry System, including, but not limited to, DTC;

(g) "DTC" means the Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns;

(h) "DTC Participant(s)" means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC system;

(i) "Governing Body" shall mean the City Council of the City;

(j) "KUB" shall mean the Knoxville Utilities Board;

(k) "1954 Resolution" shall mean Resolution No. 2075 of the Governing Body, adopted April 20, 1954, as amended and supplemented by Resolution No. 3633, Resolution No. R-26-88, Resolution No. R-8-98, Resolution No. R-151-01 and Resolution No. R-228-2018, and as otherwise supplemented prior to the date hereof;

(l) "Outstanding Bonds" shall mean the City's outstanding Water System Revenue Refunding Bonds, Series BB-2015, dated May 1, 2015, maturing March 1, 2023 and thereafter, the City's outstanding Water System Revenue Bonds, Series CC-2015, dated May 20, 2015, maturing March 1, 2023 and thereafter to the extent, if any, not refunded with the proceeds of the Series MM-2022 Bonds, the City's outstanding Water System Revenue Bonds, Series DD-2016, dated August 5, 2016, maturing March 1, 2023 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series EE-



2016, dated August 5, 2016, maturing March 1, 2023 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series FF-2017, dated April 7, 2017, maturing March 1, 2023 and thereafter, the City's outstanding Water System Revenue Bonds, Series GG-2017, dated September 15, 2017, maturing March 1, 2023 and thereafter, the City's outstanding Water System Revenue Bonds, Series HH-2018, dated September 14, 2018, maturing March 1, 2023 and thereafter, the City's outstanding Water System Revenue Bonds, Series II-2019, dated August 20, 2019, maturing March 1, 2023 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series JJ-2020, dated May 22, 2020, maturing March 1, 2023 and thereafter, the City's outstanding Water System Revenue Bonds, Series KK-2020, dated October 30, 2020, maturing March 1, 2023 and thereafter, and the City's outstanding Water System Revenue Refunding Bonds, Series LL-2021, dated April 19, 2021, maturing March 1, 2023 and thereafter;

(m) "Parity Bonds" shall mean any bonds issued on a parity with the Series MM-2022 Bonds and the Outstanding Bonds pursuant to the 1954 Resolution;

(n) "Refunded Bonds" shall mean those portions of the City's outstanding Water System Revenue Bonds, Series CC-2015, dated May 20, 2015, maturing March 1, 2023 through March 1, 2045, that are selected for refunding pursuant to Section 10 hereof;

(o) "Registration Agent" shall mean the registration and paying agent for the Series MM-2022 Bonds designated by the President and Chief Executive Officer of KUB, or any successor as designated by the Board;

(p) "Series MM-2022 Bonds" shall mean the City's Water System Revenue Refunding Bonds, Series MM-2022, dated the date of their issuance, or such other date as shall be determined by the Board pursuant to Section 10 hereof, authorized to be issued by the 1954 Resolution and this resolution in an aggregate principal amount not to exceed \$15,765,000;

(q) "State" shall mean the State of Tennessee; and

(r) "Underwriter" shall mean an investment banking firm qualified to underwrite bonds such as the Series MM-2022 Bonds in the State of Tennessee selected by the President and Chief Executive Officer of KUB.

Section 3. Declarations. It is hereby determined that all requirements of the 1954 Resolution have been or will have been met upon the issuance of the Series MM-2022 Bonds so that the Series MM-2022 Bonds will be issued as Parity Bonds.

Section 4. Findings of the Governing Body. It is hereby found and determined by the Governing Body that the refunding of the Refunded Bonds as set forth herein through the issuance of the Series MM-2022 Bonds will result in a reduction in debt service payable by the City and KUB over the term of the Refunded Bonds, thereby effecting a cost savings to the System.

Section 5. Authorization and Terms of the Series MM-2022 Bonds. (a) For the purpose of providing funds for the payment of principal of and premium and interest on the Refunded Bonds to the earliest practicable optional redemption date thereof, including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the Series MM-2022 Bonds as more fully set out in Section 10 hereof, there are hereby authorized to be issued revenue bonds of the City in the aggregate principal amount of not to exceed \$15,765,000. The Series MM-2022 Bonds shall be issued in fully registered form, without coupons, shall be known as "Water System Revenue Refunding Bonds, Series MM-2022" and shall be dated the date of their issuance or such other date as shall be determined by the Board or the President and Chief Executive Officer of KUB as its designee pursuant to Section 10 hereof. The Series MM-2022 Bonds shall bear interest at a rate or rates not to exceed five

percent (5.00%) per annum, payable semi-annually on March 1 and September 1 in each year, commencing September 1, 2022 or such later date as is permitted pursuant to Section 10 hereof. The Series MM-2022 Bonds shall be initially issued in \$5,000 denominations or integral multiples thereof as shall be requested by the purchaser thereof. The Series MM-2022 Bonds shall mature and be payable either serially or through mandatory redemption on each March 1 in such years as is established by the Board or the President and Chief Executive Officer of KUB as its designee pursuant to Section 10, provided that the final maturity date shall not be later than March 1, 2045. The final maturity schedule shall be established by the award resolution or certificate awarding the Series MM-2022 Bonds to the successful purchaser thereof or in the Bond Purchase Agreement provided for in Section 10 if the Series MM-2022 Bonds are sold by negotiated sale.

(b) Subject to adjustment pursuant to Section 10 hereof, the Series MM-2022 Bonds maturing on or before March 1, 2031 shall mature without option of prior redemption, and the Series MM-2022 Bonds maturing on and after March 1, 2032 shall be subject to redemption prior to maturity at the option of the City, acting through the Board, on or after March 1, 2031, as a whole or in part at any time at a redemption price equal to the principal amount plus interest accrued to the redemption date.

If less than all the Series MM-2022 Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board in its discretion. If less than all the Series MM-2022 Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Series MM-2022 Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Series MM-2022 Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Series MM-2022 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series MM-2022 Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

(c) Pursuant to Section 10 hereof, KUB is authorized to sell the Series MM-2022 Bonds, or any maturities thereof, as term bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by KUB. In the event any or all the Series MM-2022 Bonds are sold as term bonds, KUB shall redeem such term bonds on redemption dates corresponding to the maturity dates set forth in the award resolution or certificate awarding the Series MM-2022 Bonds, in amounts so as to achieve an amortization of the indebtedness approved by the Board or the President and Chief Executive Officer of KUB as its designee. DTC, as Depository for the Series MM-2022 Bonds, or any successor Depository for the Series MM-2022 Bonds, shall determine the interest of each Participant in the Series MM-2022 Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as Depository for the Series MM-2022 Bonds, the Series MM-2022 Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, KUB may (i) deliver to the Registration Agent for cancellation Series MM-2022 Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Series MM-2022 Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Series MM-2022 Bond so delivered or previously purchased or



redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of KUB on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Series MM-2022 Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. KUB shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

(d) Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series MM-2022 Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Series MM-2022 Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Series MM-2022 Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series MM-2022 Bonds, as and when above provided, and neither KUB, the City, nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices, in the case of term bonds with mandatory redemption requirements as and when provided herein and in the Series MM-2022 Bonds and, in the case of optional redemption, as and when directed by the Board pursuant to written instructions from an authorized representative of the Board given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Series MM-2022 Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the City or KUB to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

(e) The Series MM-2022 Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the City with the manual or facsimile signature of the Chair of the Board and attested by the manual or facsimile signature of the Secretary of the Board.

(f) The City hereby authorizes and directs the Board to appoint a Registration Agent and paying agent for the Series MM-2022 Bonds, and the Registration Agent so appointed is authorized and directed to maintain Bond registration records with respect to the Series MM-2022 Bonds, to authenticate and deliver the Series MM-2022 Bonds as provided herein, either at original issuance, upon transfer, or as otherwise directed by the Board, to effect transfers of the Series MM-2022 Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Series MM-2022 Bonds as provided herein, to cancel and destroy the Series MM-2022 Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish KUB at least annually a certificate of destruction with respect to Series MM-2022 Bonds canceled and destroyed, and to furnish KUB at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Series MM-2022 Bonds. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed. The Board hereby delegates to the President and Chief



Executive Officer of KUB the authority to select and appoint the Registration Agent and any paying agents for the Series MM-2022 Bonds (as well as any successors to any of the foregoing). The Chair of the Board is hereby authorized to execute and the Secretary of the Board is hereby authorized to attest such written agreement between KUB and the Registration Agent as they shall deem necessary or proper with respect to the obligations, duties and rights of the Registration Agent.

(g) The Series MM-2022 Bonds shall be payable, principal and interest, in lawful money of the United States of America at the designated trust office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds on each interest payment date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owners at their addresses shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Series MM-2022 Bonds, and all such payments shall discharge the obligations of KUB in respect of such Series MM-2022 Bonds to the extent of the payments so made. Payment of principal of the Series MM-2022 Bonds shall be made upon presentation and surrender of such Series MM-2022 Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. In the event the Series MM-2022 Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Series MM-2022 Bonds, payment of interest on such Series MM-2022 Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

(h) Any interest on any Series MM-2022 Bond which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid to the persons in whose names the Series MM-2022 Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: KUB shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Series MM-2022 Bond and the date of the proposed payment, and at the same time KUB shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section 5 provided. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify KUB of such Special Record Date and, in the name and at the expense of KUB, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section 5 or in the Series MM-2022 Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of KUB to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Series MM-2022 Bonds when due.

(i) The Series MM-2022 Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Series MM-2022 Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the



Series MM-2022 Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Series MM-2022 Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Series MM-2022 Bond or Series MM-2022 Bonds to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Series MM-2022 Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Series MM-2022 Bond, nor to transfer or exchange any Series MM-2022 Bond after notice calling such Series MM-2022 Bond for redemption has been made, nor to transfer or exchange any Series MM-2022 Bond during the period following the receipt of instructions from KUB to call such Series MM-2022 Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Series MM-2022 Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Series MM-2022 Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither KUB nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Series MM-2022 Bonds shall be overdue. Series MM-2022 Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Series MM-2022 Bonds of the same maturity in any authorized denomination or denominations. This subsection shall be applicable only if the Series MM-2022 Bonds are no longer held by a Depository, and as long as the Series MM-2022 Bonds are held by a Depository, transfers of ownership interests in the Series MM-2022 Bonds shall be governed by the rules of the Depository.

(j) Except as otherwise authorized herein, the Series MM-2022 Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as the Depository for the Series MM-2022 Bonds except as otherwise provided herein. References in this Section 5 to a Series MM-2022 Bond or the Series MM-2022 Bonds shall be construed to mean the Series MM-2022 Bond or the Series MM-2022 Bonds that are held under the Book-Entry System. One Bond for each maturity of the Series MM-2022 Bonds shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Registration Agent is a custodian and agent for DTC, and the Series MM-2022 Bond will be immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Series MM-2022 Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Series MM-2022 Bonds. Beneficial ownership interests in the Series MM-2022 Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Series MM-2022 Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Series MM-2022 Bonds. Transfers of ownership interests in the Series MM-2022 Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE SERIES MM-2022 BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE SERIES MM-2022 BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES MM-2022 BONDS, RECEIPT OF NOTICES, VOTING AND TAKING OR NOT TAKING, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Series MM-2022 Bonds, so long as DTC is the only owner of the Series MM-2022 Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co. as provided in the Letter of



Representation relating to the Series MM-2022 Bonds from the City, acting by and through KUB, and the Registration Agent to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. Neither the City, KUB nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as Depository for the Series MM-2022 Bonds or (2) to the extent permitted by the rules of DTC, the Board determines to discontinue the Book-Entry System, the Book-Entry System with DTC shall be discontinued. If the Board fails to identify another qualified securities depository to replace DTC, the Board shall cause the Registration Agent to authenticate and deliver replacement Series MM-2022 Bonds in the form of fully registered Series MM-2022 Bonds to each Beneficial Owner.

NEITHER THE CITY, KUB NOR THE REGISTRATION AGENT SHALL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE SERIES MM-2022 BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES MM-2022 BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS, (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES MM-2022 BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

If the purchaser or Underwriter certifies that it intends to hold the Series MM-2022 Bonds for its own account, then the City may issue, acting by and through KUB, certificated Bonds without the utilization of DTC and the Book-Entry System.

(k) In case any Series MM-2022 Bond shall become mutilated, or be lost, stolen, or destroyed, the City, acting by and through KUB, in its discretion, shall issue, and the Registration Agent, upon written direction from KUB, shall authenticate and deliver, a new Series MM-2022 Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Series MM-2022 Bond, or in lieu of and in substitution for such lost, stolen or destroyed Series MM-2022 Bond, or if any such Series MM-2022 Bond shall have matured or shall be about to mature, instead of issuing a substituted Series MM-2022 Bond KUB may pay or authorize payment of such Series MM-2022 Bond without surrender thereof. In every case the applicant shall furnish evidence satisfactory to KUB and the Registration Agent of the destruction, theft or loss of such Series MM-2022 Bond, and indemnity satisfactory to KUB and the Registration Agent; and KUB may charge the applicant for the issue of such new Series MM-2022 Bond an amount sufficient to reimburse KUB for the expense incurred by it in the issue thereof.

(l) The Registration Agent is hereby authorized to authenticate and deliver the Series MM-2022 Bonds to DTC, on behalf of the initial purchaser thereof, or an agent of DTC, upon receipt by KUB of the proceeds of the sale thereof and, subject to the rules of the Depository, and to authenticate and deliver Series MM-2022 Bonds in exchange for Series MM-2022 Bonds of the same principal amount delivered for transfer upon receipt of the Series MM-2022 Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Series MM-2022 Bonds shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an authorized representative thereof on the certificate set forth herein on the Series MM-2022 Bond form.



(m) The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Series MM-2022 Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Series MM-2022 Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Series MM-2022 Bonds and provision of notices with respect to Series MM-2022 Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the Beneficial Owners of the Series MM-2022 Bonds, provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this Section 5.

Section 6. Source of Payment. The Series MM-2022 Bonds shall be payable solely from and be secured by a pledge of the Net Revenues of the System as hereinafter provided and as provided in the 1954 Resolution on a parity and equality of lien with the Outstanding Bonds. The punctual payment of principal of and interest on the Series MM-2022 Bonds, the Outstanding Bonds and any Parity Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of series, number or time of sale and delivery. The owners of the Series MM-2022 Bonds shall have no recourse to the power of taxation of the City.

Section 7. Form of Series MM-2022 Bonds. The Series MM-2022 Bonds shall be in substantially the following form, the omissions to be appropriately completed when the Series MM-2022 Bonds are prepared and delivered:

(Form of Series MM-2022 Bond)

REGISTERED  
Number \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
COUNTY OF KNOX  
CITY OF KNOXVILLE  
WATER SYSTEM REVENUE REFUNDING BOND, SERIES MM-2022

Interest Rate:                      Maturity Date:                      Date of Bond:                      CUSIP No.:

Registered Owner:  
Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Knoxville, a municipal corporation lawfully organized and existing in Knox County, Tennessee (the "City"), acting by and through the Knoxville Utilities Board ("KUB"), for value received hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth, or upon earlier redemption, as set forth herein, and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date or redemption date, said interest being payable on September 1, 2022, and semi-annually thereafter on the first day of March and September in each year until this Bond matures or is redeemed. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the designated trust office of \_\_\_\_\_, \_\_\_\_\_, Tennessee, as registration agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond by check or draft on each interest payment date



directly to the registered owner hereof shown on the bond registration records maintained by the Registration Agent as of the close of business on the day which is the fifteenth (15th) day of the month next preceding the interest payment date (the "Regular Record Date") by depositing said payment in the United States mail, postage prepaid, addressed to such owner at such owner's address shown on said bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the City and KUB to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of and premium, if any, on the Bonds shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds of the series of which this Bond is one. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Registration Agent is a custodian and agent for DTC, and the Bond will be immobilized in its custody. A book-entry system (the "Book-Entry System") shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, as defined in the Resolution, pursuant to rules and procedures established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the City, KUB and the Registration Agent shall treat Cede & Co., as the only owner of the Bonds for all purposes under the Resolution, including receipt of all principal of, premium, if any, and interest on the Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal, maturity amounts, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners, as defined in the Resolution. Neither the City, KUB, nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) to the extent permitted by the rules of DTC, the Board of Commissioners of KUB (the "Board") determines to discontinue the Book-Entry System, the Book-Entry System with DTC shall be discontinued. If the Board fails to identify another qualified securities depository to replace DTC, the Board shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. Neither the City, KUB nor the Registration Agent shall have any responsibility or obligations to any DTC Participant or any Beneficial Owner with respect to (i) the Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts of and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners, (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

The Bonds of the issue of which this Bond is one maturing on or before March 1, 2031 shall mature without option of prior redemption. The Bonds maturing on March 1, 2032 and thereafter shall be subject to redemption prior to maturity at the option of the City, acting through the Board, on or after



March 1, 2031, as a whole or in part at any time at a redemption price equal to the principal amount plus interest accrued to the redemption date.

[If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Series Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.]

[Subject to the credit hereinafter provided, the City acting by and through KUB, shall redeem Bonds maturing on the redemption dates set forth below opposite such maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, as securities depository for the series of Bonds of which this Bond is one, or any successor Depository for the Bonds, shall determine the interest of each Participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as securities depository for the Bonds, the Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and amount of Bonds to be redeemed on said dates are as follows:

<u>Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds to be Redeemed</u>
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\*final maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the City, acting through KUB, may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive credit in respect of its redemption obligation under the mandatory redemption provision for any Bonds to be redeemed which prior to said date have been purchased or redeemed (otherwise than by mandatory redemption) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under the mandatory redemption provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of KUB on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of the Bonds to be redeemed by operation of the mandatory redemption provision shall be accordingly reduced. KUB shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this paragraph are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.



Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the City, but only upon direction of the Board, not fewer than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly given as set forth in the Resolution, as hereafter defined. In the case of a Conditional Redemption, the failure of the City or KUB to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.]

The Bonds of the issue of which this Bond is one are issuable only as fully registered Bonds, without coupons, in the denomination of Five Thousand Dollars (\$5,000) or any authorized integral multiple thereof. At the designated trust office of the Registration Agent, in the manner and subject to the limitations, conditions and charges provided in the Resolution, fully registered Bonds may be exchanged for an equal aggregate principal amount of fully registered Bonds of the same maturity, of authorized denominations, and bearing interest at the same rate. The Bonds shall be numbered consecutively from one upwards and will be made eligible for the Book-Entry System of DTC. Except as otherwise provided in this paragraph and the Resolution, as hereinafter defined, the Bonds shall be registered in the name of Cede & Co. as nominee of DTC. The Board may discontinue use of DTC for Bonds at any time upon determination by the Board that the use of DTC is no longer in the best interest of the beneficial owners of the Bonds. Upon such determination, registered ownership of the Bonds may be transferred on the registration books maintained by the Registration Agent, and the Bonds may be delivered in physical form to the following:

- i. any successor of DTC or its nominee;
- ii. any substitute depository to which the Registration Agent does not unreasonably object, upon (a) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (b) a determination by the Board that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; or
- iii. any person, upon (a) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository, or (b) termination by the Board of the use of DTC (or substitute depository or its successor).

In the event that this Bond is no longer held in a Book-Entry System by DTC, this Bond shall be transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the principal trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denomination or denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the City, KUB nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at



the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the Board to call such Bond for redemption.

This Bond is one of a total authorized issue aggregating \$15,765,000 and issued by the City, acting by and through KUB, for the purpose of providing funds to refinance the outstanding principal amount of the City's outstanding Water System Revenue Bonds, Series CC-2015, dated May 20, 2015, maturing March 1, 2023 through March 1, 2045 (the "Refunded Bonds"), including the payment of legal, fiscal and administrative costs incident thereto and costs incident to the issuance of the Bonds, under and in full compliance with the Constitution and statutes of the State of Tennessee, including Sections 7-34-101 *et seq.* and Sections 9-21-101 *et seq.*, Tennessee Code Annotated, and pursuant to Resolution No. 2075 duly adopted by the City Council of the City on April 20, 1954, as amended and supplemented by Resolution No. 3633, Resolution No. R-26-88, Resolution No. R-8-98, Resolution No. R-151-01 and Resolution No. R-228-2018, and as otherwise supplemented prior to the date hereof (as supplemented and amended, the "Resolution").

This Bond, and interest hereon, are payable solely from and secured by a pledge of the income and revenues to be derived from the operation of the water distribution and treatment system of the City (the "System"), subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing, and insuring the System. The Bonds of the series of which this Bond is one shall enjoy complete parity and equality of lien with the City's outstanding Water System Revenue Refunding Bonds, Series BB-2015, dated May 1, 2015, maturing March 1, 2023 and thereafter, the City's outstanding Water System Revenue Bonds, Series CC-2015, dated May 20, 2015, maturing March 1, 2023 and thereafter to the extent, if any, not refunded with the proceeds of the Series MM-2022 Bonds, the City's outstanding Water System Revenue Bonds, Series DD-2016, dated August 5, 2016, maturing March 1, 2023 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series EE-2016, dated August 5, 2016, maturing March 1, 2023 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series FF-2017, dated April 7, 2017, maturing March 1, 2023 and thereafter, the City's outstanding Water System Revenue Bonds, Series GG-2017, dated September 15, 2017, maturing March 1, 2023 and thereafter, the City's outstanding Water System Revenue Bonds, Series HH-2018, dated September 14, 2018, maturing March 1, 2023 and thereafter, the City's outstanding Water System Revenue Bonds, Series II-2019, dated August 20, 2019, maturing March 1, 2023 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series JJ-2020, dated May 22, 2020, maturing March 1, 2023 and thereafter, the City's outstanding Water System Revenue Bonds, Series KK-2020, dated October 30, 2020, maturing March 1, 2023 and thereafter, and the City's outstanding Water System Revenue Refunding Bonds, Series LL-2021, dated April 19, 2021, maturing March 1, 2023 and thereafter. As provided in the Resolution, the punctual payment of principal of, premium, if any, and interest on the series of Bonds of which this Bond is one, the Outstanding Bonds and any other bonds issued on a parity therewith pursuant to the terms of the Resolution shall be secured equally and ratably by said revenues without priority by reason of series, number or time of sale or delivery. The owner of this Bond shall have no recourse to the power of taxation of the City. The Board has covenanted that it will fix and impose such rates and charges for the services rendered by the System and will collect and account for sufficient revenues to pay promptly the principal of and interest on this Bond and the issue of which it is a part, as each payment becomes due. For a more complete statement of the revenues from which and conditions under which this Bond is payable, a statement of the conditions on which obligations may hereafter be issued on a parity with this Bond, the general covenants and provisions pursuant to which this Bond is issued and the terms upon which the Resolution may be modified, reference is hereby made to the Resolution.

Under existing law, this Bond and the income therefrom are exempt from all present state, county and municipal taxation in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on this Bond during the period such Bond is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of this Bond in the Tennessee franchise tax base or any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of either the City or KUB, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the City acting by and through the Board has caused this Bond to be signed by the Chair of the Board by his manual or facsimile signature and attested by the Secretary of the Board by his manual or facsimile signature, all as of the date hereinabove set forth.

CITY OF KNOXVILLE  
by and through the  
KNOXVILLE UTILITIES BOARD

By: \_\_\_\_\_  
Chair

ATTESTED:

\_\_\_\_\_  
Secretary

Transferable and payable at the  
designated trust office of: \_\_\_\_\_,  
\_\_\_\_\_, Tennessee

Date of Registration: \_\_\_\_\_

This Bond is one of the issue of Bonds issued pursuant to the Resolution hereinabove described.

\_\_\_\_\_  
Registration Agent

By: \_\_\_\_\_  
Authorized Representative

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto  
\_\_\_\_\_, [Please insert Federal Tax Identification Number or Social Security  
Number of Assignee \_\_\_\_\_] whose address is

\_\_\_\_\_, the within bond of the City of Knoxville, Tennessee,  
and does hereby irrevocably constitute and appoint \_\_\_\_\_,



Tennessee, attorney, to transfer the said bond on the records kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of a Medallion Program acceptable to the Registration Agent.

Section 8. Equality of Lien; Pledge of Net Revenues. The punctual payment of principal of, premium, if any, and interest on the Series MM-2022 Bonds, the Outstanding Bonds and any Parity Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of series, number or time of sale or execution or delivery, and the Net Revenues of the System are hereby irrevocably pledged to the punctual payment of such principal, premium and interest as the same become due.

Section 9. Applicability of the 1954 Resolution. The Series MM-2022 Bonds are issued in compliance with the 1954 Resolution so as to be on a parity with the Outstanding Bonds, and, when duly delivered, the Series MM-2022 Bonds shall constitute a series of bonds issued under the authority of the 1954 Resolution. All recitals, provisions, covenants and agreements contained in the 1954 Resolution, as supplemented and amended herein (except insofar as any of said recitals, provisions, covenants and agreements necessarily relate exclusively to any series of the Outstanding Bonds) are hereby ratified and confirmed and incorporated herein by reference and, for so long as any of the Series MM-2022 Bonds shall be outstanding and unpaid either as to principal or interest, or until discharge and satisfaction of the Series MM-2022 Bonds as provided in Section 12 hereof, shall be applicable to the Series MM-2022 Bonds, shall inure to the benefit of owners of the Series MM-2022 Bonds as if set out in full herein, and shall be fully enforceable by the owner of any Series MM-2022 Bond.

All references to "holder" or "holders" in the 1954 Resolution shall be deemed to include owners of the Series MM-2022 Bonds, and all references to "Bonds" in the 1954 Resolution shall be deemed to include the Series MM-2022 Bonds.

Section 10. Sale of Series MM-2022 Bonds.

(a) The Series MM-2022 Bonds or any emission thereof may be sold at negotiated sale to the Underwriter or at public sale as determined by the President and Chief Executive Officer of KUB at a price of not less than 98.00% of par, exclusive of original issue discount, plus accrued interest, if any, provided, however, that no emission of Series MM-2022 Bonds may be sold at negotiated sale unless the Audit and Finance Committee of the Board has previously approved the sale of such emission at negotiated sale. The sale of any emission of the Series MM-2022 Bonds to the Underwriter or by public sale shall be binding on the City and KUB, and no further action of the Board with respect thereto shall be required.

(b) The President and Chief Executive Officer of KUB, as the designee of the Board, is further authorized with respect to each emission of Series MM-2022 Bonds to:

- (1) change the dated date to a date other than the date of issuance;
- (2) specify or change the series designation of the Series MM-2022 Bonds other than "Water System Revenue Refunding Bonds, Series MM-2022";
- (3) change the first interest payment date to a date other than September 1, 2022, provided that such date is not later than twelve months from the dated date of such emission of Series MM-2022 Bonds;
- (4) establish and adjust the principal and interest payment dates and determine maturity or mandatory redemption amounts of the Series MM-2022 Bonds or any emission thereof, provided that (A) the total principal amount of all emissions of the Series MM-2022 Bonds does not exceed the total amount of Series MM-2022 Bonds authorized herein; (B) the final maturity date of each emission shall be not later than March 1, 2045; and (C) the debt service schedule is substantially the same as what was presented to the State Director in connection with requesting a report on the refunding of the Refunded Bonds;
- (5) modify or remove the optional redemption provisions contained herein, provided that the premium amount to be paid in connection with any redemption provision shall not exceed two percent (2%) of the principal amount thereof;
- (6) sell the Series MM-2022 Bonds, or any emission thereof, or any maturities thereof as term bonds with mandatory redemption requirements as determined by the Board, as it shall deem most advantageous to KUB; and
- (7) cause all or a portion of the Series MM-2022 Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company to achieve the purposes set forth herein and to serve the best interests of KUB and to enter into agreements with such insurance company to the extent not inconsistent with this resolution.

(c) If any emission of Series MM-2022 Bonds is sold at negotiated sale, the President and Chief Executive Officer of KUB is authorized to execute a Bond Purchase Agreement with respect to such emission of Series MM-2022 Bonds, providing for the purchase and sale of the Series MM-2022 Bonds, or any emission thereof. Each Bond Purchase Agreement shall be in substantially the form attached hereto as Exhibit A, with such changes as the President and Chief Executive Officer deems necessary or advisable in connection with the sale of such Series MM-2022 Bonds, provided any such changes are not inconsistent with the terms of this Section 10. If the Underwriter does not intend to reoffer the Series MM-2022 Bonds to the public, then the Bond Purchase Agreement shall be conformed to reflect such intention. The form of the Series MM-2022 Bond set forth in Section 7 hereof shall be conformed to reflect any changes made pursuant to this Section 10.

(d) The President and Chief Executive Officer and the Chief Financial Officer of KUB, or either of them, are authorized to cause the Series MM-2022 Bonds, in book-entry form (except as otherwise authorized herein), to be authenticated and delivered by the Registration Agent to the purchaser(s), and to execute, publish, and deliver all certificates and documents, including an official statement, the Bond Purchase Agreement and closing certificates, as they shall deem necessary in connection with the sale and delivery of each emission of the Bonds.



(e) If the Series MM-2022 Bonds are sold at public sale, the Series MM-2022 Bonds shall be awarded by the President and Chief Executive Officer of KUB to the bidder that offers to purchase the Bonds for the lowest true interest cost to KUB.

Section 11. Disposition of Series MM-2022 Bond Proceeds. The proceeds of the sale of the Series MM-2022 Bonds shall be paid to KUB and used and applied by KUB as follows:

(a) All accrued interest, if any, shall be deposited to the Debt Service Fund created under the 1954 Resolution and used to pay interest on the Series MM-2022 Bonds on the first interest payment date following delivery of the Series MM-2022 Bonds;

(b) An amount, which together with investment earnings thereon and legally available funds of KUB, if any, will be sufficient to pay principal of, premium, if any, and interest on the Refunded Bonds (subject to adjustments permitted by Section 10 above), shall be applied by KUB directly to refund the Refunded Bonds; and

(c) The remainder shall be applied to the payment of costs of issuance relating to the Series MM-2022 Bonds. If there are any remaining proceeds of the Series MM-2022 Bonds after application as provided above, such remaining proceeds shall be used to pay principal and/or interest on the Series MM-2022 Bonds.

Section 12. Discharge and Satisfaction of Series MM-2022 Bonds. If KUB, on behalf of the City, shall pay and discharge the indebtedness evidenced by any of the Series MM-2022 Bonds or Parity Bonds (referred to hereinafter, collectively, in this Section 12 as the "Bonds") in any one or more of the following ways:

(a) By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

(b) By depositing or causing to be deposited with any financial institution which has trust powers and which is regulated by and the deposits of which are insured by the Federal Deposit Insurance Corporation or similar federal agency ("an Agent"; which Agent may be the Registration Agent), in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay premium, if any, and interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice); or

(c) By delivering such Bonds to the Registration Agent, for cancellation by it;

and if KUB, on behalf of the City, shall also pay or cause to be paid all other sums payable hereunder by KUB or the City with respect to such Bonds or make adequate provision therefor, and by resolution of the Board instruct any such Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest and redemption premiums, if any, on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, liens, pledges, agreements and obligations entered into, created, or imposed hereunder, including the pledge of and lien on the Net Revenues of the System set forth herein, shall be fully discharged and satisfied with respect to such Bonds and the owners thereof and shall thereupon cease, terminate and become void.



If KUB, on behalf of the City, shall pay and discharge or cause to be paid and discharged the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

Except as otherwise provided in this Section 12, neither Defeasance Obligations nor moneys deposited with the Agent pursuant to this Section 12 nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and premium, if any, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to KUB as received by the Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and premium, if any, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments, to the extent not needed for the payment of such principal, premium and interest, shall be paid over to KUB, as received by the Agent. For the purposes of this Section 12, Defeasance Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee Law for the purposes described in this Section 12, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

No redemption privilege shall be exercised with respect to the Series MM-2022 Bonds or any Parity Bonds except at the option and election of the Board. The right of redemption set forth herein shall not be exercised by any Registration Agent or Agent unless expressly so directed in writing by an authorized representative of the Board.

Section 13. Notice of Refunding. Prior to the issuance of the Series MM-2022 Bonds, notice of the City's intention to refund the Refunded Bonds, to the extent required by applicable law, shall be given by the registration agent for the Refunded Bonds to be mailed by first-class mail, postage prepaid, to the registered holders thereof, as of the date of the notice, as shown on the bond registration records maintained by such registration agent of said Refunded Bonds. The President and Chief Executive Officer of KUB and the Secretary of the Board, or either of them, is hereby authorized and directed to authorize the registration agent of said Refunded Bonds to give such notice on behalf of the City in accordance with this Section 14.

Section 14. Federal Tax Matters. The City and KUB recognize that the purchasers and owners of the Series MM-2022 Bonds will have accepted them on, and paid therefor a price that reflects the understanding that interest thereon will not be included in gross income for purposes of federal income taxation under laws in force on the date of delivery of the Series MM-2022 Bonds. In this connection, KUB, on behalf of the City, agrees that it shall take no action which may render the interest on any of the Series MM-2022 Bonds includable in gross income for purposes of federal income taxation. It is the reasonable expectation of the City and KUB that the proceeds of the Series MM-2022 Bonds will not be used in a manner which will cause the Series MM-2022 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Series MM-2022 Bonds and other related funds established for the purposes herein set out, shall be used and spent expeditiously for the purposes described herein. In the event Section 148(f) of the Code shall require the payment of any investment proceeds of the Series MM-2022 Bonds to the United States government, KUB will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Series MM-2022 Bonds from becoming taxable. The Chair of the Board, the Secretary of the Board, the President and Chief Executive Officer of KUB and



Chief Financial Officer of KUB, or any of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as any or all shall deem appropriate, and such certifications shall constitute a representation and certification of the City and KUB.

Section 15. Official Statement. The President and Chief Executive Officer of KUB, or his designee, is hereby authorized and directed to provide for the preparation and distribution of a Preliminary Official Statement describing the Series MM-2022 Bonds. After the Series MM-2022 Bonds have been awarded, the President and Chief Executive Officer of KUB, or his designee, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The President and Chief Executive Officer of KUB, or his designee, shall arrange for the delivery to the purchaser of the Series MM-2022 Bonds of a reasonable number of copies of the Official Statement within seven business days after the Series MM-2022 Bonds have been awarded for subsequent delivery by the purchaser to each potential investor requesting a copy of the Official Statement and to each person to whom such purchaser and members of his group initially sell the Series MM-2022 Bonds.

The President and Chief Executive Officer of KUB, or his designee, is authorized, on behalf of the Board, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the Board except for the omission in the Preliminary Official Statement of such pricing and other information.

Section 16. Continuing Disclosure. The City hereby covenants and agrees that KUB will provide annual financial information and material event notices for the Series MM-2022 Bonds as required by Rule 15c2-12 of the Securities and Exchange Commission. The Chief Financial Officer of KUB is authorized to execute at the closing of the sale of the Series MM-2022 Bonds, an agreement for the benefit of and enforceable by the owners of the Series MM-2022 Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of KUB to comply with the undertaking herein described and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause KUB to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 17. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 18. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Adopted and approved this 8<sup>h</sup> day of March, 2022.

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Mayor

ATTEST:

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City Recorder



STATE OF TENNESSEE     )  
  )  
COUNTY OF KNOX         )

I, Will Johnson, hereby certify that I am the duly qualified and acting City Recorder of the City of Knoxville, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of the governing body of the City Council held on Tuesday, March 8, 2022; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original records relate to an amount not to exceed \$15,765,000 Water System Revenue Refunding Bonds, Series MM-2022.

WITNESS my official signature of the City of Knoxville, Tennessee, this \_\_\_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
City Recorder

**EXHIBIT A**

**\$15,765,000  
CITY OF KNOXVILLE, TENNESSEE  
ACTING ON BEHALF OF KNOXVILLE UTILITIES BOARD  
WATER SYSTEM REVENUE REFUNDING BONDS, SERIES MM-2022**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2022

Knoxville Utilities Board  
445 South Gay Street  
Knoxville, Tennessee 37902

Ladies and Gentlemen:

The undersigned (the "Underwriter") offers to enter into this agreement with Knoxville Utilities Board ("KUB") which, upon your acceptance of this offer, will be binding upon you and upon us.

This offer is made subject to your acceptance of this agreement on or before 5:00 p.m., Eastern Standard Time, on \_\_\_\_\_, 2022.

1. Purchase Price.

Upon the terms and conditions and upon the basis of the respective representations, warranties and covenants set forth herein, the Underwriter hereby agrees to purchase from KUB, and KUB hereby agrees to sell to the Underwriter, all (but not less than all) of \$15,765,000 aggregate principal amount of KUB's Water System Revenue Refunding Bonds, Series MM-2022 (the "Bonds"). The purchase price is \$\_\_\_\_\_ plus accrued interest and shall be paid in accordance with paragraph 6 hereof. The purchase price is equal to the par amount of the Bonds less \$\_\_\_\_\_ original issue discount, less \$\_\_\_\_\_ underwriter's discount and plus accrued interest. The Bonds are to be issued under and pursuant to, and are to be secured by the Resolution (the "Bond Resolution") adopted on March 8, 2022, by the City Council of the City of Knoxville (the "City") at the request of KUB. The Bonds shall mature on the dates and shall bear interest at the rates all as described in the Official Statement referred to in Section 3 hereof. The maturities, rates and discount at which the Bonds are being sold are more fully described on **Schedule I** attached hereto.

The Bonds are being issued to provide funds to refinance the outstanding principal amount of the City's outstanding Water System Revenue Bonds, Series CC-2015, dated May 20, 2015, maturing March 1, 2023 through March 1, 2045 (the "Refunded Bonds"), including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the Bonds.

2. Public Offering.

The Underwriter intends to make an initial bona fide public offering of all of the Bonds at not in excess of the public offering prices set forth on the cover of the Official Statement and may subsequently change such offering price without any requirement of prior notice. The Underwriter may



offer and sell Bonds to certain dealers (including dealers depositing bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover of the Official Statement. The Underwriter reserves the right (i) to over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market; and (ii) to discontinue such stabilizing, if commenced at any time without prior notice.

3. Official Statement.

(a) KUB has provided the Underwriter with information that constitutes a "deemed final" official statement for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 ("Rule 15c2-12"). Concurrently with KUB's acceptance of this Bond Purchase Agreement, KUB shall deliver or cause to be delivered to the Underwriter two copies of the Official Statement (as hereinafter defined) relating to the Bonds dated the date hereof substantially in the same form as the Preliminary Official Statement with only such changes as shall have been accepted by the Underwriter.

(b) Within seven (7) business days from the date hereof and within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, KUB shall deliver to the Underwriter copies of the Official Statement of KUB, dated the date hereof, relating to the Bonds, in sufficient quantity as may reasonably be requested by the Underwriter in order to comply with Rule 15c2-12 and any applicable rules of the Municipal Securities Rulemaking Board, in substantially the form approved by KUB (which, together with the cover page, and all exhibits, appendices, and statements included therein or attached thereto and any amendments and supplements that may be authorized for use with respect to the Bonds is herein called the "Official Statement"), executed on behalf of KUB by a duly authorized officer of KUB. You hereby authorize and approve the Official Statement and other pertinent documents referred to in Section 6 hereof to be lawfully used in connection with the offering and sale of the Bonds. You also acknowledge and ratify the use by the Underwriter, prior to the date hereof, of the Preliminary Official Statement in connection with a public offering of the Bonds.

(c) If, prior to the Closing (as defined in Section 5 below) or within twenty-five (25) days subsequent to the end of the underwriting period as such term is used for purposes of Rule 15c2-12, any event shall occur with respect to KUB or KUB shall receive notice of the occurrence of any other event that might or would cause the information contained in the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, KUB shall so notify the Underwriter. KUB agrees to amend or supplement the Official Statement whenever requested by the Underwriter when in the reasonable judgment of the Underwriter such amendment or supplementation is required and to furnish the Underwriter with sufficient quantities of such amendment or supplement in order to permit the Underwriter to comply with Rule 15c2-12.

4. Representations and Warranties.

KUB hereby represents and warrants to the Underwriter that:

(a) KUB is duly existing pursuant to the Charter of the City and is authorized by such Charter to operate and manage the System. KUB has duly authorized all necessary action to be taken by it for: (i) the issuance and sale of the Bonds upon the terms set forth herein and in the Official Statement; (ii) the approval of the Official Statement and the signing of the Official Statement by a duly authorized officer; (iii) the execution, delivery and receipt of this Bond Purchase Agreement, the Bonds and any and all such other agreements and documents as may be required to be executed, delivered and received by KUB in order to carry out, give effect to, and consummate the transactions contemplated hereby, by the Bonds, the Official Statement and the Bond Resolution;



(b) When executed by the respective parties thereto, this Bond Purchase Agreement will constitute legal, valid and binding obligation of KUB enforceable in accordance with its terms;

(c) The information and statements contained in the Preliminary Official Statement, as of its date and as of the date hereof, did not and do not contain any untrue statement of a material fact or omit to state any material fact which was necessary in order to make such information and statements, in the light of the circumstances under which they were made, not misleading;

(d) The information and statements contained in the Official Statement, as of its date and as of the Closing, are and will be correct and complete in all material respects and do not and will not contain any untrue statement of a material fact or omit to state any material fact which is necessary in order to make such information and statements, in the light of the circumstances under which they were made, not misleading;

(e) KUB has complied, and will at the Closing be in compliance, in all respects with the obligations on its part contained in the Bond Resolution and the laws of the State of Tennessee (the "State"), including the Act;

(f) The City has duly adopted the Bond Resolution, and the City and KUB have (a) duly authorized and approved the distribution of the Preliminary Official Statement, (b) duly authorized and approved the execution and delivery of the Official Statement, (c) duly authorized and approved the execution and delivery of, and the performance by KUB of the obligations on its part contained in, the Bonds, the Bond Resolution and this Bond Purchase Agreement, and (d) duly authorized and approved the consummation by it of all other transactions contemplated by this Bond Purchase Agreement and the Official Statement;

(g) KUB is not in breach of or default under any applicable law or administrative regulation of the State or the United States in any manner related to or affecting the transactions contemplated hereby or in breach of or default under any applicable judgment or decree or any loan agreement, note, resolution, ordinance, agreement or other instrument to which KUB is a party or to which it or any of its property is otherwise subject; and the execution and delivery of this Bond Purchase Agreement, the Bonds and the adoption of the Bond Resolution, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, note, resolution, ordinance, agreement or other instrument to which KUB is a party or to which it or any of its property is otherwise subject;

(h) Except as may be required under the securities or "blue sky" laws of any state, all approvals, consents, authorizations and orders of, filings with or certifications by any governmental authority, board, agency or commission having jurisdiction, which would constitute a condition precedent to the performance by KUB of its obligations hereunder and under the Bond Resolution and the Bonds, have been obtained;

(i) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of KUB, threatened against KUB or others (a) affecting KUB or the corporate existence of KUB or the titles of its officers to their respective offices, (b) seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of Net Revenues pledged to pay the principal of and interest on the Bonds, or the pledge thereof, (c) in any way contesting or affecting the transactions contemplated hereby or by the Official Statement or by the validity or enforceability of the Bonds, the Bond Resolution or this Bond Purchase Agreement, (d) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or (e) contesting the powers or authority of KUB for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and delivery of this Bond Purchase Agreement;



(j) KUB will not take or omit to take any action that will in any way cause the proceeds from the sale of the Bonds and other moneys of KUB to be transferred on the date of issuance of the Bonds to be applied or result in such proceeds and other moneys being applied in a manner other than as provided in or permitted by the Bond Resolution and consistent with the utilization described in the Official Statement;

(k) KUB agrees reasonably to cooperate with the Underwriter and its counsel in any endeavor to qualify the Bonds for offering and sale under the securities or "blue sky" laws of such jurisdictions of the United States as the Underwriter may request. KUB hereby consents to the use of the Official Statement and the Bond Resolution by the Underwriter in obtaining any qualification required;

(l) If at any time from the date of this Bond Purchase Agreement through 25 days following the "end of the underwriting period" (as defined in Rule 15c2-12 described below) any event shall occur that might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, KUB shall notify the Underwriter and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, KUB will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter. If the Official Statement is so supplemented or amended prior to the Closing, such approval by the Underwriter of a supplement or amendment to the Official Statement shall not preclude the Underwriter from thereafter terminating this Bond Purchase Agreement, and if the Official Statement is so amended or supplemented subsequent to the date hereof and prior to the Closing, the Underwriter may terminate this Bond Purchase Agreement by notification to KUB at any time prior to the Closing if, in the judgment of the Underwriter, such amendment or supplement has or will have a material adverse effect on the marketability of the Bonds;

(m) KUB has duly authorized and approved the execution and delivery of this Bond Purchase Agreement and the performance by KUB of the obligations on its part contained herein;

(n) KUB is not, nor has it at any time, been in default in the payment of principal of or interest on any obligation issued or guaranteed by KUB;

(o) Any certificate signed by an authorized officer of KUB and delivered to the Underwriter at or prior to the Closing shall be deemed a representation and warranty by KUB in connection with this Bond Purchase Agreement to the Underwriter as to the statements made therein upon which the Underwriter shall be entitled to rely. KUB covenants that between the date hereof and the Closing, it will not take any action that will cause the representations and warranties made herein to be untrue as of the Closing;

(p) The Bonds, when issued, authenticated and delivered in accordance with the Bond Resolution and sold to the Underwriter as provided herein, will be validly issued and outstanding special obligations of KUB entitled to the benefits of the Bond Resolution;

(q) KUB has lawful authority to operate the System, to consummate the transactions contemplated by the Official Statement and collect revenues, fees and other charges in connection with the System and through its Board of Commissioners, to fix the rates, fees and other charges with respect to the System; and

(r) KUB hereby covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about KUB, for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under paragraph (b)(5) of Rule 15c2-12. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed in writing by the Underwriter. KUB represents that it has

complied in all respects with its obligations to provide continuing disclosure of certain information as described in that certain Continuing Disclosure Certificate entered into in connection with the issuance of the Bonds.

5. Delivery of, and Payment for, the Bonds.

At 10:00 a.m. on or about \_\_\_\_\_, 2022, or at such other time or date as shall have been mutually agreed upon by KUB and the Underwriter, KUB will deliver, or cause to be delivered, to the Underwriter the other documents hereinafter mentioned and, subject to the conditions contained herein, the Underwriter will accept such delivery and pay the purchase price of the Bonds plus accrued interest payable to the order of KUB, in federal funds or other immediately available funds by delivering to KUB such funds by wire transfer to KUB or its designated agent except that physical delivery of the Bonds shall be made through the facilities of the Depository Trust Company.

Payment for the Bonds shall be confirmed and delivery of the documents as aforesaid shall be made at the offices of KUB, or such other place as may be agreed upon by the Underwriter and KUB. Such payment and delivery is herein called the "Closing." The Bonds will be delivered as fully registered bonds in such names and in such denominations as shall be designated in writing by the Underwriter to KUB at Closing.

6. Certain Conditions to Underwriter's Obligations.

The obligations of the Underwriter hereunder shall be subject to (i) the performance by KUB of its obligations to be performed hereunder, (ii) the accuracy in all material respects of the representations and warranties of KUB herein as of the date hereof and as of the date of the Closing, and (iii) to the following conditions:

(a) At the time of Closing, (i) the Bond Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, (ii) the proceeds of the sale of the Bonds shall be applied as described in the Official Statement, and (iii) KUB shall have duly adopted and there shall be in full force and effect such other resolutions as, in the opinion of Bass, Berry & Sims PLC, Knoxville, Tennessee ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby;

(b) At or prior to the Closing, the Underwriter shall have received an executed copy of each of the following documents:

(1) the approving opinion, dated the date of the Closing, of Bond Counsel addressed to KUB and the Underwriter, relating to, among other things, the validity of the Bonds [and the exclusion from gross income of the interest on the Bonds for federal and State of Tennessee income tax purposes,] in substantially the form set forth as Appendix \_ to the Official Statement;

(2) a supplemental opinion, dated the date of the Closing, of Bond Counsel addressed to the Underwriter in substantially the form of Exhibit A hereto;

(3) an opinion, dated the date of the Closing, of Hodges, Doughty & Carson, Knoxville, Tennessee, counsel to KUB, addressed to KUB, Bond Counsel and the Underwriter in substantially the form of Exhibit B hereto;

(4) a certificate of KUB, dated the date of the Closing and signed by a duly authorized officer of KUB and in form and substance reasonably satisfactory to the Underwriter, to the effect that (i) since the execution of the Bond Purchase Agreement no material and adverse change has occurred in the financial position of the System or results of operations of the System;



(ii) KUB has not incurred any material liabilities secured by the Net Revenues of the System other than in the ordinary course of business or as set forth in or contemplated by the Official Statement; and (iii) no event affecting KUB has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein not misleading as of the date of Closing;

(5) the Official Statement executed on behalf of KUB by a duly authorized officer thereof;

(6) the Bond Resolution and the Bonds;

(7) a certificate of a duly authorized officer of KUB, satisfactory to the Underwriter, dated the date of Closing, stating that such officer is charged, either alone or with others, with the responsibility for issuing the Bonds; setting forth, in the manner permitted by Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), the reasonable expectations of KUB as of such date as to the use of proceeds of the Bonds and of any other funds of KUB expected to be used to pay principal or interest on the Bonds and the facts and estimates on which such expectations are based; and stating that, to the best of the knowledge and belief of the certifying officer, KUB's expectations are reasonable;

(8) evidence indicating a rating on the Bonds of "\_\_\_" by [rating agency];

(9) other certificates of KUB listed on a Closing Memorandum to be approved by counsel to KUB, Bond Counsel and counsel to the Underwriter, including any certificates or representations required in order for Bond Counsel to deliver the opinion referred to in Paragraph 6(b)(1) of this Bond Purchase Agreement; and such additional legal opinions, certificates, proceedings, instruments and other documents as the counsel to the Underwriter or Bond Counsel may reasonably request to evidence compliance by KUB with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of KUB contained herein and the due performance or satisfaction by KUB at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by KUB.

All such opinions, certificates, letters, agreements and documents will be in compliance with the provisions hereof only if they are satisfactory in form and substance to the Underwriter and counsel to the Underwriter. KUB will furnish the Underwriter with such conformed copies or photocopies of such opinions, certificates, letters, agreements and documents as the Underwriter may reasonably request.

(c) The Underwriter shall have received within seven (7) business days from the date hereof and within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, the Official Statement in sufficient quantity as may be reasonably requested by the Underwriter in order to comply with Rule 15(c) 2-12.

## 7. Termination.

The Underwriter shall have the right to cancel its obligation to purchase the Bonds if (i) between the date hereof and the Closing, legislation shall be enacted or recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has



been referred for consideration, or a bill to amend the Internal Revenue Code (which, if enacted, would take effect in whole or in part prior to the Closing) shall be filed in either house, or recommended for passage by the Congress by any joint or conference committee thereof, or a decision by a court of the United States or the United States Tax Court shall be rendered, or a ruling, regulation or statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed to be made, with respect to the federal taxation upon interest on obligations of the general character of the Bonds, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly of changing the federal income tax consequences of any of the transactions contemplated in connection herewith, including the tax-exempt status of KUB and, in the opinion of the Underwriter, materially adversely affects the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, or (ii) there shall exist any event which in the Underwriter's judgment either (a) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (b) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect, or (iii) there shall have occurred any outbreak of hostilities or any national or international calamity or crisis including financial crisis, or a financial crisis or a default with respect to the debt obligations of, or the institution of proceedings under the federal or the state bankruptcy laws by or against the State of Tennessee or any subdivision, agency or instrumentality of such State, the effect of which on the financial markets of the United States being such as, in the reasonable judgment of the Underwriter, would make it impracticable for the Underwriter to market the Bonds or to enforce contracts for the sale of the Bonds, or (iv) there shall be in force a general suspension of trading on the New York Stock Exchange, or (v) a general banking moratorium shall have been declared by either federal, Tennessee or New York authorities, or (vi) there shall have occurred since the date of this Bond Purchase Agreement any material adverse change in the financial position of the System, except for changes which the Official Statement discloses have occurred or may occur, or (vii) legislation shall be enacted or any action shall be taken by the Securities and Exchange Commission which, in the opinion of counsel for the Underwriter, has the effect of requiring the contemplated distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or the Bond Resolution or any other document executed in connection with the transactions contemplated hereof to be qualified under the Trust Indenture Act of 1939, as amended, or (viii) a stop order, ruling, regulation or official statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of the Bonds, or of obligations of the general character of the Bonds as contemplated hereby, or the offering of any other obligation which may be represented by the Bonds is in violation of any provision of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or the Trust Indenture Act of 1939, as amended, or (ix) any state blue sky or securities commission shall have withheld registration, exemption or clearance of the offering, and in the reasonable judgment of the Underwriter the market for the Bonds is materially affected thereby.

If KUB shall be unable to satisfy any of the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement and such condition is not waived by the Underwriter, or if the obligations of the Underwriter to purchase and accept delivery of the Bonds shall be terminated or canceled for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor KUB shall be under further obligation hereunder; except that the respective obligations to pay expenses, as provided in Section 11 hereof, shall continue in full force and effect.

8. Particular Covenants.

KUB covenants and agrees with the Underwriter as follows:

(a) KUB shall use its best efforts to furnish or cause to be furnished to the Underwriter, without charge, as many copies of the Official Statement as the Underwriter may reasonably request;



(b) Before revising, amending or supplementing the Official Statement, KUB shall furnish a copy of the revised Official Statement or such amendment or supplement to the Underwriter. If in the opinion of KUB and the Underwriter a supplement or amendment to the Official Statement is required, KUB will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter and its counsel.

9. Survival of Representations.

All representations, warranties and agreements of KUB hereunder shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of the Bonds.

10. Payment of Expenses.

Whether or not the Bonds are sold to the Underwriter by KUB, KUB shall pay, but only out of the proceeds of the sale of the Bonds or other funds made available by KUB, any expenses incident to the performance of its obligations hereunder, including but not limited to: (i) the cost of the preparation and printing of the Official Statement and any supplements thereto, together with a number of copies which the Underwriter deems reasonable; (ii) the cost of the preparation and printing of the definitive Bonds; (iii) the rating agency fees; and (iv) the fees and disbursements of Counsel to KUB and Bond Counsel and any other experts or consultants retained by KUB.

Whether or not the Bonds are sold to the Underwriter, the Underwriter shall pay (i) all advertising expenses in connection with the public offering of the Bonds; (ii) the cost of preparing and printing the blue sky memorandum, if any, and filing fees in connection with the aforesaid blue sky memorandum other than the costs of preparation of the Preliminary Official Statement and the Official Statement; and (iii) all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds, including the fees and expenses of the Underwriter's counsel.

11. No Advisory or Fiduciary Role.

KUB acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between KUB and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and are not acting as the agent, advisor or fiduciary of KUB, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of KUB with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter, or any affiliates of the Underwriter, has provided other services or are currently providing other services to KUB on other matters) and the Underwriter has no obligation to KUB with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Underwriter has financial and other interests that differ from those of KUB and (v) KUB has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

KUB and the Underwriter represent and warrant that no finder or other agent has been employed by either KUB or the Underwriter in connection with this transaction.

12. Notices.

Any notice or other communication to be given to KUB under this Bond Purchase Agreement may be given by delivering the same in writing at its address set forth above, and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be

given by delivering the same in writing to \_\_\_\_\_,

13. Parties.

This Bond Purchase Agreement is made solely for the benefit of KUB and the Underwriter (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

14. Governing Law.

This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

15. General.

This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which will constitute one and the same instrument. The section headings of this Bond Purchase Agreement are for convenience of reference only and shall not affect its interpretation. This Bond Purchase Agreement shall become effective upon your acceptance hereof.

Very truly yours,

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Accepted and agreed to as of  
the date first above written:

KNOXVILLE UTILITIES BOARD

By: \_\_\_\_\_

President and Chief Executive Officer



**EXHIBIT A TO BOND PURCHASE AGREEMENT**

**[LETTERHEAD OF BASS, BERRY & SIMS PLC]**

[Closing Date]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Ladies and Gentlemen:

This opinion is being rendered to you pursuant to Paragraph 6(b)(2) of the Bond Purchase Agreement, dated \_\_\_\_\_, 2022 (the "Bond Purchase Agreement"), between \_\_\_\_\_ (the "Underwriter"), and Knoxville Utilities Board ("KUB"), relating to the sale by KUB of its Water System Revenue Refunding Bonds, Series MM-2022, in the aggregate principal amount of \$15,765,000 (the "Bonds"). Terms which are used herein and not otherwise defined shall have the meanings assigned to them in the Bond Purchase Agreement.

Of even date herewith, we have delivered our approving opinion in connection with the issuance of the Bonds. In our capacity as Bond Counsel, we have reviewed a record of proceedings in connection with the issuance of the Bonds and we have participated in conferences from time to time with counsel to KUB, representatives of the Underwriter and counsel to the Underwriter, relative to the Official Statement, dated \_\_\_\_\_, 2022, relating to the Bonds, and the related documents described below. We have also examined such other agreements, documents and certificates, and have made such investigations of law, as we have deemed necessary or appropriate in rendering the opinions set forth below.

Based on the foregoing, we are of the opinion that, as of the date hereof:

1. The offer and sale of the Bonds to the public do not require any registration under the Securities Act of 1933, as amended, and, in connection therewith, the Bond Resolution does not need to be qualified under the Trust Indenture Act of 1939, as amended.

2. The statements contained in the Official Statement under the captions "Introduction" to the extent the narrative thereunder purports to describe the terms of the Bonds and the legal authority by which they are issued, "The Bonds," and in Appendix A to the Official Statement, insofar as such statements purport to summarize certain provisions of the Bonds and the Bond Resolution, fairly summarize such provisions. The statements contained in the Official Statement under the caption "Opinion of Bond Counsel" are correct as to matters of law.

This opinion may be relied upon only by the Underwriter and by other persons to whom written permission to rely hereon is granted by us.

Very truly yours,

**EXHIBIT B TO BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2022

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Bass, Berry & Sims PLC  
900 South Gay Street, Suite 1700  
Knoxville, Tennessee 37902

**Re: City of Knoxville, Tennessee acting on behalf of the Knoxville Utilities Board \$15,765,000 Water System Revenue Refunding Bonds, Series MM-2022**

Ladies and Gentlemen:

You have requested that the undersigned, General Counsel to the Knoxville Utilities Board of the City of Knoxville, Tennessee ("KUB"), render this opinion in connection with the execution, delivery and sale of the captioned bonds (the "Bonds"), the proceeds of which will be used to refinance the City's outstanding Water System Revenue Bonds, Series CC-2015, dated May 20, 2015, maturing March 1, 2023 through March 1, 2045.

It is our opinion that KUB is duly established and validly existing pursuant to the Charter of the City of Knoxville, Tennessee (the "Municipality"), and, pursuant to said Charter and the water system of the Municipality (the "System") is under the jurisdiction, control and management of KUB.

The undersigned does hereby certify that no litigation of any nature is now pending or, to our knowledge, threatened

- (1) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds;
- (2) seeking to restrain or enjoin the charging of sufficient rates to pay the cost of operating, maintaining, repairing and insuring the System and to pay principal of and interest on the Bonds and all outstanding obligations payable from the revenues of the System;
- (3) in any manner questioning the proceedings or authority pursuant to which the Bonds are authorized or issued or such rates are charged;
- (4) in any manner questioning or relating to the validity of the Bonds;
- (5) contesting in any way the completeness or accuracy of the Official Statement prepared and distributed in connection with the sale of the Bonds;
- (6) in any way contesting the corporate existence or boundaries of the Municipality, except for various pending actions challenging past or present annexation efforts of the Municipality, which will have no material adverse effect on the revenues of the System;



(7) contesting the title of the present officers of KUB to their respective offices; or

(8) contesting the powers of KUB or the authority of KUB with respect to the Bonds, or proceedings authorizing the Bonds, or any act to be done or document or certificate to be executed or delivered in connection with the issuance and delivery of the Bonds.

Neither the voters of the Municipality nor its governing body nor the Board of Commissioners of KUB have approved any special, local or private act or legislation passed by the General Assembly of the State of Tennessee at its most recent session or any amendments to the Charter of the Municipality affecting the power of the Municipality to issue the Bonds or pay the principal of, premium, if any, and interest on the Bonds when due or affecting the power of the Board of Commissioners of KUB to manage and control the System.

I hereby certify that Jerry Askew and Mark Walker are the duly qualified, appointed and acting Chair and Secretary, respectively, of the Board of Commissioners of KUB with full power to act as such officers on behalf of KUB in connection with the execution and delivery of the Bonds.

Yours truly,

32412620.1

RESOLUTION SUPPLEMENTING RESOLUTION NO. R-129-90  
ADOPTED BY THE CITY COUNCIL OF THE CITY OF  
KNOXVILLE, TENNESSEE ON MAY 15, 1990 PROVIDING FOR  
THE ISSUANCE OF NOT TO EXCEED TWENTY-FOUR MILLION  
FIVE HUNDRED THIRTY-FIVE THOUSAND AND NO/100  
DOLLARS (\$24,535,000) OF WASTEWATER SYSTEM REVENUE  
REFUNDING BONDS, SERIES 2022B.

RESOLUTION NO: \_\_\_\_\_

REQUESTED BY: \_\_\_\_\_

PREPARED BY: \_\_\_\_\_

APPROVED AS TO FORM \_\_\_\_\_

CORRECTNESS: \_\_\_\_\_

Law Director

FINANCIAL IMPACT STATEMENT:

\_\_\_\_\_

\_\_\_\_\_

Director of Finance

APPROVED: \_\_\_\_\_

APPROVED AS AN  
EMERGENCY MEASURE: \_\_\_\_\_

MINUTE BOOK \_\_\_\_\_ PAGE \_\_\_\_\_



WHEREAS, the City of Knoxville (the "City"), pursuant to Resolution No. R-129-90 of the City Council adopted May 15, 1990 (which resolution as heretofore amended is hereinafter sometimes referred to as the "1990 Resolution"), authorized the issuance of series of Wastewater System Revenue Bonds; and

WHEREAS, pursuant to the 1990 Resolution, and for the purpose of financing the cost of extensions and improvements of the City's wastewater collection and treatment system (hereinafter sometimes referred to as the "System") and the refinancing of indebtedness issued for that purpose, the City issued Wastewater System Revenue Bonds, the series of which, the amount issued and the amount outstanding as of March 1, 2022, are as follows:

<u>Series</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
2010C	\$ 70,000,000	\$ 20,250,000
2015A	\$129,825,000	\$110,625,000
2015B	\$ 30,000,000	\$ 26,950,000
2016	\$ 20,000,000	\$ 17,800,000
2017A	\$ 11,965,000	\$ 5,970,000
2017B	\$ 25,000,000	\$ 23,205,000
2018	\$ 12,000,000	\$ 11,240,000
2019	\$ 16,000,000	\$ 15,450,000
2020A	\$ 28,230,000	\$ 27,445,000
2020B	\$ 27,460,000	\$ 26,910,000
2021	\$190,815,000	\$ 190,815,000

WHEREAS, it is desirable that an additional series of bonds be issued to refinance the outstanding principal amount of the City's outstanding Wastewater System Revenue Bonds, Series 2015B, dated May 20, 2015, maturing April 1, 2023 through April 1, 2050 (the "Refunded Bonds"), including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the bonds, pursuant to the authorization contained in the 1990 Resolution and this resolution; and

WHEREAS, the Board of Commissioners (the "Board") of the Knoxville Utilities Board ("KUB") has duly adopted a resolution requesting the City Council of the City to adopt this resolution authorizing the issuance of bonds for the purposes and in the manner hereinafter more fully stated; and

WHEREAS, the plan of refunding for the Refunded Bonds has been submitted to the State Director of the Division of Local Government Finance (the "State Director") as required by Section 9-21-903, Tennessee Code Annotated, as amended, and she has acknowledged receipt thereof to the City and KUB and submitted her report thereon to the City and KUB, and such report has been provided to members of the City Council of the City; and

WHEREAS, it is the intention of the City Council of the City to adopt this resolution for the purpose of authorizing not to exceed \$24,535,000 in aggregate principal amount of wastewater system revenue refunding bonds for the purposes described above, establishing the terms of such bonds, providing for the issuance, sale and payment of the bonds and disposition of proceeds therefrom, and collection of revenues from the wastewater system of the City and the application thereof to the payment of principal of, premium, if any, and interest on said bonds.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Knoxville, Tennessee, as follows:

Section 1. Authority. The bonds authorized by this resolution are issued pursuant to Sections 7-34-101 et seq. and 9-21-101 et seq., Tennessee Code Annotated, and other applicable provisions of law.

Section 2. Definitions. Capitalized terms used herein and not defined in this Section 2 shall have the meanings ascribed to them in the 1990 Resolution (as hereinbelow defined). The following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise.

(a) "Board" shall mean the Board of Commissioners of the Knoxville Utilities Board;

(b) "Bond Purchase Agreement" means a Bond Purchase Agreement, dated as of the sale of the Series 2022B Bonds, entered into by and between KUB and the Underwriter, in substantially the form of the document attached hereto as Exhibit A, subject to such changes as permitted by Section 10 hereof, as approved by the President and Chief Executive Officer of KUB, consistent with the terms of this resolution;

(c) "Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which physical Bond certificates in fully registered form are issued to a Depository, or to its nominee as Registered Owner, with the certificated Bonds being held by and "immobilized" in the custody of such Depository, and under which records maintained by persons, other than the City, KUB or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial "book-entry" interests in those Bonds;

(d) "City" shall mean the City of Knoxville, Tennessee;

(e) "Code" shall mean the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated or proposed thereunder;

(f) "Depository" means any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-Entry System, including, but not limited to, DTC;

(g) "DTC" means the Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns;

(h) "DTC Participant(s)" means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC system;

(i) "Governing Body" shall mean the City Council of the City;

(j) "KUB" shall mean the Knoxville Utilities Board;

(k) "1990 Resolution" shall mean Resolution No. R-129-90 of the Governing Body, adopted May 15, 1990, as supplemented and amended by Resolution No. R-5-98, Resolution No. R-148-01 and Resolution No. 11-S and as otherwise supplemented prior to the date hereof;

(l) "Outstanding Bonds" shall mean the City's outstanding Wastewater System Revenue Bond, Series 2010C (Federally Taxable Build America Bonds), dated December 8, 2010, maturing April 1, 2040, outstanding Wastewater System Revenue Refunding Bonds, Series 2015A, dated May 1, 2015, maturing April 1, 2022 and thereafter, its outstanding Wastewater System Revenue Bonds, Series 2015B, dated May 20, 2015, maturing April 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series 2022B Bonds, its outstanding Wastewater System Revenue Bonds, Series 2016, dated August 5, 2016, maturing April 1, 2022 and thereafter, its outstanding Wastewater System Revenue



Refunding Bonds, Series 2017A, dated April 7, 2017, maturing April 1, 2022 and thereafter, its outstanding Wastewater System Revenue Bonds, Series 2017B, dated September 15, 2017, maturing April 1, 2022 and thereafter, its outstanding Wastewater System Revenue Bonds, Series 2018, dated September 14, 2018, maturing April 1, 2022 and thereafter, its outstanding Wastewater System Revenue Bonds, Series 2019, dated August 20, 2019, maturing April 1, 2022 and thereafter, its outstanding Wastewater System Revenue Refunding Bonds, Series 2020A, dated May 22, 2020, maturing April 1, 2022 and thereafter, its outstanding Wastewater System Revenue Bonds, Series 2020B, dated October 30, 2020, maturing April 1, 2022 and thereafter, and its outstanding Wastewater System Revenue Refunding Bonds, Series 2021A, dated April 19, 2021, maturing April 1, 2022 and thereafter.

(m) "Parity Bonds" shall mean any bonds issued pursuant to the 1990 Resolution on a parity with the Series 2022B Bonds and the Outstanding Bonds;

(n) "Refunded Bonds" shall mean the City's outstanding Wastewater System Revenue Bonds, Series 2015B, dated May 20, 2015, maturing April 1, 2023 through April 1, 2050;

(o) "Registration Agent" shall mean the registration and paying agent for the Series 2022B Bonds designated by the President and Chief Executive Officer of KUB, or any successor as designated by the Board;

(p) "Series 2022B Bonds" shall mean the City's Wastewater System Revenue Refunding Bonds, Series 2022B, issued pursuant to this resolution, to be dated the date of their issuance, or such other date as shall be determined by the Board pursuant to Section 9 hereof, authorized to be issued by the 1990 Resolution and this resolution in an aggregate principal amount not to exceed \$24,535,000;

(q) "State" shall mean the State of Tennessee; and

(r) "Underwriter" shall mean an investment banking firm qualified to underwrite bonds such as the Series 2022B Bonds in the State of Tennessee selected by the President and Chief Executive Officer of KUB.

Section 3. Declarations. It is hereby determined that all requirements of the 1990 Resolution have been or will have been met upon the issuance of the Series 2022B Bonds so that the Series 2022B Bonds will be issued as Parity Bonds.

Section 4. Findings of the Governing Body. It is hereby found and determined by the Governing Body that the refunding of the Refunded Bonds as set forth herein through the issuance of the Series 2022B Bonds will result in a reduction in debt service payable by the City and KUB over the term of the Refunded Bonds, thereby effecting a cost savings to the System.

Section 5. Authorization and Terms of the Series 2022B Bonds. (a) For the purpose of providing funds for the payment of principal of and premium and interest on the Refunded Bonds to the earliest practicable optional redemption date thereof, including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the Series 2022B Bonds as more fully set out in Section 10 hereof, there are hereby authorized to be issued revenue bonds of the City in the aggregate principal amount of not to exceed \$24,535,000. The Series 2022B Bonds shall be issued in fully registered form, without coupons, shall be known as "Wastewater System Revenue Refunding Bonds, Series 2022B" and shall be dated the date of their issuance or such other date as shall be determined by the Board or the President and Chief Executive Officer of KUB as its designee pursuant to Section 10 hereof. The Series 2022B Bonds shall bear interest at a rate or rates not to exceed five percent (5.00%) per annum, payable semi-annually on April 1 and October 1 in each year, commencing October 1, 2022 or such later date as is permitted pursuant to Section 10 hereof. The Series 2022B Bonds shall be initially issued in \$5,000 denominations or integral multiples thereof as shall be requested by the

purchaser thereof. The Series 2022B Bonds shall mature and be payable either serially or through mandatory redemption on each April 1 in such years as is established by the Board or the President and Chief Executive Officer of KUB as its designee pursuant to Section 10, provided that the final maturity date shall not be later than April 1, 2050. The final maturity schedule shall be established by the award resolution or certificate awarding the Series 2022B Bonds to the successful purchaser thereof or in the Bond Purchase Agreement provided for in Section 10 if the Series 2022B Bonds are sold by negotiated sale.

(b) Subject to adjustment pursuant to Section 10 hereof, the Series 2022B Bonds maturing on or before April 1, 2031 shall mature without option of prior redemption, and the Series 2022B Bonds maturing on and after April 1, 2032 shall be subject to redemption prior to maturity at the option of the City, acting through the Board, on or after April 1, 2031, as a whole or in part at any time at a redemption price equal to the principal amount plus interest accrued to the redemption date.

If less than all of the Series 2022B Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board in its discretion. If less than all of the Series 2022B Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Series 2022B Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Series 2022B Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Series 2022B Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series 2022B Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

(c) Pursuant to Section 10 hereof, KUB is authorized to sell each the Series 2022B Bonds, or any maturities thereof, as term bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by KUB. In the event any or all of the Series 2022B Bonds are sold as term bonds, KUB shall redeem such term bonds on redemption dates corresponding to the maturity dates set forth in the award resolution or certificate awarding the Series 2022B Bonds, in amounts so as to achieve an amortization of the indebtedness approved by the Board or the President and Chief Executive Officer of KUB as its designee. DTC, as Depository for the Series 2022B Bonds, or any successor Depository for the Series 2022B Bonds, shall determine the interest of each Participant in the Series 2022B Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as Depository for the Series 2022B Bonds, the Series 2022B Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, KUB may (i) deliver to the Registration Agent for cancellation Series 2022B Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Series 2022B Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Series 2022B Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of KUB on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Series 2022B Bonds to be redeemed by



operation of this mandatory sinking fund provision shall be accordingly reduced. KUB shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

(d) Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series 2022B Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Series 2022B Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Series 2022B Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series 2022B Bonds, as and when above provided, and neither KUB, the City, nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices, in the case of term bonds with mandatory redemption requirements as and when provided herein and in the Series 2022B Bonds and, in the case of optional redemption, as and when directed by the Board pursuant to written instructions from an authorized representative of the Board given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Series 2022B Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the City or KUB to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

(e) The Series 2022B Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the City with the manual or facsimile signature of the Chair of the Board and attested by the manual or facsimile signature of the Secretary of the Board.

(f) The City hereby authorizes and directs the Board to appoint a Registration Agent and paying agent for the Series 2022B Bonds, and the Registration Agent so appointed is authorized and directed to maintain Bond registration records with respect to the Series 2022B Bonds, to authenticate and deliver the Series 2022B Bonds as provided herein, either at original issuance, upon transfer, or as otherwise directed by the Board, to effect transfers of the Series 2022B Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Series 2022B Bonds as provided herein, to cancel and destroy Series 2022B Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish KUB at least annually a certificate of destruction with respect to Series 2022B Bonds canceled and destroyed, and to furnish KUB at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Series 2022B Bonds. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed. The Board hereby delegates to the President and Chief Executive Officer of KUB the authority to select and appoint the Registration Agent and any paying agents for the Series 2022B Bonds (as well as any successors to any of the foregoing). The Chair of the Board is hereby authorized to execute and the Secretary of the Board is hereby authorized to attest such



written agreement between KUB and the Registration Agent as they shall deem necessary or proper with respect to the obligations, duties and rights of the Registration Agent.

(g) The Series 2022B Bonds shall be payable, principal and interest, in lawful money of the United States of America at the designated trust office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Series 2022B Bonds on each interest payment date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owners at their addresses shown on said Bond registration records, without, except for final payment, the presentation or surrender of such Series 2022B Bonds, and all such payments shall discharge the obligations of KUB in respect of such Series 2022B Bonds to the extent of the payments so made. Payment of principal of the Series 2022B Bonds shall be made upon presentation and surrender of such registered Series 2022B Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. In the event the Series 2022B Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Series 2022B Bonds, payment of interest on such Series 2022B Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

(h) Any interest on any Series 2022B Bond which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid to the persons in whose names the Series 2022B Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: KUB shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Series 2022B Bond and the date of the proposed payment, and at the same time KUB shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which Date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify KUB of such Special Record Date and, in the name and at the expense of KUB, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in any of the Series 2022B Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of KUB to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on any of the Series 2022B Bonds when due.

(i) The Series 2022B Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Series 2022B Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Series 2022B Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Series 2022B Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Series 2022B Bond or Series 2022B



Bonds to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Series 2022B Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Series 2022B Bond, nor to transfer or exchange any Series 2022B Bond after notice calling such Series 2022B Bond for redemption has been made, nor to transfer or exchange any Series 2022B Bond during the period following the receipt of instructions from KUB to call such Series 2022B Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Series 2022B Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Series 2022B Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither KUB nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Series 2022B Bonds shall be overdue. Series 2022B Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of Series 2022B Bonds of the same maturity in any authorized denomination or denominations. This subsection shall be applicable only if the Series 2022B Bonds are no longer held by a Depository, and as long as the Series 2022B Bonds are held by a Depository, transfers of ownership interests in the Series 2022B Bonds shall be governed by the rules of the Depository.

(j) Except as otherwise authorized herein, the Series 2022B Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as the Depository for the Series 2022B Bonds except as otherwise provided herein. References in this Section to a Series 2022B Bond or the Series 2022B Bonds shall be construed to mean the Series 2022B Bond or the Series 2022B Bonds that are held under the Book-Entry System. One Bond for each maturity of the Series 2022B Bonds shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Registration Agent is a custodian and agent for DTC, and the Series 2022B Bond will be immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Series 2022B Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Series 2022B Bonds. Beneficial ownership interests in the Series 2022B Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Series 2022B Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Series 2022B Bonds. Transfers of ownership interests in the Series 2022B Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE SERIES 2022B BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE SERIES 2022B BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2022B BONDS, RECEIPT OF NOTICES, VOTING AND TAKING OR NOT TAKING, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Series 2022B Bonds, so long as DTC is the only owner of the Series 2022B Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co. as provided in the Letter of Representation relating to the Series 2022B Bonds from the City, acting by and through KUB, and the Registration Agent to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. Neither the City, KUB nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending

transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as Depository for the Series 2022B Bonds or (2) to the extent permitted by the rules of DTC, the Board determines to discontinue the Book-Entry System, the Book-Entry System with DTC shall be discontinued. If the Board fails to identify another qualified securities depository to replace DTC, the Board shall cause the Registration Agent to authenticate and deliver replacement Series 2022B Bonds in the form of fully registered Series 2022B Bonds to each Beneficial Owner.

NEITHER THE CITY, KUB NOR THE REGISTRATION AGENT SHALL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE SERIES 2022B BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE SERIES 2022B BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS, (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2022B BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

If the purchaser or Underwriter certifies that it intends to hold the Series 2022B Bonds for its own account, then the City may issue, acting by and through KUB, certified Bonds without the utilization of DTC and the Book-Entry System.

(k) In case any Series 2022B Bond shall become mutilated, or be lost, stolen, or destroyed, the City, acting by and through KUB, in its discretion, shall issue, and the Registration Agent, upon written direction from KUB, shall authenticate and deliver, a new Series 2022B Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Series 2022B Bond, or in lieu of and in substitution for such lost, stolen or destroyed Series 2022B Bond, or if any such Series 2022B Bond shall have matured or shall be about to mature, instead of issuing a substituted Series 2022B Bond KUB may pay or authorize payment of such Series 2022B Bond without surrender thereof. In every case the applicant shall furnish evidence satisfactory to KUB and the Registration Agent of the destruction, theft or loss of such Series 2022B Bond, and indemnity satisfactory to KUB and the Registration Agent; and KUB may charge the applicant for the issue of such new Series 2022B Bond an amount sufficient to reimburse KUB for the expense incurred by it in the issue thereof.

(l) The Registration Agent is hereby authorized to authenticate and deliver the Series 2022B Bonds to DTC, on behalf of the initial purchaser thereof, or an agent of DTC, upon receipt by KUB of the proceeds of the sale thereof and, subject to the rules of the Depository, to authenticate and deliver Series 2022B Bonds in exchange for Series 2022B Bonds of the same principal amount delivered for transfer upon receipt of the Series 2022B Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Series 2022B Bonds shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an authorized representative thereof on the certificate set forth herein on the Series 2022B Bond form.

(m) The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Series 2022B Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Series 2022B Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Series 2022B Bonds and provision of notices with respect to Series 2022B Bonds registered by DTC (or any of its



designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the Beneficial Owners of the Series 2022B Bonds, provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this section.

Section 6. Source of Payment. The Series 2022B Bonds shall be payable solely from and be secured by a pledge of the Net Revenues of the System as hereinafter provided and as provided in the 1990 Resolution on a parity and equality of lien with the Outstanding Bonds. The punctual payment of principal of and interest on the Series 2022B Bonds, the Outstanding Bonds, and any Parity Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of series, number or time of sale and delivery. The owners of the Series 2022B Bonds shall have no recourse to the power of taxation of the City.

Section 7. Form of Series 2022B Bonds. The Series 2022B Bonds shall be in substantially the following form, the omissions to be appropriately completed when the Series 2022B Bonds are prepared and delivered:

(Form of Series 2022B Bond)

REGISTERED  
Number \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TENNESSEE  
COUNTY OF KNOX  
CITY OF KNOXVILLE  
WASTEWATER SYSTEM REVENUE REFUNDING BOND,  
SERIES 2022B

Interest Rate:

Maturity Date:

Date of Bond:

CUSIP No.

Registered Owner:

Principal Amount:

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Knoxville, a municipal corporation lawfully organized and existing in Knox County, Tennessee (the "City"), acting by and through the Knoxville Utilities Board ("KUB"), for value received hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth, or upon earlier redemption, as set forth herein, and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate of interest hereinabove set forth from the date hereof until said maturity date or redemption date, said interest being payable on October 1, 2022, and semi-annually thereafter on the first day of April and October in each year until this Bond matures or is redeemed. Both principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the designated trust office of \_\_\_\_\_, \_\_\_\_\_, Tennessee, as registration agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond by check or draft on each interest payment date directly to the registered owner hereof shown on the bond registration records maintained by the Registration Agent as of the close of business on the day which is the fifteenth (15th) day of the month next preceding the interest payment date (the "Regular Record Date") by depositing said payment in the United States mail, postage prepaid, addressed to such owner at such owner's address shown on said bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all

such payments shall discharge the obligations of the City and KUB to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of and premium, if any, on the Bonds shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds of the series of which this Bond is one. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody or a custodian of DTC. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Registration Agent is a custodian and agent for DTC, and the Bond will be immobilized in its custody. A book-entry system (the "Book-Entry System") shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, as defined in the Resolution, pursuant to rules and procedures established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the City, KUB and the Registration Agent shall treat Cede & Co., as the only owner of the Bonds for all purposes under the Resolution, including receipt of all principal of, premium, if any, and interest on the Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal, maturity amounts, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners, as defined in the Resolution. Neither the City, KUB, nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) to the extent permitted by the rules of DTC, the Board of Commissioners of KUB (the "Board") determines to discontinue the Book-Entry System, the Book-Entry System with DTC shall be discontinued. If the Board fails to identify another qualified securities depository to replace DTC, the Board shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner. Neither the City, KUB nor the Registration Agent shall have any responsibility or obligations to any DTC Participant or any Beneficial Owner with respect to (i) the Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts of and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners, (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

The Bonds of the issue of which this Bond is one maturing on or before April 1, 2031 shall mature without option of prior redemption. The Bonds maturing on April 1, 2032 and thereafter shall be subject to redemption prior to maturity at the option of the City, acting through the Board, on or after April 1, 2031, as a whole or in part at any time at a redemption price equal to the principal amount plus interest accrued to the redemption date.



[If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Series Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.]

[Subject to the credit hereinafter provided, the City acting by and through KUB, shall redeem Bonds maturing on the redemption dates set forth below opposite such maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, as securities depository for the series of Bonds of which this Bond is one, or any successor Depository for the Bonds, shall determine the interest of each Participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as securities depository for the Bonds, the Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and amount of Bonds to be redeemed on said dates are as follows:

<u>Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds to be Redeemed</u>
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\*final maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the City, acting through KUB, may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive credit in respect of its redemption obligation under the mandatory redemption provision for any Bonds to be redeemed which prior to said date have been purchased or redeemed (otherwise than by mandatory redemption) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under the mandatory redemption provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of KUB on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of the Bonds to be redeemed by operation of the mandatory redemption provision shall be accordingly reduced. KUB shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this paragraph are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

Notice of call for redemption, whether optional or mandatory shall be given by the Registration Agent on behalf of the City, but only upon direction of the Board, not fewer than twenty (20) nor more

than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly given as set forth in the Resolution, as hereafter defined. In the case of a Conditional Redemption, the failure of the City or KUB to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.]

The Bonds of the issue of which this Bond is one are issuable only as fully registered Bonds, without coupons, in the denomination of Five Thousand Dollars (\$5,000) or any authorized integral multiple thereof. At the designated trust office of the Registration Agent, in the manner and subject to the limitations, conditions and charges provided in the Resolution, fully registered Bonds may be exchanged for an equal aggregate principal amount of fully registered Bonds of the same maturity, of authorized denominations, and bearing interest at the same rate. The Bonds shall be numbered consecutively from one upwards and will be made eligible for the Book-Entry System of DTC. Except as otherwise provided in this paragraph and the Resolution, as hereinafter defined, the Bonds shall be registered in the name of Cede & Co. as nominee of DTC. The Board may discontinue use of DTC for Bonds at any time upon determination by the Board that the use of DTC is no longer in the best interest of the beneficial owners of the Bonds. Upon such determination, registered ownership of the Bonds may be transferred on the registration books maintained by the Registration Agent, and the Bonds may be delivered in physical form to the following:

- i. any successor of DTC or its nominee;
- ii. any substitute depository to which the Registration Agent does not unreasonably object, upon (a) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (b) a determination by the Board that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; or
- iii. any person, upon (a) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository, or (b) termination by the Board of the use of DTC (or substitute depository or its successor).

In the event that this Bond is no longer held in a Book-Entry System by DTC, this Bond shall be transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the designated trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denomination or denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the City, KUB nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the



Resolution. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the Board to call such Bond for redemption.

This Bond is one of a total authorized issue aggregating \$24,535,000 and issued by the City, acting by and through KUB, for the purpose of providing funds to refinance the outstanding principal amount of the City's outstanding Wastewater System Revenue Bonds, Series 2015B, dated May 20, 2015, maturing April 1, 2023 through April 1, 2050, (the "Refunded Bonds"), including the payment of legal, fiscal and administrative costs incident thereto and costs incident to the issuance of the Bonds, under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 7-34-101 et seq. and Section 9-21-101 et seq., Tennessee Code Annotated, and pursuant to Resolution No. R-129-90 duly adopted by the City Council of the City on May 15, 1990, as supplemented and amended by Resolution No. R-5-98, Resolution No. R-148-01 and Resolution No. 11-S and as otherwise supplemented prior to the date hereof (as supplemented and amended, the "Resolution").

This Bond, and interest hereon, are payable solely from and secured by a pledge of the income and the revenues to be derived from the operation of the System, subject to the payment of the reasonable and necessary costs of operating, maintaining, repairing, and insuring the System. The Bonds of the series of which this Bond is one shall enjoy complete parity and equality of lien with the City's outstanding Wastewater System Revenue Bond, Series 2010C (Federally Taxable Build America Bonds), dated December 8, 2010, maturing April 1, 2040, the City's outstanding Wastewater System Revenue Refunding Bonds, Series 2015A, dated May 1, 2015, maturing April 1, 2022 and thereafter, the City's outstanding Wastewater System Revenue Bonds, Series 2015B, dated May 20, 2015, maturing April 1, 2022 and thereafter to the extent, if any, not refunded with the proceeds of the Series 2022B Bonds, the City's outstanding Wastewater System Revenue Bonds, Series 2016, dated August 5, 2016, maturing April 1, 2022 and thereafter, the City's outstanding Wastewater System Revenue Refunding Bonds, Series 2017A, dated April 7, 2017, maturing April 1, 2022 and thereafter, the City's outstanding Wastewater System Revenue Bonds, Series 2017B, dated September 15, 2017, maturing April 1, 2022 and thereafter, the City's outstanding Wastewater System Revenue Bonds, Series 2018, dated September 14, 2018, maturing April 1, 2022 and thereafter, and the City's outstanding Wastewater System Revenue Bonds, Series 2019, dated August 20, 2019, maturing April 1, 2022 and thereafter, the City's outstanding Wastewater System Revenue Refunding Bonds, Series 2020A, dated May 22, 2020, maturing April 1, 2022 and thereafter, its outstanding Wastewater System Revenue Bond, Series 2020B, dated October 30, 2020, maturing April 1, 2022 and thereafter, and its outstanding Wastewater System Revenue Refunding Bonds, Series 2021A, dated April 19, 2021, maturing April 1, 2022 and thereafter (collectively the "Outstanding Bonds") and any bonds or other obligations hereafter issued on a parity therewith. As provided in the Resolution, the punctual payment of principal of, premium, if any, and interest on the series of Bonds of which this Bond is one, the Outstanding Bonds and any other bonds issued on a parity therewith pursuant to the terms of the Resolution shall be secured equally and ratably by said revenues without priority by reason of series, number or time of sale or delivery. The owner of this Bond shall have no recourse to the power of taxation of the City. The Board has covenanted that it will fix and impose such rates and charges for the services rendered by the System and will collect and account for sufficient revenues to pay promptly the principal of and interest on this Bond and the issue of which it is a part, as each payment becomes due. For a more complete statement of the revenues from which and conditions under which this Bond is payable, a statement of the conditions on which obligations may hereafter be issued on a parity with this Bond, the general covenants and provisions pursuant to which this Bond is issued and the terms upon which the Resolution may be modified, reference is hereby made to the Resolution.

Under existing law, this Bond and the income therefrom are exempt from all present state, county and municipal taxation in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest

on this Bond during the period such Bond is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of this Bond in the Tennessee franchise tax base or any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond exist, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other indebtedness of either the City or KUB, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the City acting by and through the Board has caused this Bond to be signed by the Chair of the Board by his manual or facsimile signature and attested by the Secretary of the Board by his manual or facsimile signature, all as of the date hereinabove set forth.

CITY OF KNOXVILLE  
by and through the  
KNOXVILLE UTILITIES BOARD

By: \_\_\_\_\_  
Chair

ATTESTED:

\_\_\_\_\_  
Secretary

Transferable and payable at the  
designated trust office of: \_\_\_\_\_,  
\_\_\_\_\_, Tennessee

Date of Registration: \_\_\_\_\_

This Bond is one of the issue of Bonds issued pursuant to the Resolution hereinabove described.

\_\_\_\_\_  
Registration Agent

By: \_\_\_\_\_  
Authorized Representative

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto \_\_\_\_\_, [Please insert Federal Tax Identification Number or Social Security Number of Assignee \_\_\_\_\_] whose address is \_\_\_\_\_, the within bond of the City of Knoxville, Tennessee, and does hereby irrevocably constitute and appoint \_\_\_\_\_, attorney, to transfer the said bond on the records kept for registration thereof with full power of substitution in the premises.



Dated: \_\_\_\_\_

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NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

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NOTICE: Signature(s) must be guaranteed by a member firm of a Medallion Program acceptable to the Registration Agent.

Section 8. Equality of Lien; Pledge of Net Revenues. The punctual payment of principal of, premium, if any, and interest on the Outstanding Bonds, the Series 2022B Bonds authorized herein, and any Parity Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of series, number or time of sale or execution or delivery, and the Net Revenues of the System are hereby irrevocably pledged to the punctual payment of such principal, premium and interest as the same become due.

Section 9. Applicability of the 1990 Resolution. The Series 2022B Bonds are issued in compliance with the 1990 Resolution so as to be on a parity with the Outstanding Bonds, and, when duly delivered, the Series 2022B Bonds shall constitute a series of bonds issued under the authority of the 1990 Resolution. All recitals, provisions, covenants and agreements contained in the 1990 Resolution, as supplemented and amended herein (except insofar as any of said recitals, provisions, covenants and agreements necessarily relate exclusively to any series of the Outstanding Bonds) are hereby ratified and confirmed and incorporated herein by reference and, for so long as any of the Series 2022B Bonds shall be outstanding and unpaid either as to principal or interest, or until discharge and satisfaction of the Series 2022B Bonds as provided in Section 12 hereof, shall be applicable to the Series 2022B Bonds, shall inure to the benefit of owners of the Series 2022B Bonds as if set out in full herein, and shall be fully enforceable by the owner of any Series 2022B Bond.

All references to "holder" or "holders" in the 1990 Resolution shall be deemed to include owners of the Series 2022B Bonds, and all references to "Bonds" in the 1990 Resolution shall be deemed to include the Series 2022B Bonds.

Section 10. Sale of Series 2022B Bonds.

(a) The Series 2022B Bonds or any emission thereof may be sold at negotiated sale to the Underwriter or at public sale as determined by the President and Chief Executive Officer of KUB at a price of not less than 98.00% of par, exclusive of original issue discount, plus accrued interest, if any, provided, however, that no emission of Series 2022B Bonds may be sold at negotiated sale unless the Audit and Finance Committee of the Board has previously approved the sale of such emission at negotiated sale. The sale of any emission of the Series 2022B Bonds to the Underwriter or by public sale shall be binding on the City and KUB, and no further action of the Board with respect thereto shall be required.

(b) The President and Chief Executive Officer of KUB, as the designee of the Board, is further authorized with respect to each emission of Series 2022B Bonds to:

- (1) change the dated date to a date other than the date of issuance;
- (2) specify or change the series designation of the Series 2022B Bonds to a designation other than "Wastewater System Revenue Refunding Bonds";
- (3) change the first interest payment date to a date other than October 1, 2022, provided that such date is not later than twelve months from the dated date of such emission of Series 2022B Bonds;
- (4) establish and adjust the principal and interest payment dates and determine maturity or mandatory redemption amounts of the Series 2022B Bonds or any emission thereof, provided that (A) the total principal amount of all emissions of the Series 2022B Bonds does not exceed the total amount of Series 2022B Bonds authorized herein; (B) the final maturity date of each emission shall be not later than April 1, 2050; and (C) the debt service schedule is substantially the same as what was presented to the State Director in connection with requesting a report on the refunding of the Refunded Bonds;
- (5) modify or remove the optional redemption provisions contained herein, provided that the premium amount to be paid in connection with any redemption provision shall not exceed two percent (2%) of the principal amount thereof;
- (6) sell the Series 2022B Bonds, or any emission thereof, or any maturities thereof as term bonds with mandatory redemption requirements as determined by the Board, as it shall deem most advantageous to KUB; and
- (7) cause all or a portion of the Series 2022B Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company to achieve the purposes set forth herein and to serve the best interests of KUB and to enter into agreements with such insurance company to the extent not inconsistent with this resolution.

(c) If any emission of Series 2022B Bonds is sold at negotiated sale, the President and Chief Executive Officer of KUB is authorized to execute a Bond Purchase Agreement with respect to such emission of Series 2022B Bonds, providing for the purchase and sale of the Series 2022B Bonds, or any emission thereof. Each Bond Purchase Agreement shall be in substantially the form attached hereto as Exhibit A, with such changes as the President and Chief Executive Officer deems necessary or advisable in connection with the sale of such Series 2022B Bonds, provided any such changes are not inconsistent with the terms of this Section. If the Underwriter does not intend to reoffer the Series 2022B Bonds to the public, then the Bond Purchase Agreement shall be conformed to reflect such intention. The form of the



Series 2022B Bond set forth in Section 7 hereof shall be conformed to reflect any changes made pursuant to this Section 10.

(d) The President and Chief Executive Officer and the Chief Financial Officer of KUB, or either of them, are authorized to cause the Series 2022B Bonds, in book-entry form (except as otherwise authorized herein), to be authenticated and delivered by the Registration Agent to the purchaser(s), and to execute, publish, and deliver all certificates and documents, including an official statement, the Bond Purchase Agreement and closing certificates, as they shall deem necessary in connection with the sale and delivery of each emission of the Bonds.

(e) If the Series 2022B Bonds are sold at public sale, the Series 2022B Bonds shall be awarded by the President and Chief Executive Officer of KUB to the bidder that offers to purchase the Bonds for the lowest true interest cost to KUB.

Section 11. Disposition of Series 2022B Bond Proceeds. The proceeds of the sale of the Series 2022B Bonds shall be paid to KUB and used and applied by KUB as follows:

(a) All accrued interest, if any, shall be deposited to the Debt Service Fund created under the 1990 Resolution and used to pay interest on the Series 2022B Bonds on the first interest payment date following delivery of the Series 2022B Bonds;

(b) An amount, which together with investment earnings thereon and legally available funds of KUB, if any, will be sufficient to pay principal of, premium, if any, and interest on the Refunded Bonds (subject to adjustments permitted by Section 10 above), shall be applied by KUB directly to refund the Refunded Bonds; and

(c) The remainder shall be applied to the payment of costs of issuance relating to the Series 2022B Bonds. If there are any remaining proceeds of the Series 2022B Bonds after application as provided above, such remaining proceeds shall be used to pay principal and/or interest on the Series 2022B Bonds.

Section 12. Discharge and Satisfaction of Series 2022B Bonds. The Series 2022B Bonds may be defeased, discharged and satisfied at any time as provided in Article XII of the 1990 Resolution.

Section 13. Notice of Refunding. Prior to the issuance of the Series 2022B Bonds, notice of the City's intention to refund the Refunded Bonds, to the extent required by applicable law, shall be given by the registration agent for the Refunded Bonds to be mailed by first-class mail, postage prepaid, to the registered holders thereof, as of the date of the notice, as shown on the bond registration records maintained by such registration agent of said Refunded Bonds. The President and Chief Executive Officer of KUB and the Secretary of the Board, or either of them, is hereby authorized and directed to authorize the registration agent of said Refunded Bonds to give such notice on behalf of the City in accordance with this Section.

Section 14. Federal Tax Matters. The City and KUB recognize that the purchasers and owners of the Series 2022B Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon will not be included in gross income for purposes of federal income taxation under laws in force on the date of delivery of the Series 2022B Bonds. In this connection, KUB, on behalf of the City, agrees that it shall take no action which may render the interest on any of the Series 2022B Bonds includable in gross income for purposes of federal income taxation. It is the reasonable expectation of the City and KUB that the proceeds of the Series 2022B Bonds will not be used in a manner which will cause the Series 2022B Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Series 2022B Bonds and other related funds established for the purposes herein set out, shall be used and spent expeditiously for the purposes

described herein. In the event Section 148(f) of the Code shall require the payment of any investment proceeds of the Series 2022B Bonds to the United States government, KUB will make such payments as and when required by said Section 148(f) and will take such other actions as shall be necessary or permitted to prevent the interest on the Series 2022B Bonds from becoming taxable. The Chair of the Board, the Secretary of the Board, the President and Chief Executive Officer of KUB and Chief Financial Officer of KUB, or any of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as any or all shall deem appropriate, and such certifications shall constitute a representation and certification of the City and KUB.

Section 15. Official Statement. The President and Chief Executive Officer of KUB, or his designee, is hereby authorized and directed to provide for the preparation and distribution of a Preliminary Official Statement describing the Series 2022B Bonds. After the Series 2022B Bonds have been awarded, the President and Chief Executive Officer of KUB, or his designee, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The President and Chief Executive Officer of KUB, or his designee, shall arrange for the delivery to the purchaser of the Series 2022B Bonds of a reasonable number of copies of the Official Statement within seven business days after the Series 2022B Bonds have been awarded for subsequent delivery by the purchaser to each potential investor requesting a copy of the Official Statement and to each person to whom such purchaser and members of his group initially sell the Series 2022B Bonds.

The President and Chief Executive Officer of KUB, or his designee, is authorized, on behalf of the Board, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the Board except for the omission in the Preliminary Official Statement of such pricing and other information.

Section 16. Continuing Disclosure. The City hereby covenants and agrees that KUB will provide annual financial information and material event notices for the Series 2022B Bonds as required by Rule 15c2-12 of the Securities and Exchange Commission. The Chief Financial Officer of KUB is authorized to execute at the closing of the sale of the Series 2022B Bonds, an agreement for the benefit of and enforceable by the owners of the Series 2022B Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of KUB to comply with the undertaking herein described and to be detailed in said closing agreement, shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause KUB to comply with its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 17. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 18. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.



Adopted and approved this 8<sup>th</sup> day of March, 2022.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Recorder

STATE OF TENNESSEE     )  
  )  
COUNTY OF KNOX        )

I, Will Johnson, hereby certify that I am the duly qualified and acting City Recorder of the City of Knoxville, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of the governing body of the City Council held on March 8, 2022; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original records relate to an amount not to exceed \$24,535,000 Wastewater Revenue Refunding Bonds, Series 2022B.

WITNESS my official signature of the City of Knoxville, Tennessee, this \_\_\_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
City Recorder



**EXHIBIT A**

**\$24,535,0000**  
**CITY OF KNOXVILLE, TENNESSEE**  
**ACTING ON BEHALF OF KNOXVILLE UTILITIES BOARD**  
**WASTEWATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2022B**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2022

Knoxville Utilities Board  
445 South Gay Street  
Knoxville, Tennessee 37902

Ladies and Gentlemen:

The undersigned (the "Underwriter") offers to enter into this agreement with Knoxville Utilities Board ("KUB") which, upon your acceptance of this offer, will be binding upon you and upon us.

This offer is made subject to your acceptance of this agreement on or before 5:00 p.m., Eastern Standard Time, on \_\_\_\_\_, 2022.

1. Purchase Price.

Upon the terms and conditions and upon the basis of the respective representations, warranties and covenants set forth herein, the Underwriter hereby agrees to purchase from KUB, and KUB hereby agrees to sell to the Underwriter, all (but not less than all) of \$24,535,0000 aggregate principal amount of KUB's Wastewater System Revenue Refunding Bonds, Series 2022B (the "Bonds"). The purchase price is \$ \_\_\_\_\_ plus accrued interest and shall be paid in accordance with paragraph 6 hereof. The purchase price is equal to the par amount of the Bonds less \$ \_\_\_\_\_ original issue discount, less \$ \_\_\_\_\_ underwriter's discount and plus accrued interest. The Bonds are to be issued under and pursuant to, and are to be secured by the Resolution (the "Bond Resolution") adopted on March 8, 2022, by the City Council of the City of Knoxville (the "City") at the request of KUB. The Bonds shall mature on the dates and shall bear interest at the rates all as described in the Official Statement referred to in Section 3 hereof. The maturities, rates and discount at which the Bonds are being sold are more fully described on **Schedule I** attached hereto.

The Bonds are being issued to provide funds to refinance the outstanding principal amount of the City's outstanding Wastewater System Revenue Bonds, Series 2015B, dated May 20, 2015, maturing April 1, 2023 through April 1, 2050 (the "Refunded Bonds"), including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the Bonds.

2. Public Offering.

The Underwriter intends to make an initial bona fide public offering of all of the Bonds at not in excess of the public offering prices set forth on the cover of the Official Statement and may subsequently change such offering price without any requirement of prior notice. The Underwriter may

offer and sell Bonds to certain dealers (including dealers depositing bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover of the Official Statement. The Underwriter reserves the right (i) to over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market; and (ii) to discontinue such stabilizing, if commenced at any time without prior notice.

3. Official Statement.

(a) KUB has provided the Underwriter with information that constitutes a "deemed final" official statement for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 ("Rule 15c2-12"). Concurrently with KUB's acceptance of this Bond Purchase Agreement, KUB shall deliver or cause to be delivered to the Underwriter two copies of the Official Statement (as hereinafter defined) relating to the Bonds dated the date hereof substantially in the same form as the Preliminary Official Statement with only such changes as shall have been accepted by the Underwriter.

(b) Within seven (7) business days from the date hereof and within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, KUB shall deliver to the Underwriter copies of the Official Statement of KUB, dated the date hereof, relating to the Bonds, in sufficient quantity as may reasonably be requested by the Underwriter in order to comply with Rule 15c2-12 and any applicable rules of the Municipal Securities Rulemaking Board, in substantially the form approved by KUB (which, together with the cover page, and all exhibits, appendices, and statements included therein or attached thereto and any amendments and supplements that may be authorized for use with respect to the Bonds is herein called the "Official Statement"), executed on behalf of KUB by a duly authorized officer of KUB. You hereby authorize and approve the Official Statement and other pertinent documents referred to in Section 6 hereof to be lawfully used in connection with the offering and sale of the Bonds. You also acknowledge and ratify the use by the Underwriter, prior to the date hereof, of the Preliminary Official Statement in connection with a public offering of the Bonds.

(c) If, prior to the Closing (as defined in Section 5 below) or within twenty-five (25) days subsequent to the end of the underwriting period as such term is used for purposes of Rule 15c2-12, any event shall occur with respect to KUB or KUB shall receive notice of the occurrence of any other event that might or would cause the information contained in the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, KUB shall so notify the Underwriter. KUB agrees to amend or supplement the Official Statement whenever requested by the Underwriter when in the reasonable judgment of the Underwriter such amendment or supplementation is required and to furnish the Underwriter with sufficient quantities of such amendment or supplement in order to permit the Underwriter to comply with Rule 15c2-12.

4. Representations and Warranties.

KUB hereby represents and warrants to the Underwriter that:

(a) KUB is duly existing pursuant to the Charter of the City and is authorized by such Charter to operate and manage the System. KUB has duly authorized all necessary action to be taken by it for: (i) the issuance and sale of the Bonds upon the terms set forth herein and in the Official Statement; (ii) the approval of the Official Statement and the signing of the Official Statement by a duly authorized officer; (iii) the execution, delivery and receipt of this Bond Purchase Agreement, the Bonds and any and all such other agreements and documents as may be required to be executed, delivered and received by KUB in order to carry out, give effect to, and consummate the transactions contemplated hereby, by the Bonds, the Official Statement and the Bond Resolution;



(b) When executed by the respective parties thereto, this Bond Purchase Agreement will constitute legal, valid and binding obligation of KUB enforceable in accordance with its terms;

(c) The information and statements contained in the Preliminary Official Statement, as of its date and as of the date hereof, did not and do not contain any untrue statement of a material fact or omit to state any material fact which was necessary in order to make such information and statements, in the light of the circumstances under which they were made, not misleading;

(d) The information and statements contained in the Official Statement, as of its date and as of the Closing, are and will be correct and complete in all material respects and do not and will not contain any untrue statement of a material fact or omit to state any material fact which is necessary in order to make such information and statements, in the light of the circumstances under which they were made, not misleading;

(e) KUB has complied, and will at the Closing be in compliance, in all respects with the obligations on its part contained in the Bond Resolution and the laws of the State of Tennessee (the "State"), including the Act;

(f) The City has duly adopted the Bond Resolution, and the City and KUB have (a) duly authorized and approved the distribution of the Preliminary Official Statement, (b) duly authorized and approved the execution and delivery of the Official Statement, (c) duly authorized and approved the execution and delivery of, and the performance by KUB of the obligations on its part contained in, the Bonds, the Bond Resolution and this Bond Purchase Agreement, and (d) duly authorized and approved the consummation by it of all other transactions contemplated by this Bond Purchase Agreement and the Official Statement;

(g) KUB is not in breach of or default under any applicable law or administrative regulation of the State or the United States in any manner related to or affecting the transactions contemplated hereby or in breach of or default under any applicable judgment or decree or any loan agreement, note, resolution, ordinance, agreement or other instrument to which KUB is a party or to which it or any of its property is otherwise subject; and the execution and delivery of this Bond Purchase Agreement, the Bonds and the adoption of the Bond Resolution, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, note, resolution, ordinance, agreement or other instrument to which KUB is a party or to which it or any of its property is otherwise subject;

(h) Except as may be required under the securities or "blue sky" laws of any state, all approvals, consents, authorizations and orders of, filings with or certifications by any governmental authority, board, agency or commission having jurisdiction, which would constitute a condition precedent to the performance by KUB of its obligations hereunder and under the Bond Resolution and the Bonds, have been obtained;

(i) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending or, to the knowledge of KUB, threatened against KUB or others (a) affecting KUB or the corporate existence of KUB or the titles of its officers to their respective offices, (b) seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of Net Revenues pledged to pay the principal of and interest on the Bonds, or the pledge thereof, (c) in any way contesting or affecting the transactions contemplated hereby or by the Official Statement or by the validity or enforceability of the Bonds, the Bond Resolution or this Bond Purchase Agreement, (d) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or (e) contesting the powers or authority of KUB for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and delivery of this Bond Purchase Agreement;



(j) KUB will not take or omit to take any action that will in any way cause the proceeds from the sale of the Bonds and other moneys of KUB to be transferred on the date of issuance of the Bonds to be applied or result in such proceeds and other moneys being applied in a manner other than as provided in or permitted by the Bond Resolution and consistent with the utilization described in the Official Statement;

(k) KUB agrees reasonably to cooperate with the Underwriter and its counsel in any endeavor to qualify the Bonds for offering and sale under the securities or "blue sky" laws of such jurisdictions of the United States as the Underwriter may request. KUB hereby consents to the use of the Official Statement and the Bond Resolution by the Underwriter in obtaining any qualification required;

(l) If at any time from the date of this Bond Purchase Agreement through 25 days following the "end of the underwriting period" (as defined in Rule 15c2-12 described below) any event shall occur that might or would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, KUB shall notify the Underwriter and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, KUB will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter. If the Official Statement is so supplemented or amended prior to the Closing, such approval by the Underwriter of a supplement or amendment to the Official Statement shall not preclude the Underwriter from thereafter terminating this Bond Purchase Agreement, and if the Official Statement is so amended or supplemented subsequent to the date hereof and prior to the Closing, the Underwriter may terminate this Bond Purchase Agreement by notification to KUB at any time prior to the Closing if, in the judgment of the Underwriter, such amendment or supplement has or will have a material adverse effect on the marketability of the Bonds;

(m) KUB has duly authorized and approved the execution and delivery of this Bond Purchase Agreement and the performance by KUB of the obligations on its part contained herein;

(n) KUB is not, nor has it at any time, been in default in the payment of principal of or interest on any obligation issued or guaranteed by KUB;

(o) Any certificate signed by an authorized officer of KUB and delivered to the Underwriter at or prior to the Closing shall be deemed a representation and warranty by KUB in connection with this Bond Purchase Agreement to the Underwriter as to the statements made therein upon which the Underwriter shall be entitled to rely. KUB covenants that between the date hereof and the Closing, it will not take any action that will cause the representations and warranties made herein to be untrue as of the Closing;

(p) The Bonds, when issued, authenticated and delivered in accordance with the Bond Resolution and sold to the Underwriter as provided herein, will be validly issued and outstanding special obligations of KUB entitled to the benefits of the Bond Resolution;

(q) KUB has lawful authority to operate the System, to consummate the transactions contemplated by the Official Statement and collect revenues, fees and other charges in connection with the System and through its Board of Commissioners, to fix the rates, fees and other charges with respect to the System; and

(r) KUB hereby covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about KUB, for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under paragraph (b)(5) of Rule 15c2-12. The Undertaking shall be as described in the Preliminary Official Statement, with such changes as may be agreed in writing by the Underwriter. KUB represents that it has



complied in all respects with its obligations to provide continuing disclosure of certain information as described in that certain Continuing Disclosure Certificate entered into in connection with the issuance of the Bonds.

5. Delivery of, and Payment for, the Bonds.

At 10:00 a.m. on or about \_\_\_\_\_, 2022, or at such other time or date as shall have been mutually agreed upon by KUB and the Underwriter, KUB will deliver, or cause to be delivered, to the Underwriter the other documents hereinafter mentioned and, subject to the conditions contained herein, the Underwriter will accept such delivery and pay the purchase price of the Bonds plus accrued interest payable to the order of KUB, in federal funds or other immediately available funds by delivering to KUB such funds by wire transfer to KUB or its designated agent except that physical delivery of the Bonds shall be made through the facilities of the Depository Trust Company.

Payment for the Bonds shall be confirmed and delivery of the documents as aforesaid shall be made at the offices of KUB, or such other place as may be agreed upon by the Underwriter and KUB. Such payment and delivery is herein called the "Closing." The Bonds will be delivered as fully registered bonds in such names and in such denominations as shall be designated in writing by the Underwriter to KUB at Closing.

6. Certain Conditions to Underwriter's Obligations.

The obligations of the Underwriter hereunder shall be subject to (i) the performance by KUB of its obligations to be performed hereunder, (ii) the accuracy in all material respects of the representations and warranties of KUB herein as of the date hereof and as of the date of the Closing, and (iii) to the following conditions:

(a) At the time of Closing, (i) the Bond Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter, (ii) the proceeds of the sale of the Bonds shall be applied as described in the Official Statement, and (iii) KUB shall have duly adopted and there shall be in full force and effect such other resolutions as, in the opinion of Bass, Berry & Sims PLC, Knoxville, Tennessee ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby;

(b) At or prior to the Closing, the Underwriter shall have received an executed copy of each of the following documents:

(1) the approving opinion, dated the date of the Closing, of Bond Counsel addressed to KUB and the Underwriter, relating to, among other things, the validity of the Bonds [and the exclusion from gross income of the interest on the Bonds for federal and State of Tennessee income tax purposes,] in substantially the form set forth as Appendix \_ to the Official Statement;

(2) a supplemental opinion, dated the date of the Closing, of Bond Counsel addressed to the Underwriter in substantially the form of Exhibit A hereto;

(3) an opinion, dated the date of the Closing, of Hodges, Doughty & Carson, Knoxville, Tennessee, counsel to KUB, addressed to KUB, Bond Counsel and the Underwriter in substantially the form of Exhibit B hereto;

(4) a certificate of KUB, dated the date of the Closing and signed by a duly authorized officer of KUB and in form and substance reasonably satisfactory to the Underwriter, to the effect that (i) since the execution of the Bond Purchase Agreement no material and adverse change has occurred in the financial position of the System or results of operations of the System;

(ii) KUB has not incurred any material liabilities secured by the Net Revenues of the System other than in the ordinary course of business or as set forth in or contemplated by the Official Statement; and (iii) no event affecting KUB has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which is necessary to be disclosed therein in order to make the statements and information therein not misleading as of the date of Closing;

(5) the Official Statement executed on behalf of KUB by a duly authorized officer thereof;

(6) the Bond Resolution and the Bonds;

(7) a certificate of a duly authorized officer of KUB, satisfactory to the Underwriter, dated the date of Closing, stating that such officer is charged, either alone or with others, with the responsibility for issuing the Bonds; setting forth, in the manner permitted by Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), the reasonable expectations of KUB as of such date as to the use of proceeds of the Bonds and of any other funds of KUB expected to be used to pay principal or interest on the Bonds and the facts and estimates on which such expectations are based; and stating that, to the best of the knowledge and belief of the certifying officer, KUB's expectations are reasonable;

(8) evidence indicating a rating on the Bonds of "\_\_\_" by [rating agency];

(9) other certificates of KUB listed on a Closing Memorandum to be approved by counsel to KUB, Bond Counsel and counsel to the Underwriter, including any certificates or representations required in order for Bond Counsel to deliver the opinion referred to in Paragraph 6(b)(1) of this Bond Purchase Agreement; and such additional legal opinions, certificates, proceedings, instruments and other documents as the counsel to the Underwriter or Bond Counsel may reasonably request to evidence compliance by KUB with legal requirements, the truth and accuracy, as of the time of Closing, of the representations of KUB contained herein and the due performance or satisfaction by KUB at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by KUB.

All such opinions, certificates, letters, agreements and documents will be in compliance with the provisions hereof only if they are satisfactory in form and substance to the Underwriter and counsel to the Underwriter. KUB will furnish the Underwriter with such conformed copies or photocopies of such opinions, certificates, letters, agreements and documents as the Underwriter may reasonably request.

(c) The Underwriter shall have received within seven (7) business days from the date hereof and within sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, the Official Statement in sufficient quantity as may be reasonably requested by the Underwriter in order to comply with Rule 15(c) 2-12.

## 7. Termination.

The Underwriter shall have the right to cancel its obligation to purchase the Bonds if (i) between the date hereof and the Closing, legislation shall be enacted or recommended to the Congress or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has



been referred for consideration, or a bill to amend the Internal Revenue Code (which, if enacted, would take effect in whole or in part prior to the Closing) shall be filed in either house, or recommended for passage by the Congress by any joint or conference committee thereof, or a decision by a court of the United States or the United States Tax Court shall be rendered, or a ruling, regulation or statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed to be made, with respect to the federal taxation upon interest on obligations of the general character of the Bonds, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly of changing the federal income tax consequences of any of the transactions contemplated in connection herewith, including the tax-exempt status of KUB and, in the opinion of the Underwriter, materially adversely affects the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, or (ii) there shall exist any event which in the Underwriter's judgment either (a) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement or (b) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect, or (iii) there shall have occurred any outbreak of hostilities or any national or international calamity or crisis including financial crisis, or a financial crisis or a default with respect to the debt obligations of, or the institution of proceedings under the federal or the state bankruptcy laws by or against the State of Tennessee or any subdivision, agency or instrumentality of such State, the effect of which on the financial markets of the United States being such as, in the reasonable judgment of the Underwriter, would make it impracticable for the Underwriter to market the Bonds or to enforce contracts for the sale of the Bonds, or (iv) there shall be in force a general suspension of trading on the New York Stock Exchange, or (v) a general banking moratorium shall have been declared by either federal, Tennessee or New York authorities, or (vi) there shall have occurred since the date of this Bond Purchase Agreement any material adverse change in the financial position of the System, except for changes which the Official Statement discloses have occurred or may occur, or (vii) legislation shall be enacted or any action shall be taken by the Securities and Exchange Commission which, in the opinion of counsel for the Underwriter, has the effect of requiring the contemplated distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or the Bond Resolution or any other document executed in connection with the transactions contemplated hereof to be qualified under the Trust Indenture Act of 1939, as amended, or (viii) a stop order, ruling, regulation or official statement by or on behalf of the Securities and Exchange Commission shall be issued or made to the effect that the issuance, offering or sale of the Bonds, or of obligations of the general character of the Bonds as contemplated hereby, or the offering of any other obligation which may be represented by the Bonds is in violation of any provision of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or the Trust Indenture Act of 1939, as amended, or (ix) any state blue sky or securities commission shall have withheld registration, exemption or clearance of the offering, and in the reasonable judgment of the Underwriter the market for the Bonds is materially affected thereby.

If KUB shall be unable to satisfy any of the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement and such condition is not waived by the Underwriter, or if the obligations of the Underwriter to purchase and accept delivery of the Bonds shall be terminated or canceled for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor KUB shall be under further obligation hereunder; except that the respective obligations to pay expenses, as provided in Section 10 hereof, shall continue in full force and effect.

8. Particular Covenants.

KUB covenants and agrees with the Underwriter as follows:

(a) KUB shall use its best efforts to furnish or cause to be furnished to the Underwriter, without charge, as many copies of the Official Statement as the Underwriter may reasonably request;



(b) Before revising, amending or supplementing the Official Statement, KUB shall furnish a copy of the revised Official Statement or such amendment or supplement to the Underwriter. If in the opinion of KUB and the Underwriter a supplement or amendment to the Official Statement is required, KUB will supplement or amend the Official Statement in a form and in a manner approved by the Underwriter and its counsel.

9. Survival of Representations.

All representations, warranties and agreements of KUB hereunder shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of the Bonds.

10. Payment of Expenses.

Whether or not the Bonds are sold to the Underwriter by KUB, KUB shall pay, but only out of the proceeds of the sale of the Bonds or other funds made available by KUB, any expenses incident to the performance of its obligations hereunder, including but not limited to: (i) the cost of the preparation and printing of the Official Statement and any supplements thereto, together with a number of copies which the Underwriter deems reasonable; (ii) the cost of the preparation and printing of the definitive Bonds; (iii) the rating agency fees; and (iv) the fees and disbursements of Counsel to KUB and Bond Counsel and any other experts or consultants retained by KUB.

Whether or not the Bonds are sold to the Underwriter, the Underwriter shall pay (i) all advertising expenses in connection with the public offering of the Bonds; (ii) the cost of preparing and printing the blue sky memorandum, if any, and filing fees in connection with the aforesaid blue sky memorandum other than the costs of preparation of the Preliminary Official Statement and the Official Statement; and (iii) all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds, including the fees and expenses of the Underwriter's counsel.

11. No Advisory or Fiduciary Role.

KUB acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between KUB and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and are not acting as the agent, advisor or fiduciary of KUB, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of KUB with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter, or any affiliates of the Underwriter, has provided other services or are currently providing other services to KUB on other matters) and the Underwriter has no obligation to KUB with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Underwriter has financial and other interests that differ from those of KUB and (v) KUB has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

KUB and the Underwriter represent and warrant that no finder or other agent has been employed by either KUB or the Underwriter in connection with this transaction.

12. Notices.

Any notice or other communication to be given to KUB under this Bond Purchase Agreement may be given by delivering the same in writing at its address set forth above, and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be



given by delivering the same in writing to \_\_\_\_\_,

13. Parties.

This Bond Purchase Agreement is made solely for the benefit of KUB and the Underwriter (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof.

14. Governing Law.

This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

15. General.

This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which will constitute one and the same instrument. The section headings of this Bond Purchase Agreement are for convenience of reference only and shall not affect its interpretation. This Bond Purchase Agreement shall become effective upon your acceptance hereof.

Very truly yours,

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Accepted and agreed to as of  
the date first above written:

KNOXVILLE UTILITIES BOARD

By: \_\_\_\_\_

President and Chief Executive Officer

**EXHIBIT A TO BOND PURCHASE AGREEMENT**

**[LETTERHEAD OF BASS, BERRY & SIMS PLC]**

[Closing Date]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Ladies and Gentlemen:

This opinion is being rendered to you pursuant to Paragraph 6(b)(2) of the Bond Purchase Agreement, dated \_\_\_\_\_, 2022 (the "Bond Purchase Agreement"), between \_\_\_\_\_ (the "Underwriter"), and Knoxville Utilities Board ("KUB"), relating to the sale by KUB of its Wastewater System Revenue Refunding Bonds, Series 2022B, in the aggregate principal amount of \$24,535,0000 (the "Bonds"). Terms which are used herein and not otherwise defined shall have the meanings assigned to them in the Bond Purchase Agreement.

Of even date herewith, we have delivered our approving opinion in connection with the issuance of the Bonds. In our capacity as Bond Counsel, we have reviewed a record of proceedings in connection with the issuance of the Bonds and we have participated in conferences from time to time with counsel to KUB, representatives of the Underwriter and counsel to the Underwriter, relative to the Official Statement, dated \_\_\_\_\_, 2022, relating to the Bonds, and the related documents described below. We have also examined such other agreements, documents and certificates, and have made such investigations of law, as we have deemed necessary or appropriate in rendering the opinions set forth below.

Based on the foregoing, we are of the opinion that, as of the date hereof:

1. The offer and sale of the Bonds to the public do not require any registration under the Securities Act of 1933, as amended, and, in connection therewith, the Bond Resolution does not need to be qualified under the Trust Indenture Act of 1939, as amended.
2. The statements contained in the Official Statement under the captions "Introduction" to the extent the narrative thereunder purports to describe the terms of the Bonds and the legal authority by which they are issued, "The Bonds," and in Appendix A to the Official Statement, insofar as such statements purport to summarize certain provisions of the Bonds and the Bond Resolution, fairly summarize such provisions. The statements contained in the Official Statement under the caption "Opinion of Bond Counsel" are correct as to matters of law.

This opinion may be relied upon only by the Underwriter and by other persons to whom written permission to rely hereon is granted by us.

Very truly yours,



**EXHIBIT B TO BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2022

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Bass, Berry & Sims PLC  
900 South Gay Street, Suite 1700  
Knoxville, Tennessee 37902

**Re: City of Knoxville, Tennessee acting on behalf of the Knoxville Utilities Board \$24,535,000 Wastewater System Revenue Refunding Bonds, Series 2022B**

Ladies and Gentlemen:

You have requested that the undersigned, General Counsel to the Knoxville Utilities Board of the City of Knoxville, Tennessee ("KUB"), render this opinion in connection with the execution, delivery and sale of the captioned bonds (the "Bonds"), the proceeds of which will be used to refinance the outstanding principal amount of the City's outstanding Wastewater System Revenue Bonds, Series 2015B, dated May 20, 2015, maturing April 1, 2023 through April 1, 2050.

It is our opinion that KUB is duly established and validly existing pursuant to the Charter of the City of Knoxville, Tennessee (the "Municipality"), and, pursuant to said Charter, the wastewater system of the Municipality (the "System") is under the jurisdiction, control and management of KUB.

The undersigned does hereby certify that no litigation of any nature is now pending or, to our knowledge, threatened

- (1) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds;
- (2) seeking to restrain or enjoin the charging of sufficient rates to pay the cost of operating, maintaining, repairing and insuring the System and to pay principal of and interest on the Bonds and all outstanding obligations payable from the revenues of the System;
- (3) in any manner questioning the proceedings or authority pursuant to which the Bonds are authorized or issued or such rates are charged;
- (4) in any manner questioning or relating to the validity of the Bonds;
- (5) contesting in any way the completeness or accuracy of the Official Statement prepared and distributed in connection with the sale of the Bonds;

(6) in any way contesting the corporate existence or boundaries of the Municipality, except for various pending actions challenging past or present annexation efforts of the Municipality, which will have no material adverse effect on the revenues of the System;

(7) contesting the title of the present officers of KUB to their respective offices; or

(8) contesting the powers of KUB or the authority of KUB with respect to the Bonds, or proceedings authorizing the Bonds, or any act to be done or document or certificate to be executed or delivered in connection with the issuance and delivery of the Bonds.

Neither the voters of the Municipality nor its governing body nor the Board of Commissioners of KUB have approved any special, local or private act or legislation passed by the General Assembly of the State of Tennessee at its most recent session or any amendments to the Charter of the Municipality affecting the power of the Municipality to issue the Bonds or pay the principal of, premium, if any, and interest on the Bonds when due or affecting the power of the Board of Commissioners of KUB to manage and control the System.

I hereby certify that Jerry Askew and Mark Walker are the duly qualified, appointed and acting Chair and Secretary, respectively, of the Board of Commissioners of KUB with full power to act as such officers on behalf of KUB in connection with the execution and delivery of the Bonds.

Yours truly,

32414127.1