



**Board Meeting Agenda
Thursday, June 12, 2025
Noon**

Call to Order

Roll Call

Approval of Minutes

Official Action

Resolution 1510 – A Resolution Authorizing the Execution of a Tranche Amendment to the Knoxville Utilities Board’s (“KUB”) Green Invest Agreement with the Tennessee Valley Authority (“TVA”) for the Purchase of 12MW of Renewable Energy under the Green Invest Program

Resolution 1511 – A Resolution Authorizing the Execution of a Power Purchase Agreement to Purchase Solar Energy from DG Knoxville TN, LLC Under Tennessee Valley Authority’s Power Supply Flexibility Program

President’s Report

Other Business

Public Comments

Adjournment

Note: The Chair may declare a periodic recess in these proceedings as may be necessary for comfort or convenience.



June 6, 2025

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

Commissioners:

The June 12 Board meeting agenda includes two official action items. The first item is a resolution authorizing the execution of a Tranche Amendment to our Green Invest Agreement with TVA for the purchase of an additional 12 megawatts (MW) of solar power. The second action item is a resolution authorizing the execution of an agreement for the purchase of energy generated from an on-system 21MW solar project under TVA's Expanded Flexibility Program. An overview of each resolution is provided below.

Resolution 1510

As you will recall, the Board previously authorized KUB's participation in TVA's Green Invest Program that enabled the purchase of 325MW of new solar in the Tennessee Valley on behalf of KUB customers.

The Board subsequently authorized KUB to enter into a Power Supply Flexibility Agreement with TVA, providing KUB the flexibility to self-supply up to 5% of its electric power requirements.

The first in a series of Flexibility projects approved by the Board was the conversion of 20MW of Green Invest to TVA's Expanded Power Supply Flexibility Program. This conversion resulted in an estimated cost savings of approximately \$2 million annually and lowered KUB's contracted solar purchases under Green Invest from 325MW to 305MW.

The first of the Green Invest solar projects, located in Lowndes County, MS, went on-line in January 2025. KUB currently has a total of 70MW of the 200MW facility (50MW through Green Invest and 20MW through Expanded Flexibility). TVA offered KUB the opportunity to increase our Green Invest allocation by 12MW of solar at an estimated annual cost of approximately \$118,000 (\$4.50 per renewable energy unit, a competitive price). As with our other Green Invest contracts, this agreement would have a term of 20 years.

KUB intends to use the additional 12MW of Green Invest solar to offer the associated renewable energy credits (RECs) to KUB customers that desire to reduce their environmental footprint or meet carbon reduction goals.

Resolution 1510 authorizes the President and CEO to execute the Tranche Amendment providing for the additional purchase of 12MW under TVA's Green Invest Program. Drafts of the resolution and the Tranche Amendment are enclosed for your information. I recommend the approval of Resolution 1510 on first and final reading.

Resolution 1511

As referenced above, the Board has previously authorized KUB to enter into a series of agreements under TVA's Expanded Flexibility Program. KUB staff has been working on an additional project under the Flexibility program: a 21MW solar project located in Knox County to be connected directly to KUB's electric distribution system. This project is in partnership with one of KUB's largest electric customers, CEMEX, who has agreed to host the solar facility on their property in exchange for a portion of the renewable energy credits.

Resolution 1511 authorizes the execution of a Power Purchase Agreement (PPA) with DG Knoxville TN, LLC for the purchase of energy generated from the 21MW solar facility at a cost of \$69.84 per megawatt hour (MWh). Selected through a competitive solicitation, DG Knoxville TN, a subsidiary of NextEra Energy Resources, will develop, own and operate the solar facility, which is expected to come on-line in 2027. The PPA is for a term of 20 years, with an option to extend the term at a reduced price.

The generated solar power displaces power that would otherwise be purchased from TVA at a higher price. The projected annual power cost savings under the agreement is approximately \$450,000.

Drafts of Resolution 1511 and the PPA are enclosed for your information. I recommend the approval of Resolution 1511 on first and final reading.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gabriel Bolas". The signature is written in a cursive, flowing style.

Gabriel J. Bolas, II
President and CEO

RESOLUTION NO. 1510

A Resolution Authorizing the Execution of a Tranche Amendment to the Knoxville Utilities Board's ("KUB") Green Invest Agreement with the Tennessee Valley Authority ("TVA") for the Purchase of 12MW of Renewable Energy under the Green Invest Program

Whereas, KUB's Board of Commissioners ("Board") has previously authorized KUB's participation in TVA's Green Invest Program to enable the purchase of 325 megawatts ("MW") of new solar in the Tennessee Valley on behalf of KUB customers; and

Whereas, the first of KUB's contracted-for Green Invest Renewable Energy Facilities, known as Golden Triangle I ("the Facility") is currently producing electricity and associated renewable energy credits ("REC"); and

Whereas, KUB's Board previously authorized the conversion of 20MW of Green Invest solar energy at the Facility to serve as an Energy Resource under the TVA Power Supply Expanded Flexibility Program, thereby lowering KUB's total Green Invest investment to 305MW; and

Whereas, TVA desires to sell and KUB desires to purchase 12MW of additional Green Invest RECs from the Facility at a price of \$4.50 per REC; and

Whereas, KUB intends to utilize this additional Green Invest purchase to offer a new program wherein KUB customers may choose to purchase the associated RECs; and

Whereas, KUB's new total combined Green Invest purchases of 317MW will represent 11% of KUB's electric system load or enough to serve approximately 58,000 homes; and

Whereas, KUB's purchase of additional solar will require the execution of a Tranche Amendment to the Green Invest Agreement setting the terms and conditions of the purchase of additional solar from the Facility; and

Whereas, KUB staff have thoroughly reviewed the Tranche Amendment and have determined that their execution is in the best interests of KUB and its customers.

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

Section 1. The President and Chief Executive Officer is hereby authorized to execute the Tranche Amendment to the Green Invest Agreement providing for the purchase of the additional 12MW of solar, all in substantially the form attached hereto this Resolution as Exhibit A.

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

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

Cynthia Gibson, Chair

Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: _____
EFFECTIVE DATE: _____
MINUTE BOOK 49 PAGE _____

TRANCHE AMENDMENT

TV-75110A, Supp. No. ____

This Green Invest Tranche Amendment (“**Amendment**”) is between KNOXVILLE UTILITIES BOARD (Acting for and on behalf of the City of Knoxville, Tennessee) (“**Distributor**”), a Tennessee municipal corporation, and TENNESSEE VALLEY AUTHORITY (“**TVA**”), a corporate agency and instrumentality of the United States of America created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended, and is subject to the provisions of the Green Invest Agreement, TV-75110A, Supp. No. 115, effective March 12, 2020, as amended (“**Agreement**”). The effective date of this Amendment is July 1, 2025.

<p>Renewable Energy Facility</p>	<p>Distributor will purchase from TVA the Product derived from the Renewable Energy Facility identified below, on an as-generated basis contingent on availability accounting for 6% of that Renewable Energy Facility’s total renewable generation.</p> <p>Developer: <u>MS Solar 5, LLC</u> PPA Contract Number: <u>5921777</u> Contract Output (MWac): <u>200 MW (of which 6% equals 12 MWac)</u> Location: <u>Latitude 33.458 and Longitude -88.628</u> Delivery Point: <u>TVA’s 161-kV Artesia Substation</u> Initial Delivery Date: <u>January 20, 2025</u> Delivery Period (years): <u>20 years</u></p> <p>TVA is excused from providing Product to Distributor under any Tranche Amendment if and to the extent that RECs are not generated by the Renewable Energy Facility and/or otherwise not delivered to TVA under the PPA.</p>
<p>Term</p>	<p>Subject to any earlier termination of this Amendment pursuant to the terms of the Agreement, the term of this Amendment runs until the expiration or termination of the term of the PPA.</p>
<p>Product Price</p>	<p>The Product price for generation from the applicable Renewable Energy Facility is \$4.50 per REC.</p>
<p>Renewable Energy Facility Underperformance</p>	<p>In the event of Renewable Energy Facility Underperformance, Distributor will be entitled to replacement RECs for the Product shortfall in the event they are received by TVA under the PPA.</p>
<p>Early Termination</p>	<p>Subsection 7.3 of the Agreement will establish the early termination amount.</p>
<p>General Terms and Conditions</p>	<p><u>Ratification of the Agreement.</u> The Agreement, as amended by this Amendment, is ratified and confirmed as the continuing obligation of the parties.</p> <p><u>Defined Terms.</u> Capitalized terms not otherwise defined in this Amendment have the same meaning as in the Agreement.</p> <p><u>Conflicts.</u> In the event of any conflict between this Amendment and the Agreement, this Amendment controls.</p> <p><u>Assignment.</u> This Amendment will be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns and may be assigned only in accordance with the terms of the Agreement.</p>

	<p><u>Amendment.</u> This Amendment may be amended only by a written agreement signed by both parties.</p> <p><u>Counterparts.</u> This Amendment may be executed in multiple counterparts, each of which will be considered an original and all of which together will be considered to be but one and the same instrument. Facsimile or PDF transmission of any signed original document, and retransmission of any facsimile or PDF transmission, will be the same as delivery of any original document.</p>
Performance Assurance	<p><u>Performance Assurance.</u> This Amendment will be bound and governed by Section 6 of the Agreement, which governs Distributor's Performance Assurance obligations with TVA throughout the term of this Amendment..</p>

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

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

TENNESSEE VALLEY AUTHORITY	
<i>Signature:</i>	<i>Title:</i>
<i>Printed Name:</i>	<i>Date:</i>

RESOLUTION NO. 1511

A Resolution Authorizing the Execution of a Power Purchase Agreement to Purchase Solar Energy from DG Knoxville TN, LLC Under Tennessee Valley Authority's Power Supply Flexibility Program

Whereas, pursuant to the TVA Power Contract, TV-75110A, Knoxville Utilities Board ("KUB") has executed a Power Supply Flexibility Agreement ("Flexibility Agreement") with the Tennessee Valley Authority ("TVA") that gives KUB the flexibility to generate up to 5% of electric energy by deploying certain energy resources, including but not limited to solar; and

Whereas, Tennessee Code § 7-51-910 allows KUB the option to purchase electric power for resale without complying with competitive bidding requirements; and

Whereas, through a competitive procurement process, DG Knoxville TN has demonstrated the capacity to develop, own, and operate a 21MW solar photovoltaic electric generation facility that meets the criteria defined by the Flexibility Agreement ("the project"); and

Whereas, under the proposed Power Purchase Agreement ("PPA"), DG Knoxville TN will sell to KUB the energy output and other associated attributes produced by the project in exchange for a fixed per unit contract price over a 20-year term, with option to extend; and

Whereas, the pricing terms of the PPA will result in net savings to KUB by offsetting KUB's purchase of power from TVA; and

Whereas, the Board has determined, upon recommendation from KUB staff, that it is in the best interest of KUB, its customers, and the community to execute the PPA.

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

Section 1. The President and Chief Executive Officer is hereby authorized to execute the PPA with DG Knoxville TN, LLC, including related documents, substantially in the form attached hereto and is further authorized to approve any minor changes or revisions to said documents as are in the best interest of KUB and its customers.

Section 2. That this Resolution shall take effect from and after its passage.

Cynthia Gibson, Chair

Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: _____
EFFECTIVE DATE: _____
MINUTE BOOK 49 PAGE _____

**POWER
PURCHASE AGREEMENT**

between

Knoxville Utilities Board

and

DG Knoxville TN, LLC

dated as of

_____, 2025



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POWER PURCHASE AGREEMENT

This Power Purchase Agreement (this “Agreement”), dated as of _____, 2025 (the “Effective Date”), is between Knoxville Utilities Board, a municipal utility created and existing pursuant to the Charter of the City of Knoxville (“Buyer”), and DG Knoxville TN, LLC, a Delaware limited liability company (“Seller”). Each of Buyer and Seller are referred to in this Agreement as a “Party”, and collectively as the “Parties”.

1. Seller intends to construct, own, operate, and decommission (upon the end of its useful life or termination of rights to access to Leased Premises, whichever occurs first) a photovoltaic-powered generating facility with an anticipated nameplate capacity of 21 MW_{AC} (“Anticipated Nameplate Capacity”) located in Knox County, TN (as more particularly described in Exhibit A, and together with all materials, systems, structures, features and improvements necessary to produce electricity at such facility, including the Site, land rights and interests in land, the “Facility”); and

2. Seller desires to sell and deliver, and Buyer desires to purchase and receive, the Product produced by or available from the Facility, as applicable, in each case pursuant to the terms and conditions of this Agreement.

AGREEMENT

In consideration of the premises and the covenants contained in this Agreement, Buyer and Seller agree as follows:

Article 1 DEFINITIONS

1.1 Defined Terms.

Unless otherwise required by the context in which it appears, terms used in this Agreement have the meanings set forth in this Section 1.1.

“A.M. Best” means A.M. Best Company, Inc.

“AASMTC AD/CVD Case” means the filing of, and any proceedings, rulemakings, orders, determinations, tariffs, or duties related to, any of the Petitions for the Imposition of Antidumping and Countervailing Duties, filed on or around April 24, 2024 by the American Alliance for Solar Manufacturing Trade Committee, concerning Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules, from Cambodia, Malaysia, Thailand, and Vietnam, in any of the DOC dockets A-555-003, A-557-830, A-549-851, A-552-841, C-555-004, C-557-831, C-549-852, or C-552-842.

“Actual Equivalent Solar Availability Percentage” has the meaning set forth in Exhibit B.

“AD/CVD” means antidumping and/or countervailing duty.

“Affiliate” means with respect to a Person, any Person that (i) Controls, directly or indirectly, such Person; (ii) is Controlled by, directly or indirectly, such Person; or (iii) is under common Control with such Person. In addition, for the purposes of this Agreement, the term “Affiliate,” when used in connection with Seller, shall include XIOS, XPLR, NEER, NEECH, and NEE and their respective direct or indirect Affiliate subsidiaries, with respect to Seller and one another.

“After-Tax Basis” means, with respect to any payment received, or deemed to have been received, by any Person, the amount of such payment (the “Base Payment”), supplemented by a further payment (the “Additional Payment”) to such Person so that the sum of the Base Payment plus the Additional Payment will be equal to the amount required to be received, after deduction of the amount of all taxes required to be paid by such Person in respect of the receipt or accrual of the Base Payment and the Additional Payment (taking into account any current or previous credits or deductions arising from the underlying event giving rise to the payment, the Base Payment and the Additional Payment). Such calculations shall be made on the assumption that the recipient is subject to Federal income taxation at the statutory rate applicable to corporations in the highest income bracket and subject to a state and local income taxation at the statutory rate applicable to corporations doing business in the highest income bracket, and shall take into account the deductibility, if applicable (for Federal income tax purposes), of state and local income taxes.

“Agreement” has the meaning set forth in the introductory paragraph of this Agreement.

“AGC” or “Automatic Generation Control” means the equipment and capability of an electric generation facility to automatically adjust the generation quantity, specifically the Facility’s capability of accepting AGC Set-Point electronically and automatically adjusting and regulating the Facility’s Energy production via the Facility’s SCADA system and the Buyer’s SCADA system.

“AGC Protocols” means the DNP3 protocols attached hereto as Exhibit G --Operating Standards (AGC Protocols, Data Collection) .

“AGC Remote/Local” means a handshake electronic signal sent from the Facility to the EMS AGC system, and from the EMS AGC system to the Facility, indicating the Facility is receiving AGC Set-Point locally (from the Facility) or remotely (EMS AGC system) and is following that AGC Set-Point.

“AGC Set-Point” means the Buyer-generated analog or digital signal sent by the SCADA system to the Facility, representing the maximum Delivered Energy output for the Facility.

“Alternative Compliance Payment” means the greater of 1.0¢/kWh or the amount designated under the terms of any applicable Renewable Energy Standard (“RES”) that an entity subject to such RES must pay in lieu of the transfer of RECs in order to comply with the RES requirements for a given RES compliance year.

“Ancillary Services” means operating reserves, regulation and automatic generator control, reactive supply, voltage control, frequency response, and other electrical or electrical reliability products associated with electrical generation, capacity and Energy that the applicable electric generating facility is capable of providing are not required for operation of such facility itself.

“Anticipated Nameplate Capacity” means the MW_{AC} amount specified in the first recital paragraph of this Agreement, as may be adjusted pursuant to the terms of this Agreement.

“Applicable Law” means with respect to a Person, collectively, any federal, state, or local law, treaty, franchise, permit, rule, regulation, standard, protocol, order, writ, judgment, injunction, decree, award, or determination of any arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its properties are subject.

“Auxin Anti-Circumvention Proceeding” means the DOC’s anti-circumvention investigation and proceeding concerning Crystalline Silicon Photovoltaic Cells, Whether or Not Assembled into Modules,

from the People's Republic of China, Petition filed February 8, 2022 by Auxin Solar, Inc. in four separate DOC dockets: A-570-979, C-570-980, Malaysia; Thailand; Cambodia; and Vietnam.

“Back-Up Metering” has the meaning set forth in Section 4.1(b).

“Bankrupt” means with respect to a Person, such Person (i) files a petition or otherwise commences, authorizes, or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization, or similar law; (ii) has any such petition filed, or any such proceeding or cause of action commenced, against it if such petition, proceeding, or action is not discharged, dismissed, stayed, or restrained within 30 days following the filing or commencement thereof; (iii) makes an assignment or any general arrangement for the benefit of its creditors; (iv) otherwise becomes bankrupt or insolvent (however evidenced); (v) has a liquidator, administrator, receiver, trustee, conservator, or similar official appointed with respect to it or any substantial portion of its property or assets; or (vi) admits in writing its general inability to pay its debts as they come due.

“BOP Contract” means the balance of plant engineering, procurement, and construction contract entered into by Seller with respect to the Facility.

“BOP Contractor” means the engineering, procurement, and construction contractor retained by Seller under the BOP Contract.

“Business Day” means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday.

“Buyer” has the meaning set forth in the introductory paragraph of this Agreement, and is the owner and operator of the Sub-Transmission System to which the Facility is or will be, as applicable, interconnected at the Point of Interconnection.

“Buyer Curtailment” has the meaning set forth in Section 7.6(c)(i).

“Buyer Performance Security Term” has the meaning set forth in Section 6.1(a).

“Cash” means U.S. Dollars.

“Change in Law” means the occurrence, after the Effective Date, of any of the following: (a) the adoption or taking effect of any law, tax law, rule, regulation, order or treaty; (b) any repeal of or other change in any law, tax law, rule, regulation, order or treaty or in the administration, interpretation or application thereof by any Governmental Authority; or (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority.

“Change in Market Design” means (a) that Buyer or Transmission Provider becomes a market participant in a regional transmission organization, or other organized wholesale energy market that operates under the jurisdiction of the FERC, (b) the delivery or scheduling of any portion, or all, of the Delivered Energy under this Agreement at the Delivery Point becomes subject to any electric tariff or other rules or protocols of a regional transmission organization, (c) an organized energy market is established in which Buyer’s load is served and charged from a load node, (d) termination or substantial modification of the Buyer’s Power Supply Expanded Flexibility Agreement with the Transmission Authority or its successor, or (e) that the Buyer’s or Transmission Provider’s open access transmission tariff, if any, including the rules, protocols, procedures and standards attached thereto (as the same may be amended or modified from time-to-time and approved by FERC) has been changed and such change has a Material Adverse Effect.

“Change in Tax Law” means any Change in Law that repeals, in whole or in part, the Inflation Reduction Act of 2022, or changes any regulations or administrative guidance implementing the Inflation Reduction Act, in a manner that prevents or limits Seller from claiming or monetizing any ITC or PTC.

“Change of Control” means (i) any transfer, assignment or acquisition of the ownership, of more than fifty percent (50%) of the equity of, or any other ownership interest in, a Party to a Person that was not an Affiliate of the Party immediately prior to such transfer, assignment, or acquisition, or (ii) a change in the direct or indirect ownership of a Party such that upon the occurrence of such change, one or more Persons that were not Affiliates of such Party immediately prior to such change have the power, right or authority to direct, or cause the direction of, the management and policies of such Party.

“CMD Notice” shall have the meaning set forth in Section 3.6.

“Commercial Operation” means that each of the Commercial Operation Conditions has been satisfied by Seller or waived by Buyer, in accordance with Section 7.4(c).

“Commercial Operation Conditions” has the meaning set forth in Section 7.4(c).

“Commercial Operation Date” means the date on which Commercial Operation of the Facility is actually achieved.

“Compensable Curtailment Energy” has the meaning set forth in Section 3.2(a)(i).

“Condemnation Event” means any compulsory transfer or taking by condemnation, eminent domain or exercise of a similar power, or transfer under threat of such compulsory transfer or taking, of any part of the Facility, by any Governmental Authority or otherwise pursuant to Applicable Law.

“Confidential Information” means information provided by one Party to the other in connection with this Agreement including (i) this Agreement (which is the Confidential Information of both Parties), including the pricing and other commercial terms hereof; (ii) the content of documents, ideas, business methods, finances, prices, business plans, financial development plans, manpower plans, customer lists or details, computer systems, software, know-how, trade secrets or other matters of the disclosing Party; and (iii) other information related to or disclosed in connection with this Agreement. Notwithstanding the foregoing, “Confidential Information” does not include information that (x) at the time of disclosure is, or thereafter becomes, generally available to, or known by, the public other than as a result of a disclosure by the receiving Party or its representatives in violation of this Agreement; (y) was provided to the receiving Party from a source other than the disclosing Party not known to be subject to any confidentiality obligation to the disclosing Party; or (z) was otherwise independently acquired or developed by the receiving Party without reference to the Confidential Information of the disclosing Party or otherwise violating its obligations under this Agreement.

“Contract Price” means \$69.84 per MWh, subject to the adjustments and limitations set forth in Section 11.14, Section 11.15, Section 11.16, Section 11.17, and Section 11.18.

“Contract Year” means a period of one year, with the first such period commencing on and including the Commercial Operation Date and continuing through but excluding the first anniversary of the Commercial Operation Date, and with each successive period commencing immediately upon the conclusion of the prior Contract Year and continuing through but excluding the next anniversary of the Commercial Operation Date, except that if the Delivery Term ends on a day other than the day that

immediately precedes an anniversary of the Commercial Operation Date, the final Contract Year will continue through the last day of the Delivery Term.

“Control” means, when used with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract, or otherwise. Instances of “Controls”, “Controlled by”, and “under common Control with” have meanings correlative thereto.

“Costs” means, with respect to a Settlement Amount and any Termination Payment, brokerage fees, commissions and other similar third-party transaction costs and expenses reasonably incurred and documented by the Termination Payment Creditor either in terminating any arrangement pursuant to which it has hedged its obligations under this Agreement or entering into new arrangements which replace this Agreement; and all reasonable attorneys’ fees and expenses incurred by the Termination Payment Creditor in connection with the termination of this Agreement. Where Seller is the Termination Payment Creditor, Costs will include any costs relating to the termination of any other agreements associated with the System (such as financing arrangements, third-party contractor agreements, arrangements with the Local Electric Utility or environmental attribute sale agreements) that are not or cannot be assumed by Buyer, and the costs, if any, of dismantling, decommissioning, packing, removing and transporting the System and restoring the Site to its original condition, ordinary wear and tear excepted.

“COVID-19 Pandemic” means the COVID-19 pandemic declared by the World Health Organization on March 11, 2020 resulting from the spread of SARS-CoV-2 viral infections in humans and including successor outbreaks of COVID-19 resulting from the spread of SARS-CoV-2 viral infections in humans thereafter.

“Credit Rating” means, with respect to an entity other than Buyer, the current rating then assigned to that entity’s unsecured, senior long-term debt obligations (not supported by third party credit enhancements), or if that entity does not have a rating for its senior unsecured long-term debt, then the rating then assigned to such entity as an issuer rating by S&P, Fitch or Moody’s. With respect to Buyer, the long term issuer rating assigned by S&P, Moody’s, and Fitch. If Buyer does not have a long term issuer rating, then the rating assigned to Buyer’s electric revenue bonds (not supported by third party credit enhancements).

“Credit Requirements” means that such entity’s Credit Rating from at least two Ratings Agencies is equal to or greater than BBB- from S&P, Baa3 from Moody’s, or BBB- from Fitch.

“Curtailment Notification” has the meaning set forth in Section 7.6(c)(i).

“Damages” has the meaning set forth in Section 9.4.

“Defaulting Party” means the Party with respect to which an Event of Default has occurred and is continuing.

“Delay Condition” has the meaning set forth in Section 7.2(c).

“Delay Liquidated Damages” means an amount equal to the product of: (i) the Anticipated Nameplate Capacity, multiplied by (ii) \$75 per MW_{AC} per day.

“Delivered Energy” means the amount of Energy, expressed in MWh, that is generated by the Facility and delivered to the Delivery Point. In all cases, Delivered Energy shall be determined in accordance with Prudent Utility Practice based on measurements by the Primary Electric Metering Devices.

“Delivery Point” means the Point of Interconnection at the Primary Electric Metering Device.

“Delivery Term” has the meaning set forth in Section 2.1(a).

“DOC” means the U.S. Department of Commerce.

“Downgrade Event” means, with respect to an entity, that such entity no longer meets the Credit Requirements.

“Economic Loss” means (i) if Seller is the Non-Defaulting Party, the positive amount, if any, equal to (x) the present value of the payments it would receive under this Agreement for Product minus (y) the present value of the payments it would receive for Product under transactions replacing this Agreement on a similar settlement basis, in each case for the period from the early termination date through the scheduled end of the Delivery Term and determined by Seller in a commercially reasonable manner, and (ii) if Buyer is the Non-Defaulting Party, the positive amount, if any, equal to (x) the present value of the payments it would be required to make for Product under transactions replacing this Agreement on a similar basis minus (y) the present value of the payments it would be required to make for Product under this Agreement, in each case for the period from the early termination date through the scheduled end of the Delivery Term and determined by Buyer in a commercially reasonable manner. The Non-Defaulting Party is not required to enter into any replacement transaction in order to determine its Economic Loss.

“Effective Date” has the meaning set forth in the introductory paragraph of this Agreement.

“Eligible Guarantor” means with respect to the Buyer and Seller, a Person that has a Credit Rating that satisfies two or more of the following criteria: (a) BBB- or better from S&P, (b) BBB- or better from Fitch, or (c) Baa3 or better from Moody’s. For the Seller, this term refers to either, at the Seller’s sole discretion, an entity or a Person with a Credit Rating that meets two or more of the following criteria: (a) BBB- or higher from S&P, (b) BBB- or higher from Fitch, or (c) Baa3 or higher from Moody’s.

“Eligible Renewable Resource” means any resource that qualifies as a renewable energy resource eligible to be certified to receive, claim, own or use RECs pursuant to the protocols and procedures of the REC Registration Program.

“Emergency” means (a) a condition or situation that, in the judgment of the Buyer, Seller, Transmission Provider or the Transmission Authority making the claim, is (i) imminently likely to endanger life or property, or (ii) that is imminently likely to have a detrimental effect on the security of, or damage to, the Facility, the Interconnection Facilities, or the Transmission System or Sub-Transmission System; or (b) an “emergency” or an “emergency condition” or similar designation as defined in the Interconnection Agreement or by NERC or as declared by the Transmission Provider.

“Energy” means three-phase, 60-cycle alternating current electric energy, expressed in units of kilowatt-hours or megawatt-hours.

“Energy Management System” or “EMS” means Buyer’s SCADA System or Buyer’s representatives responsible for dispatch of generating units, including the Facility.

“Environmental Attributes” means any current and future emissions, air quality or other environmental attribute, aspect, characteristic, claim, credit, compliance premium, benefit, reduction, offset or allowance, howsoever entitled or designated, resulting from, attributable to or associated with an electric generating facility’s benefits to the environment and capable of being measured, verified or calculated, including Renewable Energy Credits generated by the Facility and the reporting rights related to any such

attributes, aspects, characteristics, claims, credits, benefits, reductions, offsets or allowances, including the right of a Person to report the ownership thereof in compliance with federal or state law, if applicable, or otherwise to a federal or state agency or any other Person, including under any present or future federal, state or local law, regulation or bill or any international or foreign emissions trading program. Notwithstanding the foregoing, Environmental Attributes do not include any Energy, Ancillary Services, Other Generator Attributes, PTCs, ITCs, or any other federal, state or local tax credits, grants or other tax incentives, or other incentives.

“Estimated Interconnection Costs” has the meaning set forth in Section 11.14.

“Event of Default” has the meaning set forth in Section 9.1(a).

“Extended Contract Price” means \$65.60 per MWh, subject to the adjustments and limitations set forth in Section 11.14, Section 11.15, Section 11.16, Section 11.17, and Section 11.18.

“Extended Term” has meaning set forth in Section 2.1(a).

“Facility” has the meaning set forth in the first recital paragraph.

“Facility Ancillary Services” means any Ancillary Services provided or made available by the Facility.

“Facility Environmental Attributes” means any Environmental Attributes provided or made available by the Facility.

“Facility Equipment” means any solar panel, onboard sensor, control component, inverter, transformer, collector equipment, interconnection equipment, transmission equipment, substation equipment, meter, communication device, safety equipment, cable, structure (including towers and racking), or any other equipment, or any of their components, subcomponents or materials, intended by Seller for incorporation into the Facility.

“Facility Lender” means any Person (including any trustee, arranger, or agent on behalf of such Person) lending money or extending credit to Seller or an Affiliate of Seller in connection with the development, construction, ownership, operation, or maintenance of the Facility, including any refinancing thereof.

“Facility Nameplate Capacity” means the installed AC nameplate capacity of the Facility that has achieved Commercial Operation, as measured at the Point of Interconnection, subject to adjustment pursuant to Section 7.5(b).

“Facility Potential Energy” means the quantity of Delivered Energy that Seller is capable of generating from the Facility and delivering to the Delivery Point.

“Fed Funds Rate” means with respect to any day, the rate for that day opposite the caption “Federal Funds (Effective)” in the statistical release designated as H.15 (Selected Interest Rates (Daily)) or any successor publication, published by the Board of Governors of the Federal Reserve System, but not less than 0%.

“Fitch” means Fitch Ratings, Inc.

“FMJ Conditions” has the meaning set forth in Section 8.1(b).

“FNTP Date” means the date on which Seller has (i) delivered full notice to proceed (however defined or described) to the BOP Contractor and all conditions precedent to the effectiveness of such notice have been satisfied, (ii) Seller releases the BOP Contractor to mobilize to the Site for the construction of the Facility and (iii) if the supply of modules for the Facility is not within the scope of the BOP Contractor’s obligations under the BOP Contract, entered into a purchase order or full notice to proceed (as applicable, and however defined or described) to the module supplier for all photovoltaic modules to be installed at the Facility and all conditions precedent to the effectiveness of such purchase order or notice, as applicable, have been satisfied.

“Force Majeure Event” has the meaning set forth in Section 8.1(b).

“Forced Outage” means any unplanned reduction or suspension of the electrical output from the Facility or unavailability of the Facility that (a) results in a reduction of the available capacity of the Facility by at least ten percent (10%) of the Facility Nameplate Capacity, and (b) is not the result of a Planned Outage or other cause of Seller Excused Hour.

“Gains” means, with respect to a Settlement Amount and any Termination Payment, an amount equal to the present value of the economic benefit to it, if any (exclusive of Costs), resulting from the termination of this Agreement, determined by the Termination Payment Creditor in a commercially reasonable manner.

“Governmental Authority” means any federal or state government, political subdivision thereof, or regulatory or quasi-regulatory authority, including NERC or any applicable regional reliability authority, and any municipality, township or county, or any Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any Person owned or controlled by any of the foregoing. For the avoidance of doubt, Buyer shall not be considered a Governmental Authority for the purposes of this Agreement.

“Guaranteed Commercial Operation Date” means seven hundred and thirty (730) days from the Effective Date, as such date may be extended pursuant to Section 7.2(c).

“Guaranteed Energy Production” means, for a Measurement Period, ninety percent (90%) of the Estimated Facility Output listed in Exhibit B, subject to weather and degradation adjustment, measured over a rolling three-year period and subject to further adjustment to account for certain outages, actions or omissions by the local electric utility, force majeure events, Buyer construction (or allowing the construction of) structures that interfere with the Facility’s access to sunlight, and relevant breaches by Buyer.

“Guaranty” means with respect to a Party, a guaranty issued by an Eligible Guarantor in (x) with respect to Buyer as the Pledgor, such form as may be reasonably acceptable

“Guaranty Default” means with respect to a Guaranty, (i) the issuer of such Guaranty no longer qualifies as an Eligible Guarantor; (ii) the issuer of such Guaranty has failed to comply with any of its material covenants or obligations under such Guaranty and such failure has not been remedied within 30 days following the Pledgor’s receipt of notice of such failure; (iii) the issuer of such Guaranty has disaffirmed, disclaimed, rejected, or challenged the validity of such Guaranty, whether in whole or in part; (iv) any representation or warranty made by the issuer under such Guaranty is false or misleading in any material respect when made or when deemed made or repeated and such failure, if capable of being

remedied, is not remedied within 30 days following the issuer's or the Pledgor's receipt of notice; (v) the issuer of such Guaranty has become Bankrupt; or (vi) such Guaranty terminates or otherwise ceases to be in full force and effect while required to be maintained pursuant to the terms of this Agreement.

“Import Restraint” means any withhold release order or other law, rule, or regulation, including the Uyghur Forced Labor Prevention Act, or any action of a Governmental Authority under any such order, law, rule, or regulation, that prevents or delays the import or release of any Facility Equipment into the United States.

“Independent Evaluator” means: (i) with respect to a Trade Measure Amendment Notice, an independent third-party validation firm that is: (A) selected by Seller from among (1) Sargent & Lundy, (2) Burns & McDonnell, or (3) Clean Energy Associates; or (B) mutually agreed upon by both Parties; and (ii) with respect to a Tax Amendment Notice, an independent third-party validation firm that is: (A) selected by Seller from among (1) Pricewaterhouse Coopers, (2) KPMG, or (3) Ernst & Young; or (B) mutually agreed upon by both Parties.

“Interconnection Agreement” means the agreement between Seller and the Buyer pursuant to which Seller and the Buyer set forth the terms and conditions for interconnection of the Facility to the Sub-Transmission System.

“Interconnection Costs” means the full cost, including related self-build costs, of all necessary Interconnection Facilities, Distribution Upgrades, communications, and Network Upgrades assessed against the Facility (as such terms are defined in the Interconnection Agreement or Transmission Provider's open access transmission tariff).

“Interest Rate” means, for any date, the lesser of (x) the per annum rate of interest equal to the prime lending rate published in *The Wall Street Journal* under “Money Rates” on such day (or if not published on such day on the most recent preceding day on which published) *plus* 2% and (y) the maximum rate permitted by Applicable Law.

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

“ITC” means tax credit applicable to capital investment in equipment used to produce renewable electric energy from energy resources or store energy under Section 48 or Section 48E of the Internal Revenue Code (as may be amended, supplemented or replaced (in whole or in part) from time to time), measured in US dollars.

“kW” means a kilowatt of electric capacity.

“kWh” means a kilowatt-hour of Energy.

“Lease Failure Termination” has the meaning set forth in Section 2.1(b)(i).

“Letter of Credit” means an irrevocable standby letter of credit issued by a Qualified Issuer substantially in the form described in Exhibit H, as applicable, or in such other form as may be reasonably required by the applicable Qualified Issuer, with such modifications thereto as the Secured Party may in its reasonable discretion require.

“Letter of Credit Default” means with respect to an outstanding Letter of Credit, the occurrence of any of the following events: (i) the issuer of the Letter of Credit ceases to be a Qualified Issuer; (ii) the issuer of the Letter of Credit fails to comply with or perform its obligations under such Letter of Credit and

such failure is continuing after the lapse of any applicable grace period; (iii) the issuer of the Letter of Credit disaffirms, disclaims, repudiates, or rejects, in whole or in part, or challenges the validity of, the Letter of Credit; (iv) the Letter of Credit expires, terminates, or otherwise fails or ceases to be in full force and effect at any time while required to be maintained pursuant to the terms of this Agreement; or (v) the issuer of the Letter of Credit becomes Bankrupt or any event analogous to an event specified in the definition of the term “Bankrupt” occurs with respect to the issuer of the Letter of Credit.

“Loss Event” means (i) any property casualty or loss or other similar event affecting the Facility or (ii) any Condemnation Event.

“Leased Premises” has the meaning set forth in Section 2.1(b)(i).

“Lessor” means Cemex Construction Materials Atlantic, LLC, or an affiliate thereof.

“Losses” means, with respect to a Settlement Amount and any Termination Payment, an amount equal to the present value of the economic loss to the Termination Payment Creditor, if any (exclusive of Costs), resulting from termination of this Agreement (including, where Seller is the Termination Payment Creditor, loss or recapture of Attributes grossed-up and paid on an After-Tax Basis), determined by the Termination Payment Creditor in a commercially reasonable manner.

“Material Adverse Effect” means any event, result, occurrence, development, fact, change or effect of whatever nature, that, individually or in the aggregate (i) is or could reasonably be expected to be materially adverse to the ability of Seller or Buyer to satisfy their respective obligations contemplated by this Agreement, (ii) has or could reasonably be expected to have a material and adverse effect on the Facility, (iii) has or could reasonably be expected to have a material and adverse effect on the ability to develop the Facility or on the design, development, interconnection, construction, start-up, testing, commissioning, ownership, use, operation or maintenance of the Facility, or (iv) has or could reasonably be expected to have a material and adverse effect on the validity or enforceability of this Agreement or the transactions contemplated hereby.

“Measurement Period” has the meaning set forth in Section 7.5(a).

“Meter” means a meter associated with the Facility, including the Primary Electric Metering Devices and Back-Up Metering.

“Monthly Payment” has the meaning set forth in Section 3.1(b).

“Moody’s” means Moody’s Investors Service, Inc.

“MW” means 1,000 kW of electric capacity.

“MWh” means 1,000 kWh of electric energy.

“NEE” means NextEra Energy, Inc., a Florida corporation.

“NEECH” means NextEra Energy Capital Holdings, Inc., a Florida corporation.

“NEER” means NextEra Energy Resources, LLC, a Delaware limited liability company.

“NERC” means the North American Electric Reliability Corporation.

“New Trade Measure Event” means any of the following events, including, as applicable, the period during which the applicable ruling request, inquiry, rulemaking, adjudication, order, detention, or other filing, proceeding, or action remains pending, ongoing, or subject to appeal, as applicable, before the DOC or other applicable Governmental Authority:

- i. Filing or initiation of any rulemakings, adjudications, or other proceedings or actions to increase, extend, or expand application of, or impose any new, tariffs, duties (including but not limited to AD/CVD or an anti-circumvention investigation), or other trade measures (including Import Restraints), or issuance of any related determinations, orders, tariffs, duties, or trade measures, on Facility Equipment; or
- ii. Enactment, adoption, promulgation, modification, or repeal of any law, rule, regulation, or order impacting or related to importation (including country-of-origin determinations or measures regarding eligibility for tax incentives based on country of origin), transportation, installation (including interconnection to the electrical grid), or use of any Facility Equipment; or
- iii. Any action (including any detention of Facility Equipment) of a Governmental Authority under any New Trade Measure Event under clauses (i) or (ii), above or under any Import Restraint.

For the avoidance of doubt, the Parties acknowledge that any of the following shall trigger the occurrence of a New Trade Measure Event with respect to the Auxin Anti-Circumvention Proceeding: any legislative, judicial, or administrative challenge to, or withdrawal (in whole or in part) of, (I) that certain Declaration of Emergency and Authorization for Temporary Extensions of Time and Duty-Free Importation of Solar Cells and Modules from Southeast Asia, by the President of the United States, dated June 6, 2022, or supporting Presidential Determination Pursuant to Section 303 of the Defense Production Act, or (II) any implementation thereof by the DOC or other Governmental Authority, including through any rulemaking.

For the avoidance of doubt, the Parties acknowledge that the AASMTC AD/CVD Case constitutes a New Trade Measure Event.

“Non-Compensable Curtailments” has the meaning set forth in Section 3.2(c).

“Non-Defaulting Party” has the meaning set forth in Section 9.2(a).

“Operating Procedures” means those procedures developed pursuant to Section 7.6(a) and Exhibit G, if any.

“Other Generator Attributes” means all current and future (known or unknown) defined characteristic, certificate, tag, or credit, whether general in nature or specific as to the location or any other attribute an electric generating facility, intended to value any aspect of the capacity of such facility to produce Energy or Ancillary Services. Notwithstanding the foregoing, Other Generator Attributes do not include Energy, Ancillary Services, Environmental Attributes, PTCs, ITCs, or any other federal, state or local tax credits, grants or other tax incentives.

“Outage” means a Forced Outage or Planned Outage.

“Outside Commercial Operation Date” means the date that is three hundred and sixty five (365) days after the Guaranteed Commercial Operation Date (as such date may be extended in accordance with Section 7.2(c)).

“Party” and “Parties” have the meanings set forth in the introductory paragraph of this Agreement.

“Performance Security” means Cash, a Letter of Credit, or a Guaranty.

“Performance Security Amount” means, (i) with respect to Seller, the amount of Performance Security then required to be provided by Seller to Buyer under Section 6.2, and (ii) with respect to Buyer, the amount of Performance Security then required to be provided by Buyer to Seller under Section 6.1.

“Permits” means, collectively, all federal, state, or local authorizations, certificates, permits, licenses and approvals required by any Governmental Authority for the construction, ownership, operation and maintenance of the Facility.

“Permitted Transfer” means any of the following:

(i) transactions between or among Affiliates of Seller, including any corporate reorganization, merger, combination or similar transaction or transfer of assets or ownership interests between or among Affiliates of Seller, provided that the Credit Rating of the applicable successor, surviving entity or transferee, immediately after giving effect to such event (after taking into account any performance assurance provided), is equal to or greater than the Credit Rating of Seller immediately before giving effect to such event (after taking into account any performance assurance provided);

(ii) any exercise by the Facility Lender or Tax Equity Investor of its rights and remedies under any financing documents;

(iii) a Change of Control of NEE, NEECH, NEER, XIOS, or XPLR;

(iv) any change of economic and voting rights triggered in Seller’s organization documents arising from the financing of the Facility and which does not result in the transfer of ownership, economic or voting rights in any entity that had no such rights immediately prior to the change;

(v) the direct or indirect transfer of shares of, or equity interests in, the Seller to a Tax Equity Investor; or

(vi) a transfer of the Facility (or the direct or indirect ownership of equity interests in Seller) in connection with any of the following (1) a transfer of all or substantially all of the assets of NEE, NEECH, NEER, XIOS, or XPLR; (2) a transfer of all or substantially all of NEER’s or NEP’s renewable energy generation portfolio; (3) a transfer of all or substantially all of NEER’s or NEP’s solar generation portfolio; or (4) the direct or indirect transfer of shares of, or equity interests in, Seller to a Person in which, following the transfer, an Affiliate of NEER continues to hold an economic interest in the Facility; provided, following any such transfer under (i) through (vi) above, (A) the entity that operates the Facility is (or contracts with) a Qualified Operator, and (B) Seller (or such Person) maintains the applicable Seller’s performance assurance required by the Agreement.

“Person” means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity.

“Planned Outage” means the removal of all or a portion of the Facility from service for inspection or general overhaul of one or more major equipment groups. To qualify as a Planned Outage, the maintenance (a) must actually be conducted during the Planned Outage and in accordance with Prudent Utility Practices, (b) must be of the type that is necessary to reliably maintain the Facility, (c) cannot be reasonably conducted during the Facility’s operations, and (d) causes the available capacity of the Facility to be reduced by at least ten percent (10%) of the Facility Nameplate Capacity.

“Pledgor” means Buyer or Seller, as applicable, in its capacity as the Party that has transferred or is required to transfer Performance Security to the other Party in its capacity as the Secured Party.

“Point of Interconnection” means the Facility’s point of interconnection with the Buyer’s 69 kV Sub-Transmission System, as more particularly described in Exhibit A.

“Potential Event of Default” means an event or condition that would, after giving effect to any applicable notice requirement or grace period, constitute an Event of Default.

“Price Increase Cap” means two percent (2%) of the original Contract Price or Extended Contract Price.

“Primary Electric Metering Devices” means electric meters and associated equipment owned, constructed, maintained and operated by Buyer, including metering transformers, telemetric devices and check meters (if any), utilized by Buyer to determine the amount of Delivered Energy generated by the Facility and delivered to the Delivery Point in accordance with Article 4.

“Product” means Delivered Energy, Facility Ancillary Services, and Facility Environmental Attributes.

“Prudent Utility Practice” means the practices, methods, and acts engaged in, or approved by, a significant portion of the utility-scale solar energy generation industry during the relevant time period, or any of the practices, methods, and acts that, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Prudent Utility Practice is not intended to be limited to the optimum practice, method, or act, to the exclusion of all others, but rather is intended to include acceptable practices, methods, and acts generally accepted by owners and operators of generating facilities similar to the Facility in the region.

“PTC” means the tax credits applicable to electricity produced from certain renewable resources pursuant to Section 45 or Section 45Y of the Internal Revenue Code (as may be amended, supplemented or replaced (in whole or in part) from time to time), measured in US dollars.

“Qualified Issuer” means a U.S. commercial bank or a U.S. branch office of a foreign bank that has (i) a Credit Rating of “A-” or better by S&P or “A3” or better by Moody’s, and (ii) assets of at least \$10,000,000,000.

“Qualified Operator” means a person that has at least three (3) years of experience operating and maintaining photovoltaic solar energy generation facilities with an aggregate capacity of no less than three hundred (300) MW_{AC}.

“Rating Agency” means any of S&P, Moody’s, or Fitch.

“REC Registration Program” means any State, regional, or federal program established to register Eligible Renewable Resources and create or certify RECs arising from energy generated from such Eligible Renewable Resources.

“Reimbursable Development Costs” has meaning set forth in Section 1.3(b).

“Renewable Energy Credit” and “REC” means a renewable energy credit or other tradable instrument that evidences the ownership of Environmental Attributes.

“S&P” means S&P Global Ratings, a division of S&P Global Inc.

“SCADA” means supervisory control and data acquisition.

“SCADA-Measured Potential” means the quantity of potential Delivered Energy provided to the Buyer by Seller using the Facility’s SCADA system in accordance with the AGC Protocols, which depicts Seller’s real time calculation of the Facility Potential Energy capable of being provided by the Facility to Buyer as measured at the Delivery Point.

“Secured Party” means Buyer or Seller, as applicable, in its capacity as the Party to which Performance Security has been transferred, or is required to be transferred, by the other Party in its capacity as the Pledgor.

“Seller” has the meaning set forth in the introductory paragraph of this Agreement.

“Seller Early Termination Payment” has the meaning set forth in Section 2.1(b)(ii).

“Seller’s Management Approval” means the meeting (or its subsequent written approval) at which Seller receives full approval by Seller’s senior management for the Facility to proceed with construction.

“Settlement Amount” means, with respect to a Termination Payment, the Losses plus Costs, minus Gains, expressed in Dollars, that the Termination Payment Creditor incurs as a result of the termination of this Agreement.

“Site” means the real property on which the Facility is to be built and located, as more particularly described in Exhibit A.

“Sub-Transmission System” means the Buyer’s facilities used for the sub-transmission of electricity, including any modifications or upgrades made to such facilities, that are owned and/or operated by the Buyer.

“Tax Amendment Notice” has the meaning set forth in Section 11.16.

“Tax Amendment Notice Review Period” has the meaning set forth in Section 11.16.

“Tax Equity Investor” means a Person that acquires a direct or indirect interest in Seller or that becomes a lessee of the Facility (under an inverted lease or other lease structured for tax equity investment purposes) as a part of a transaction to ensure that the Facility is owned or deemed owned, at least in part, by a Person able to utilize the tax benefits, or grants in lieu of tax benefits, associated with holding an ownership or leasehold interest in the Facility (including any subsequent transferees of any such Persons).

“Taxes” means any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs

duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property (including assessments, fees, or other charges based on the use or ownership of real property), personal property, transactional, sales, use, transfer, registration, value added, alternative or add on minimum, estimated tax, or other tax of any kind whatsoever, or any liability for unclaimed property or escheatment under common law principles, including any interest, penalty or addition thereto, whether disputed or not, including any item for which liability arises as a transferee or successor-in-interest.

“Term” has the meaning set forth in Section 2.1(a).

“Termination Payment” means, unless otherwise calculated in a particular provision of this Agreement, the Dollar amount that is equal to (a) the Settlement Amount, *plus* (b) any other amounts due to the Termination Payment Creditor by the Termination Payment Debtor under this Agreement as of the effective date of the termination; *minus* (c) any amounts due to the Termination Payment Debtor by the Termination Payment Creditor under this Agreement as of the effective date of the termination; *provided*, that if the Termination Payment Creditor’s aggregate Gains exceed its aggregate Losses and Costs, if any, resulting from the termination of this Agreement, the Termination Payment will be zero Dollars (\$0).

“Termination Payment Creditor” means the Party entitled to receive a Termination Payment pursuant to the terms and conditions of this Agreement.

“Termination Payment Debtor” means the Party required to pay a Termination Payment pursuant to the terms and conditions of this Agreement.

“Test Energy” means Delivered Energy generated by the Facility and delivered to the Delivery Point prior to the Commercial Operation Date.

“Test Energy Price” means a payment rate of 90% of the Contract Price applicable as of the Commercial Operation Date.

“Third Party Lease Agreement” has the meaning set forth in Section 2.1(b)(i).

“Tracking System” means a system maintained for the purpose of tracking the creation, trading, and retirement of RECs in connection with the REC Registration Program.¹

“Trade Measure Amendment Notice” has the meaning set forth in Section 11.15(b).

“Trade Measure Amendment Notice Review Period” has the meaning set forth in Section 11.15(b).

“Transmission Authority” means Tennessee Valley Authority.

“Transmission Provider” means the Transmission Authority’s Energy transmission system.

“Transmission System” means the Transmission Provider’s facilities used for the transmission of electricity, including any modifications or upgrades made to such facilities, that are owned and/or operated by the Transmission Provider.

“XIOS” means XPLR Infrastructure Operating Partners, LP (XIOS) (f/k/a NextEra Energy Operating Partners, LP), a Delaware limited partnership.

¹ NTD: Parties to discuss specifying the applicable Tracking System.

“XPLR” means XPLR Infrastructure, LP (XPLR) (f/k/a NextEra Energy Partners, LP), a Delaware limited partnership.

1.2 **Standards of Interpretation.**

For purposes of this Agreement, (i) terms defined in the singular include the plural and vice versa, and terms used in the masculine include the feminine and neuter and vice versa; (ii) references to “Articles,” “Sections,” “Exhibits,” and “Attachments” are to articles or sections of, or exhibits or attachments to, this Agreement; (iii) all references to a particular entity include that entity’s successors and permitted assigns; (iv) the words “herein,” “hereof,” and “hereunder” refer to this Agreement as a whole and not to any particular section or subsection; (v) all accounting terms not specifically defined in this Agreement are to be construed in accordance with generally accepted accounting principles in the United States, consistently applied; (vi) references to this Agreement include the appendices, Exhibits, Attachments, annexes, schedules, and other attachments to this Agreement, as the same may be amended, supplemented, replaced, restated, or otherwise modified from time to time; (vii) references to any agreement or form mean such agreement or form as may be amended, restated, supplemented, or otherwise modified from time to time; (viii) the word “including,” when used in this Agreement, means including without limitation; (ix) references to “Dollars” and the symbol “\$” mean U.S. Dollars; (x) references to any Governmental Authority include any successor to its applicable functions; and (xi) references to any Applicable Law, including the Internal Revenue Code, or to the REC Registration Program include any amendments, successor, or replacement thereto.

1.3 **Reimbursable Development Costs.**

(a) Seller shall complete certain initial development activities (the “Initial Development Activities”), and subsequently deliver the Fixed Price Notice to Buyer.

(b) Within ten (10) Business Days of receipt of the Fixed Price Notice, Buyer shall, in writing, either accept the amended Contract Price or reject the amended Contract Price as detailed in the Fixed Price Notice. If Buyer rejects the new Contract Price, Buyer shall reimburse Seller for certain related development costs incurred as of the date the Fixed Price Notice is issued (the “Reimbursable Development Costs”), not to exceed Three Hundred and Fifty Thousand Dollars (\$350,000), subject to the following:

(i) If the Contract Price does not change, or increases by less than \$1.40/MWh due to reasons other than Buyer-directed Interconnection upgrade costs, then Buyer shall reimburse Seller for one hundred percent of the (100%) Reimbursable Development Costs;

(ii) If the Contract Price increases between \$1.40/MWh and \$4.18/MWh for reasons other than Buyer-directed Interconnection upgrade costs, then Buyer shall reimburse Seller for fifty percent (50%) of the Reimbursable Development Costs, not to exceed \$175,000;

(iii) If the Contract Price increases by \$4.19/MWh or more, for reasons other than Buyer-directed interconnection upgrade costs then Buyer shall have no obligation to reimburse Seller for any Reimbursable Development Costs; and

(iv) If the Contract Price increases only due to Buyer-directed Interconnection upgrade costs, then Buyer shall reimburse Seller for one hundred percent (100%) of the Reimbursable Development Costs. Any Reimbursable Development Costs due to Seller under this Section 1.3 shall be due to Seller within sixty (60) days of Buyer’s receipt of an invoice for such amount. Upon receipt of payment, Seller shall, to the extent permissible, assign and deliver to Buyer the right,

title, and interest in and to any documents, materials, or other personal property developed by Seller in furtherance of the Initial Development Activities. If this Agreement is terminated early in accordance with this Section 1.3, neither Party shall have any further obligations under this Agreement and the Termination Payment shall not apply.

Article 2

TERM; TERMINATION AND SURVIVAL OF OBLIGATIONS

2.1 Term and Delivery Term.

(a) Term and Delivery Term. This Agreement is effective on the Effective Date and, unless earlier terminated pursuant to the terms of this Agreement or by agreement of the Parties, will remain in effect through the 20th anniversary of the Commercial Operation Date (the "Term"). The delivery term under this Agreement (the "Delivery Term") includes the period from and including the Commercial Operation Date and continuing through the end of the Term. Starting after the tenth (10th) year of the Delivery Term, the Buyer has the exclusive right to extend the Term by an additional ten (10) Contract Years ("Extended Term"). Unless the Buyer, in its sole discretion, provides written notice not less than one year before the end of the tenth (10th) Contract Year of its intent to deny or delay the extension, the Term will automatically extend by another ten (10) Contract Years, and the Extended Contract Price in Section 3.1(b) will apply from the start of the eleventh (11th) year of the Delivery Term through the end of the Extended Term.

(b) Early Termination by Seller. Prior to the Commercial Operation Date, Seller may terminate this Agreement at any time for reasons contemplated in Sections 1.3, 2.1, 7.3, 8.3, 9.2, 11.14, 11.15, 11.16, 11.17 (including, but not limited to, failure to obtain required permits, subsidies, approvals or financing commitments), immediately upon Notice to Buyer.

(i) Notwithstanding anything else in this Agreement to the contrary, for up to 180 days from the Effective Date, Seller may terminate this Agreement without penalty if Seller has not entered into a legally binding third-party land lease agreement with Lessor ("Third Party Lease Agreement"), for the Site (such termination option, the "Lease Failure Termination"). The Third Party Lease Agreement shall be executed on terms satisfactory to Seller and allow the Seller to maintain the System and carry out its obligations set forth in this Agreement on the Leased Premises for the Term or longer. The Seller shall promptly provide Notice of the full execution of such Third Party Lease Agreement to the Buyer. In the event that the Seller fails to provide Notice to the Buyer of Lease Failure Termination under this Section 2.1(b)(i) within 180 days from the Effective Date of this Agreement, Seller may terminate this Agreement by providing written Notice to the Buyer along with payment of the Seller Early Termination Payment as defined below. Seller shall use commercially reasonable efforts to seek to execute the Third Party Lease Agreement within the 180-day timeframe.

(ii) If Seller's notice of early termination occurs on or prior to Seller's Management Approval, Seller shall pay an early termination fee to Buyer equal to \$5.00 multiplied by the Contract Output of the Project in kW. If notice of early termination occurs after Seller's Management Approval or 180 days from the Effective Date, whichever occurs first, but prior to Seller achieving FNTP, the Seller shall pay to Buyer an early termination fee equal to \$20.00 multiplied by the Contract Output of the Project in kW. If Seller terminates the Agreement between FNTP and the Commercial Operation Date, then the early termination payment to Buyer shall be the amount of \$25.00 multiplied by the Contract Output of the Project in kW (for the purposes of

this section only, each payment, a “Seller Early Termination Payment”). The Seller Early Termination Payment described herein notwithstanding, Buyer waives any claims that may arise as a result of termination pursuant to this subsection, but, despite such termination, Seller shall perform Seller’s decommissioning obligations regarding the removal of such Facility and the restoration of the Site in accordance with the Third Party Lease Agreement. Neither Party will have any additional liability to the other Party in connection with the termination of the Agreement pursuant to this Section 2.1(b).

2.2 **Effect of Termination – Survival of Obligations.**

(a) **Generally.** Except as set forth in Section 2.2(b) or as otherwise set forth in this Agreement, following termination of this Agreement neither Party will have future or further rights or obligations under this Agreement.

(b) **Survival of Obligations.** In addition to any other provisions of this Agreement that, by their terms, survive the termination of this Agreement, the following rights, obligations, or provisions survive the termination of this Agreement:

- (i) the provisions of Section 2.1(b);
- (ii) the provisions of this Section;
- (iii) obligations of a Party to the other Party to pay any amounts or to perform any duties or obligations that accrued or arose prior to, that directly resulted from, or that contemplate performance following, the termination of this Agreement;
- (iv) the provisions of Section 3.7;
- (v) the payment related provisions set forth in Section 5.2;
- (vi) the provisions of Section 5.4;
- (vii) limitation of liability provisions set forth in Section 9.3 and the warranty limitations set forth in Section 10.3;
- (viii) obligations set forth in Section 9.4 (which survive through the conclusion of the statute of limitations period applicable to any potential third party claim or the resolution of any then outstanding third party claim, if later);
- (ix) the provisions of Article 11; and
- (x) the provisions of Section 7.7.

Article 3 PURCHASE AND SALE

3.1 **Purchase and Sale of Product.**

(a) **Deliveries.** Subject to the terms and conditions of this Agreement, commencing on the Commercial Operation Date and continuing throughout the Delivery Term, (i) Seller shall generate from the Facility, sell and deliver at the Delivery Point, and Buyer shall purchase and accept from Seller at the

Delivery Point, all of Delivered Energy and (ii) Seller shall cause the registration and transfer to Buyer of, and Buyer shall accept such transfer of, all other Product in accordance with the terms of this Agreement. Except as expressly provided otherwise herein, Seller will be responsible for all interconnection, electric losses, transmission arrangements, scheduling arrangements, and costs required to deliver Product to Buyer at the Delivery Point, and Buyer will be responsible for all electric losses, transmission arrangements, scheduling arrangements, and costs required to accept delivery of Product at the Delivery Point and transmit it after the Delivery Point.

(b) Monthly Payments. In consideration of the sale to Buyer by Seller of Product and commencing with the Commercial Operation Date, Buyer shall make a monthly payment (the “Monthly Payment”) to Seller equal to the Contract Price or Extended Contract Price multiplied by the aggregate Delivered Energy delivered by Seller to Buyer during the applicable calendar month in the Delivery Term, which will be calculated at the end of each such month and be payable by Buyer pursuant to Article 5.

(c) Test Energy. Prior to Commercial Operation Date, Seller shall coordinate with Buyer the production and delivery of Test Energy to Buyer at the Delivery Point, with not less than five (5) Business Days’ notice. The Parties shall cooperate to facilitate Seller’s testing of the Facility necessary to satisfy the Commercial Operation Conditions. Buyer shall pay Seller the Test Energy Price for all Test Energy.

3.2 Compensable and Non-Compensable Curtailment Energy.

(a) If generation and delivery of Delivered Energy is curtailed (x) pursuant to a Buyer Curtailment; (y) due to a breach of Buyer under this Agreement, or (z) by Buyer directly, Transmission Authority or Governmental Authority and such curtailment is not a Non-Compensable Curtailment, then:

(i) The Parties shall determine the quantity of Delivered Energy that would have been generated and delivered had it not been so curtailed under Section 3.2(a), including during those periods of time when the Facility (i) is on AGC and the AGC Set-Point is set at a level that will not allow any portion of the Facility Nameplate Capacity to be deliverable, by determining the difference between Facility Potential Energy and the Delivered Energy; and (ii) is not on AGC or the AGC Set-Point is set at a level that will allow the Facility Nameplate Capacity to be deliverable, by determining the amount that would have been available for delivery had its generation not been so curtailed (“Compensable Curtailment Energy”).

(ii) Compensable Curtailment Energy shall be calculated as the number of MWh represented by the Facility Potential Energy less any Non-Compensable Curtailments and the Delivered Energy actually delivered and measured by the Seller’s Back-Up Metering during the period of curtailment.

(iii) Buyer shall pay Seller for such Compensable Curtailment Energy, pursuant to Article 5, an amount equal to the Compensable Curtailment Energy multiplied by the sum of the Contract Price or the Extended Contract Price, whichever is applicable at the time of payment.

(b) For purposes of determining Compensable Curtailment the Parties shall estimate the expected amount of such curtailed Energy Output that would have been generated but for the curtailment, in a commercially reasonable manner, consistent with Prudent Utility Practice, based on measured solar irradiance, via onsite measurement or satellite data, for each hour during the Curtailment period.

(i) To the extent available, Buyer agrees that Seller's real time SCADA-Measured Potential communicated by Seller to Buyer through the SCADA system will be the proxy for Facility Potential Energy, except to the extent that the Seller's SCADA-Measured Potential is demonstrated not to accurately reflect the Facility Potential Energy (plus or minus 2% different from Electric Meter Devices over a period of one month).

(ii) During those periods of time when the SCADA-Measured Potential is unavailable or does not accurately represent Facility Potential Energy, the Parties shall use the best available data obtained through commercially reasonable methods to determine the Facility Potential Energy.

(c) Notwithstanding anything in this Section 3.2 to the contrary, curtailments or reductions of delivery for any of the following reasons shall constitute "Non-Compensable Curtailments" and shall be excluded from Compensable Curtailment Energy, and no payment shall be due Seller under Section 3.2(a) for curtailments of delivery of Delivered Energy arising out of or resulting from:

(i) During an Emergency as defined in Article 1 and inclusive of emergency conditions (i.e. when Buyer or Transmission Provider) is impacted by grid conditions or when operation of the Facility could damage the grid);

(ii) a civil, regulatory or criminal proceeding for the protection of endangered, migratory or other protected species;

(iii) Seller's failure to maintain in full force and effect any Permits to own, operate and/or maintain the Facility;

(iv) If a condition exists that presents an imminent physical threat to persons or property and disconnection or Curtailment appears necessary to protect such persons or property, and only for the duration it poses an imminent threat;

(v) The Facility needs to be curtailed to overcome a system reliability problem to the Sub-Transmission System or Transmission System, and any such requirement shall be consistent with Prudent Utility Practice and Buyer shall use commercially reasonable efforts to avoid or limit any such Curtailment;

(vi) If such disconnection or Curtailment is necessary to construct, install, maintain, repair, replace, remove, investigate, inspect, or test any affected part of the Sub-Transmission System or Transmission System provided that, Buyer shall (a) make commercially reasonable efforts to schedule any such disconnections outside the expected operational hours of the Facility, (b) shall make commercially reasonable efforts to notify Seller no less than five (5) business days prior to such Curtailment, including the expected duration such Curtailment, and (c) shall perform all work associated with such Curtailment on the Sub-Transmission System in a manner consistent with Prudent Utility Practice; or

(vii) To comply with Emergency conditions applicable to NERC standards, including those relating to the Transmission Authority provided that Buyer will make commercially reasonable efforts to schedule any such compliance measures outside the expected operational hours of the Facility and will notify Seller no less than 5 business days in advance where feasible.

3.3 **Environmental Attributes.**

(a) The Parties acknowledge that existing and future Applicable Laws may create value in the ownership, use or allocation of Environmental Attributes, including RECs, from the Facility. To the fullest extent allowed by such Applicable Law, Buyer shall own or be entitled to claim all Facility Environmental Attributes, including associated RECs, to the extent such Facility Environmental Attributes may exist or be created during the Term.

(b) Subject to the terms and conditions of this Agreement, Seller shall register the Facility as an Eligible Renewable Resource for the Term and to hold, manage and transfer the RECs associated with Facility Environmental Attributes to Buyer's account and Site Lessor's account.

(c) Buyer, in its sole discretion, after having received the applicable RECs from Seller, shall have the option of transferring any REC from the Facility as otherwise allowed by law.

(d) Seller shall transfer to Buyer twenty-five percent (25%) of the Renewable Energy Credits generated by the Facility. The remaining Renewable Energy Credits shall be transferred from the Seller to the Lessor in accordance with a separate agreement between Seller and Lessor.

3.4 **Ancillary Services.**

(a) Seller shall make available to Buyer any applicable Facility Ancillary Services, at no additional charge under this Agreement. Any compensation Seller receives under the Interconnection Agreement or otherwise related to such Facility Ancillary Services shall be provided to Buyer via a reduction to Seller's monthly invoice or other mutually agreed mechanism.

(b) Seller shall use commercially reasonable efforts to maximize the availability of Facility Ancillary Services available from the Facility; provided, however, that (i) Seller shall not be required to make any capital expenditures or incur any increased operating expenses in connection therewith, unless Buyer has agreed in writing to reimburse Seller for such capital expenditures or increased operating expenses; and (ii) any Buyer dispatch instruction related to enhancing the availability of Facility Ancillary Services shall not reduce the generation and delivery of Delivered Energy from the Facility.

(c) In the event a Governmental Authority or Transmission Provider implements new or revised requirements for generators to create, modify, change or supply Ancillary Services, requiring Seller to install additional equipment after the Commercial Operation Date to meet such requirements, then Seller shall be allowed to reduce the amount to be credited to Buyer for Facility Ancillary Services by an amount sufficient to recover the cost of such additional equipment. Any cost not so recovered by Seller in any billing period shall be carried forward as a reduction of the amount of the Facility Ancillary Services credited in subsequent billing periods, until Seller has recovered any such costs. The Contract Price and Extended Contract Price shall not be impacted by additions or reductions of Ancillary Services described in herein.

3.5 **[RESERVED].**

3.6 **Change in Market Design.**

If a Change in Market Design renders this Agreement or any terms herein incapable of being performed or administered, then either Party, following written notice to the other Party (a "CMD Notice"), may request the other Party to enter into negotiations to make the minimum modifications to this Agreement necessary to allow this Agreement capable of being performed and administered, while attempting to

preserve, to the maximum extent possible, the benefits, burdens and obligations set forth in this Agreement as of the Effective Date. The CMD Notice shall include a written statement explaining in reasonable detail the Change in Market Design and the Material Adverse Effect the change has on the impacted Party. Within five (5) Business Days of the CMD Notice, the Parties shall consult in good faith to determine and assess what actions or steps, if any, either Seller, Buyer or both Parties could implement to alleviate, minimize and/or mitigate the effect of any such Change in Market Design. If the Parties identify actions and procedures that can be implemented without resulting in either Party incurring any material costs, expenses or burdens hereunder while preserving the economic terms and conditions of this Agreement (including economic benefits, risk allocation, costs and liabilities), then the Parties shall, in good faith and in a commercially reasonable manner, endeavor to implement such actions and procedures and modify the Agreement accordingly. However, if the Parties are unable, within sixty (60) days of the CMD Notice, to agree upon the actions, procedures and modifications necessary to resolve the issues relating to the Change in Market Design, then either Party may submit issues pertaining to the Change in Market Design to the dispute resolution proceedings as provided in Section 11.20. Pending the resolution of a dispute related to a Change in Market Design (i) neither Party shall be obligated to perform under this Agreement, and (ii) Seller shall be entitled, within the limits of Applicable Law, to sell Product to any Person at any rate and upon any terms and conditions that Seller may determine in its sole discretion without liability to Buyer hereunder; *provided*, performance hereunder will resume promptly following the resolution of the dispute (and, in any event, no later than fifteen (15) Business Days following such resolution). For avoidance of doubt, a change in cost shall not in itself be deemed to render this Agreement or any terms herein incapable of being performed or administered. New Trade Measure Events and Changes in Tax Law as described elsewhere in this Agreement shall not be considered Changes in Market Design.

3.7 Tax Credits and Other Products.

For the avoidance of doubt, the following are retained by Seller: (i) all PTCs and ITCs and any other current or future tax credits, deductions (including depreciation), cash grants, or benefits or other financial incentives applicable to the Facility; (ii) all other products, including Other Generator Attributes, generated by or associated with the Facility other than Product.

Article 4 METERING; RECORDS AND AUDITS

4.1 Metering Requirements.

(a) Primary Electric Metering Devices. The Delivered Energy will be determined based on measurements at the Point of Interconnection made by the Primary Electric Metering Devices. If the applicable Meter is not located at the Point of Interconnection, then the actual measured amount of Delivered Energy will be adjusted in accordance with Buyer's applicable standards and Prudent Utility Practice for applicable line and transformation losses to the Point of Interconnection. Seller shall be responsible for the cost of the Primary Electric Metering Devices though Buyer shall be responsible for the engineering, procurement, installation and maintenance of the Primary Electric Metering Device. The Buyer shall ensure that (i) the Primary Electric Metering Devices are maintained and operated in accordance with the Buyer's Interconnection Agreement, (ii) the Meters are tested in accordance with Buyer's applicable standards. Seller's obligation with respect to clauses (i) and (ii) will be limited to enforcing its rights and remedies under the Interconnection Agreement. Buyer shall provide reasonable prior notice to Seller of the time and date of each test of the Meter and shall use commercially reasonable efforts to obtain any required approval to permit Seller to be present at such tests. Buyer shall be responsible as required by law for any personal injury, death or property damage caused by Buyer or its representatives during any such visits to the Site, except to the extent such damage is caused by the willful misconduct or gross negligence of Seller. Buyer shall provide Seller with a copy of the results of any test of the Meter. In

addition to Buyer's annual test of the Meter, Seller may dispute the accuracy or condition of the Meter and request a test of the Meter in writing, such test to be conducted on a date and time mutually agreed to by the Parties by an independent third-party testing service mutually chosen by the Parties. Buyer is responsible for the costs associated with the inspection and testing of the Meter, except that if Seller disputes the accuracy or condition of the Meter and the results of the testing requested by Seller indicates that the Meter is accurate within the applicable tolerances set forth in Buyer's applicable metering standards, then Seller shall bear the cost of the requested testing of the Meter.

(b) **Back-Up Metering.** Each of Buyer and Seller may elect to install and maintain, at the installing Party's own expense, backup metering devices ("**Back-Up Metering**") in addition to the Electric Metering Devices, which installation and maintenance shall be performed in a manner reasonably acceptable to Seller; provided, however, that Buyer must provide written notice to Seller no later than 45 days following the Effective Date regarding any Back-Up Metering it desires to have installed. The installing Party, at its own expense, shall inspect and test Back-Up Metering upon installation and at least annually thereafter. If any Back-Up Metering is found to be defective or inaccurate, the Party owning such defective or inaccurate device and at that Party's expense shall either remove or replace such Back-up Metering or adjust, repair, and/or recalibrate such Back-up Metering as near as practicable to a condition of zero error. Back-up Metering installed by either Party does not constitute part of the Primary Electric Metering Devices for purposes of this Agreement, and all Back-Up Metering installed by either Party may measure only the Delivered Energy delivered by the Facility to the Delivery Point. The Parties agree to use Seller's Back-Up Metering in connection with the generation of Environmental Attributes and Ancillary Services and in connection with Delivered Energy values solely as required for calculations under **Section 3.2.**

4.2 **Meter Inaccuracies and Retroactive Adjustments.**

If a the Primary Electric Metering Device fails to register, or if the measurement made by a Primary Electric Metering Device is found upon testing to be inaccurate by an amount exceeding any applicable tolerances set forth in Buyer's applicable requirements, the Parties shall, subject to Buyer applying the corresponding adjustments and resetting with respect to the applicable Delivered Energy during the affected period (as determined pursuant to the applicable provisions Buyer's metering standards), adjust all measurements and past statements as further described in **Section 5.1** made by the inaccurate or defective Meter during the affected period in order to account for such inaccuracy and inaccurate payments from Buyer to Seller; provided that if the period of inaccurate measurement cannot be determined, the correction shall be for the period immediately preceding the discovery of the error that is equal to one-half of the time from the date of the last previous test of the applicable Meter, provided that the period subject to correction shall not exceed twelve (12) months.

4.3 **Records.**

Seller shall keep complete and accurate records necessary for the purposes of proper administration of this Agreement, including all records necessary for billing and payments, records of Delivered Energy and Product generated by the Facility, and such other records as may be required by applicable Governmental Authorities or Prudent Utility Practice. Seller shall retain all such records throughout the Term and for a period of not less than two years following the termination of this Agreement. Seller shall upon request provide Buyer with copies of such records and with such other information as Buyer may reasonably require.

4.4 **Data Access.**

Seller shall, at its cost and expense, (i) provide Buyer (or its designee) with access to generation data from the Facility as measured by Facility's SCADA and (ii) install and maintain all communications, hardware, and software applications and related intellectual property necessary to provide such access to Buyer's SCADA system. Buyer and Seller shall cooperate to ensure that any data access or transfer requirements under this Agreement are implemented in a cost-effective manner to enable compliance with all applicable cybersecurity requirements and standards under Applicable Law and in accordance with Prudent Utility Practice. Notwithstanding anything to the contrary in this Agreement, Seller shall not be required to establish or maintain any data access that it reasonably determines in accordance with Prudent Utility Practice would create or allow any undue vulnerability to cybersecurity threats.

4.5 **Audit Rights.**

Buyer has the right for a period of 12 months following the date a statement was rendered or Buyer's performance of an obligation under this Agreement, to audit and to examine Seller's records and data kept by Seller relating to the statement or the performance of such obligation, during normal business hours and upon reasonable prior written notice and with as little impact to Seller's business as possible. Each Party is responsible for its own costs and expenses associated with any audit or examination unless the audit or examination reveals one or more errors that resulted in a material overpayment by Buyer, in which case Seller shall within five Business Days following demand by Buyer reimburse Buyer for the reasonable costs and expenses it incurred in connection with such audit or examination. If any such examination reveals any inaccuracy in any statement, the necessary adjustments to such statement and related payments will be made, and the applicable Party shall, in accordance with Section 5.2(a), promptly pay the amount of such payment adjustment together with interest accrued at the Interest Rate from and including the date of the applicable overpayment or underpayment to but excluding the date on which the adjustment amount is paid, except that no adjustment for any statement or any related payment will be made unless the inaccuracy was revealed prior to the lapse of 12 months from the date such statement was rendered, and any inaccuracy not revealed prior to the lapse of such period is deemed waived and not subject to adjustment under this Section 4.5.

Article 5 BILLING AND PAYMENT

5.1 **Billing.**

Except as otherwise specified in this Agreement, the calendar month is the standard period for all payments under this Agreement. On or before the tenth (10th) business day following the end of each calendar month during the Delivery Term, Buyer shall provide to Seller a monthly statement specifying (i) the net amount due to Seller or Buyer with respect to any Monthly Payments for the ended calendar month and (ii) any other amounts due between the Parties with respect to such ended calendar month (other than amounts separately invoiced by Seller); *provided*, that if the net amount due to Seller from Buyer is a negative amount, Seller shall pay such amount to Buyer in accordance with Section 5.2. Each such statement provided by Buyer to Seller must be accompanied by supporting documentation sufficient to enable Seller to verify the accuracy of the amounts specified in the statement. Buyer must deliver each monthly statement in accordance with the notice requirements of Section 11.1. Primary Electric Metering Device shall serve as the revenue meter for billing. On or before the tenth (10th) business day following each calendar month, Buyer shall provide Seller with hourly interval data capturing all Delivered Energy generated at the Primary Electric Metering Device for the previous month. If inaccuracies are detected in the Primary Electric Metering Devices as described in Section 4.2, the Seller shall apply a credit or debit to address any such metering inaccuracies that led to incorrect statements and payments in the next applicable monthly statement, as further described in Section 4.2 and 5.2(c).

5.2 Payments.

(a) Generally. Subject to Section 5.2(c), payments associated from Buyer's monthly statements under this Agreement are due and payable on or before the thirtieth (30th) day after receipt of the statement or, if such day is not a Business Day, then on the next Business Day, *provided, that*, if the net amount due to Seller from Buyer in any calendar month's statement is a negative amount, Seller shall pay such statement within thirty (30) days after the end of such calendar month or credit in the next monthly statement. All payments under this Agreement will be made by the applicable Party by wire transfer of immediately available funds to the account designated in writing by the payee for receipt of such payments.

(b) Late Payments and Interest Rate. Any undisputed amounts not paid when due will accrue interest on a daily basis at the Interest Rate from and including the date due through but excluding the date paid. All calculations of interest will be computed on the basis of a 365-day year.

(c) Corrections to Statements; Payment Disputes. Each Party may, in good faith, dispute the correctness of any statement or invoice or any adjustment to a statement or invoice under this Agreement within 12 months following the date such invoice, or adjustment to a statement, was rendered. Any dispute with respect to a statement or invoice must be made in writing and include a reasonably detailed description of the basis for such dispute. If a Party provides written notice of a dispute with respect to an statement or invoice prior to the applicable due date for such statement or invoice, such Party shall pay the undisputed amount of such statement or invoice when due, but may, if not already paid, withhold payment of the disputed portion until such dispute is resolved. If in connection with the resolution of the dispute it is determined that (i) an additional payment is due by a Party, such Party shall make the required payment to the other Party within 10 Business Days following such resolution, together with interest accrued at the Interest Rate from and including the due date to but excluding the date paid or (ii) a Party is entitled to a refund of any amount previously paid, the other Party shall, at the entitled Party's election, either return the amount overpaid within 10 Business Days following such resolution or provide the entitled Party with a credit on the next statement or invoice delivered following resolution of the dispute equal to the amount overpaid, in each case together with interest accrued at the Interest Rate from and including the date of such overpayment to but excluding the date repaid by the other Party or reflected as a credit in an invoice delivered by the other Party, as applicable.

5.3 Netting of Payments.

All undisputed mutual debts and payment obligations due and owing between the Parties on the same day pursuant solely to this Agreement, including any damages, interest, and payments or credits, will be automatically satisfied and discharged through netting, and if the aggregate amount payable by one Party exceeds the aggregate amount that otherwise would have been payable by the other Party, replaced by an obligation of the Party by which the larger aggregate amount would have been payable to pay to the other Party the excess of the larger aggregate amount over the smaller aggregate amount. For the avoidance of doubt, netting shall only apply to obligations under this Agreement and its related Facility, and shall exclude Affiliates of the Parties or any other agreements unrelated to the Facility.

5.4 Allocation of Taxes.

Seller shall pay or cause to be paid all Taxes on or with respect to all Product sold and delivered hereunder arising prior to transfer to Buyer. Buyer shall pay or cause to be paid all applicable Taxes on or with respect to all Product purchased and received at and after transfer from Seller (other than ad valorem, franchise or income Taxes that are related to the sale of the Product and are, therefore, the responsibility of Seller). In the event Seller is required by Applicable Law to remit or pay Taxes that are Buyer's responsibility hereunder, Buyer shall promptly upon written demand reimburse Seller for such Taxes. If

Buyer is required by Applicable Law to remit or pay Taxes that are Seller's responsibility hereunder, Seller shall promptly upon written demand reimburse Buyer for such Taxes or, at Buyer's option, Buyer may deduct the amount of any such Taxes from the sums due to Seller under this Agreement. Nothing obligates or requires a Party to pay or be liable to pay any Taxes for which it is exempt under Applicable Law.

Article 6

CREDIT REQUIREMENTS

6.1 Buyer Performance Security.

(a) Buyer Performance Security Amount. If, at any time during the period that begins on the Effective Date and ends upon the later of (i) the conclusion of the Term or the Extended Term or earlier termination pursuant to the terms of this Agreement, or (ii) the date on which all of Buyer's obligations under this Agreement have been satisfied in full (other than contingent obligations for which Seller has not made a claim) (such period, the "Buyer Performance Security Term"), Buyer fails to meet the Credit Requirements, then Buyer shall notify Seller and Seller may request the Buyer to provide Performance Security as described in Exhibit H to Seller within ten (10) Business Days after failing to meet the Credit Requirements until the earlier of (i) the conclusion of the Buyer Performance Security Term or (ii) the date any Buyer Performance Security has been exhausted, in the amount of the Termination Payment.

(b) Drawing on Buyer Performance Security. Any amounts owed by Buyer to Seller under this Agreement (other than disputed amounts) and not satisfied within thirty (30) days of becoming due and owing may be satisfied by Seller by a draw on Buyer's Performance Security until such Performance Security has been exhausted. In addition, upon termination of this Agreement, Seller may draw upon Buyer's Performance Security for any undisputed amounts owed to Seller under this Agreement if not paid when due pursuant to Section 5.1. Buyer's Performance Security will not be subject to replenishment.

(c) Buyer Credit Events. If, during the Term, Buyer meets the Credit Requirements, Seller shall return the remaining Performance Security to Buyer no later than five (5) Business Days after Seller's receipt of notice that Buyer has met the Credit Requirements; provided, however, that if there is a subsequent Downgrade Event with respect to Buyer, Buyer will again be required to provide Performance Security in accordance with the terms of this Section 6.1.

6.2 Seller's Performance Security.

(a) Seller shall provide and maintain the Performance Security in compliance with Exhibit H.

(b) Seller shall within ten (10) business days following Effective Date of this Agreement until the conclusion of the Term or the Extended Term or earlier termination pursuant to the terms of this Agreement (such period, the "Seller Performance Security Term"), provide Performance Security to Buyer. Seller Performance Security shall be in the amount set forth in Exhibit H.

(c) Drawing on Seller Performance Security. Any amounts owed by Seller to Buyer under this Agreement (other than disputed amounts) and not satisfied within thirty (30) days of becoming due and owing may be satisfied by Buyer by a draw on Seller's Performance Security until such Performance Security has been exhausted. In addition, upon termination of this Agreement, Buyer may draw upon

Seller's Performance Security for any undisputed amounts owed to Seller under this Agreement if not paid when due pursuant to Section 5.1. Seller's Performance Security will not be subject to replenishment.

6.3 **General Provisions Applicable to Performance Security.**

(a) **Performance Security in the form of Cash.**

(i) The Pledgor pledges to the Secured Party, as security for its obligations under this Agreement, and grants to the Secured Party a first priority continuing security interest in, lien on and right of set-off against all Performance Security in the form of Cash transferred to or received by the Secured Party under this Agreement. Upon the transfer by the Secured Party to the Pledgor of Cash held by the Secured Party as Performance Security, the security interest and lien granted hereunder on that Cash will be released immediately, and to the extent possible, without any further action by either Party.

(ii) Buyer, as the Secured Party, shall maintain all Performance Security in the form of Cash transferred to or received by Buyer in a segregated deposit account maintained by Buyer with a Qualified Issuer for the purpose of holding such Performance Security and that bears a designation clarifying that amounts on deposit in such account are held by Buyer as credit support to secure the obligations of Seller under this Agreement.

(iii) Seller, as the Secured Party, shall maintain all Performance Security in the form of Cash transferred to or received by Seller in a segregated deposit account maintained by Seller with a Qualified Issuer for the purpose of holding such Performance Security and that bears a designation clarifying that amounts on deposit in such account are held by Seller as credit support to secure the obligations of Buyer under this Agreement.

(iv) In lieu of any interest paid or deemed to have been paid with respect to Performance Security in the form of Cash (all of which may be retained by the Secured Party), Performance Security in the form of Cash will accrue interest on a daily basis at the Fed Funds Rate for the actual number of days elapsed based on a year of 365 days. Seller shall include the amount of the accrued interest, if any, payable by the Secured Party with respect to a month in the invoice provided with respect to such month pursuant to Section 5.1. Any accrued interest will constitute Performance Security in the form of Cash and will be subject to the security interest granted under Section 6.3(a)(i).

(v) For purposes of this Agreement, the value of Performance Security in the form of Cash is equal to the amount of such Cash.

(b) **Performance Security in the form of a Letter of Credit.**

(i) Each Letter of Credit must provide that the Secured Party may, and the Secured Party has the right to, in the following situations and upon presentation to the issuer of such Letter of Credit of the certificates or other documentation required by the terms of the Letter of Credit, draw upon the Letter of Credit in an amount up to the amount due and unpaid by the Pledgor (including any amounts due in connection with the termination of this Agreement) in the case of clause (A), or up to the entire amount available to be drawn thereunder in the case of clause (B):

(A) Either (x) an Event of Default has occurred and is continuing with respect to the Pledgor or (y) this Agreement has terminated or an early termination date in respect

of this Agreement has been designated in connection with the occurrence of an Event of Default with respect to the Pledgor.

(B) A Letter of Credit Default has occurred with respect to the Letter of Credit or 30 or fewer days remain until the expiration date of the Letter of Credit and the Pledgor has failed to renew, substitute, or sufficiently increase the amount of an outstanding Letter of Credit (as the case may be), establish one or more additional Letters of Credit, or otherwise transfer sufficient Performance Security to the Secured Party as required by this Agreement.

(ii) With respect to each outstanding Letter of Credit, the Pledgor shall either cause the Letter of Credit to be renewed or provide substitute Performance Security, in each case at least 30 days prior to the expiration date of the Letter of Credit. If a Letter of Credit Default occurs with respect to an outstanding Letter of Credit, the Pledgor shall within five Business Days following receipt of the Secured Party's notice of the Letter of Credit Default transfer to the Secured Party substitute Performance Security. For purposes of this clause (ii), the aggregate value of substitute Performance Security that the Pledgor is required to transfer to the Secured Party must be at least equal to the amount required to cause the total value of all outstanding Performance Security, calculated excluding the value of (x) the expiring Letter of Credit, or (y) the Letter of Credit to which any Letter of Credit Default applies, as applicable, to be at least equal to the Performance Security Amount then applicable to the Pledgor.

(iii) Upon the occurrence of a Letter of Credit Default of the type described in clauses (ii), (iii), or (v) of the definition thereof, the issuer of the affected Letter of Credit will no longer be a Qualified Issuer for purposes of the definition of the term "Letter of Credit" unless otherwise agreed by the Secured Party.

(iv) Proceeds received by the Secured Party from any draw on a Letter of Credit will, to the extent not applied to the outstanding obligations of the Pledgor under the Agreement, constitute Performance Security in the form of Cash.

(v) For purposes of this Agreement, the value of Performance Security in the form of Letter of Credit is equal to the amount available to be drawn by the Secured Party under such Letter of Credit.

(vi) All costs and expenses associated with establishing, maintaining, renewing, substituting, cancelling, increasing, or reducing the amount of (as the case may be) one or more Letters of Credit are the responsibility of the Pledgor.

(c) Performance Security in the Form of a Guaranty. For purposes of this Agreement, the value of Performance Security in the form of a Guaranty is equal to the undrawn portion of the maximum guaranteed amount specified in such Guaranty, if any. If a Guaranty Default occurs with respect to an outstanding Guaranty, the Pledgor shall within five Business Days following the Secured Party's notice of the occurrence of the Guaranty Default transfer to the Secured Party substitute Performance Security. For purposes of this Section 6.3(c), the aggregate value of substitute Performance Security that the Pledgor is required to transfer to the Secured Party must be at least equal to the amount required to cause the total value of all outstanding Performance Security, calculated excluding the value of the Guaranty to which the Guaranty Default applies, to be at least equal to the Performance Security Amount then applicable to the Pledgor.

(d) Substitution and Return.

(i) Upon notice to the Secured Party specifying the items of Performance Security to be exchanged, the Pledgor may on any Business Day transfer to the Secured Party substitute Performance Security, and so long as no Event of Default or Potential Event of Default with respect to the Pledgor has occurred and is continuing, the Secured Party shall return to the Pledgor the items of Performance Security identified by the Pledgor in its notice by not later than the fifth Business Day following the date on which the Secured Party receives the substitute Performance Security, except that the Secured Party will only be required to return Performance Security to Pledgor to the extent that the amount of Performance Security of the Pledgor that will remain outstanding in favor of the Secured Party upon such return will be at least equal to the Performance Security Amount then applicable to the Pledgor.

(ii) Upon (A) the reduction of the Performance Security Amount applicable to the Pledgor and (B) the date that is thirty (30) days after the end of the Delivery Term, the Secured Party shall, within five Business Days following receipt of the Pledgor's demand, return to the Pledgor in the case of clause (A), the applicable portion of the Performance Security of the Pledgor then outstanding in favor of the Secured Party, and in the case of clause (B) all Performance Security of the Pledgor then outstanding in favor of the Secured Party. In connection with any such return, the Secured Party shall at the Pledgor's expense take such actions as may be reasonably requested by the Pledgor to evidence the release and termination of the applicable Performance Security.

(e) Secured Party's Rights and Remedies. If at any time a default or Event of Default with respect to the Pledgor has occurred or if an early termination date in respect of this Agreement has occurred or been designated as a result of an Event of Default with respect to the Pledgor, then, and in addition to the other rights and remedies set forth in the Agreement, the Secured Party may exercise one or more of the following rights and remedies: (i) all rights and remedies available to a secured party under Applicable Law with respect to Performance Security in the form of Cash held by the Secured Party; (ii) any rights and remedies available to the Secured Party under the terms of any Letter of Credit, or Guaranty provided for its benefit, if any; and (iii) the right to set-off any present or future amounts payable by the Pledgor under this Agreement against any Performance Security held by the Secured Party (or any obligation of the Secured Party to transfer that Performance Security to the Pledgor).

(f) UCC Waiver. This Article 6 sets forth the entirety of the agreement of the Parties regarding credit, collateral, and adequate assurances. Except as expressly set forth in this Article 6, neither Party (i) has, or will have, any obligation to post margin, pay deposits, make prepayments, or otherwise provide any other financial assurances, in any form whatsoever; or (ii) will have reasonable grounds for insecurity with respect to the creditworthiness of a Party that is complying with the applicable provisions of this Article 6. Each Party waives all implied rights relating to financial assurances, whether arising from Section 2-609 of the Uniform Commercial Code or similar common law doctrines.

Article 7

ADDITIONAL OBLIGATIONS

7.1 Construction, Operation and Maintenance of the Facility.

(a) Generally. Seller shall develop, finance, construct, own, operate, and maintain the Facility in accordance with this Agreement, the Interconnection Agreement, all Applicable Law, all Permits, and Prudent Utility Practice.

(b) **Design and Location.** Exhibit A includes (i) a description of the Facility, and (ii) a map of the Site and surrounding area that depicts the location of the Facility and the Point of Interconnection. Subject to Buyer's approval, which shall not be unreasonably withheld, conditioned or delayed, Seller may from time to time modify the design of the Facility, including as set forth in Exhibit A; *provided*, that (x) such modifications could not reasonably be expected to render Seller unable to perform its obligations under this Agreement. Promptly following the effectiveness or implementation of any modification permitted under this Section 7.1(b) that causes the characteristics of the Facility to be materially different from those set forth in the then applicable version of Exhibit A, Seller shall deliver to Buyer an updated version of Exhibit A.

(c) **Compliance.** Seller shall, in its own name and at its own expense, seek, obtain, maintain, comply with and, as necessary, renew and modify from time to time, all Permits and other authorizations that are required by any Applicable Law or Governmental Authority in order to permit Seller to perform its obligations under this Agreement.

(d) **Disclosure.** Seller shall provide to Buyer such information regarding the permitting, engineering, construction, maintenance, and operations of the Facility as Buyer may from time to time reasonably request, subject to licensing or other restrictions applicable to Seller with respect to confidentiality, disclosure, or use that would prevent Seller from disclosing such information to Buyer.

(e) **Insurance.** Seller shall at all times during the Term maintain or cause to be maintained, at its sole expense, policies of insurance in amounts and with coverage as set forth in Exhibit D to the extent such policies are reasonably available (or alternative policies as close thereto as reasonably practicable if such policies as set forth in Exhibit D are not reasonable available). All such insurance policies must: (i) be issued by companies that have a financial strength rating of at least "A-" from A.M. Best and satisfy the requirements of A.M. Best financial size category "VII", (II) have a financial strength rating of at least "A" from S&P or an equivalent financial strength rating from another nationally recognized insurance rating agency, or (III) are of recognized responsibility and to which Buyer has provided its consent, which consent may not be unreasonably withheld or delayed; (ii) for commercial general liability, umbrella/excess liability, all risk property, builders risk, and auto liability policies, name Buyer, its Affiliates, and its and their respective officers, directors, members, managers, and employees, as additional insureds; except that if Seller's umbrella/excess liability is "follow-form" and does not contain any exclusions that would limit the scope of the additional insureds under the commercial general liability policy, Seller will be considered in compliance with the additional insured status with respect to the umbrella/excess liability coverage; (iii) for commercial general liability and umbrella/excess liability policies, provide coverage on an "occurrence" or "claims-made" basis, except that if such coverage is provided on a "claims-made" basis and is cancelled or non-renewed, Seller shall either (x) procure insurance comparable to that which was cancelled or non-renewed and provide for the same "retroactive date" or (y) procure at least three year "tail coverage" on the cancelled or non-renewed coverage; (iv) waive any insurer right of subrogation against Buyer, its Affiliates, and its and their respective officers, directors, members, managers, employees, agents, and contractors; and (v) provide primary coverage, without any right of contribution from any other insurance that Buyer may have. Seller shall provide Buyer with certificates of insurance, in a form acceptable to Buyer in its reasonable discretion, for the coverages set forth in Exhibit D on the Effective Date (if not previously delivered) or such later date as may be specified for such insurance in Exhibit D, and thereafter upon each renewal of such policies.

7.2 **Construction.**

(a) **Generally.** Seller shall use commercially reasonable efforts to cause the Commercial Operation Date to occur on or before the Guaranteed Commercial Operation Date.

(b) Progress Reports. Commencing with the first calendar quarter that begins after the Effective Date and continuing thereafter until the FNTP Date, Seller shall deliver to Buyer a progress report by no later than the 10th Business Day of each calendar quarter that starts prior to the FNTP Date. Commencing with the first calendar month that begins after the FNTP Date and continuing thereafter until the Commercial Operation Date, Seller shall deliver to Buyer a progress report by no later than the 10th Business Day of each calendar month that starts prior to the Commercial Operation Date. Seller shall provide Buyer a notice seven (7) calendar days prior to the anticipated FNTP Date. Such reports must be in a form reasonably acceptable to Buyer and must address, in reasonable detail and with applicable supporting documentation, such information as Buyer may reasonably request, including information related to:

- (i) progress toward the achievement of the Commercial Operation Date, including the occurrence of any events or conditions that Seller believes are likely to materially and adversely affect Seller's schedule for the achievement of the Commercial Operation Date, as applicable,
- (ii) status of permitting and other required approvals,
- (iii) status of interconnection matters,
- (iv) labor and contracting matters, and
- (v) environment, health, and safety matters.

(c) Commercial Operation Date Extensions. In the event that Seller's achievement of the Commercial Operation Date is prevented or delayed due to (i) the occurrence of a Force Majeure Event, (ii) any act or omission of Buyer or its Affiliates or its or their respective employees, contractors, or agents that is a material breach of Buyer's obligations under this Agreement or violation of Applicable Law, (iii) a delay in completion of any Buyer or Transmission Provider interconnection facilities or Sub-Transmission System or Transmission System upgrades related to the Facility not caused by Seller's breach of the Interconnection Agreement or failure by Seller to take any actions in connection therewith in a timely manner in accordance with Prudent Utility Practices, (iv) a delay in obtaining any Permits not caused by any failure by Seller to take any actions in connection therewith in a timely manner in accordance with Prudent Utility Practices, (v) material third party real estate consents or site access limitations (vi) a New Trade Measure Event (each of (i)-(v), a "Delay Condition"), the Guaranteed Commercial Operation Date and Outside Commercial Operation Date will be each extended on a day-for-day basis by the number of days of such Delay Condition (but, for the avoidance of doubt, only one day of extension for any one day on which a Delay Condition exists, regardless of the number of Delay Conditions that exist on such day). Notwithstanding anything to the contrary in Section 7.3(a), if a Delay Condition arises between the Guaranteed Commercial Operation Date and the Outside Commercial Operation Date, then the Outside Commercial Operation Date shall be extended pursuant to the terms of this Section 7.2(c) and Seller shall have no obligation to pay Delay Liquidated Damages for those days on which the Delay Condition exists.

(d) Buyer's Access and Inspection Rights. Buyer has the right, upon reasonable prior written notice to Seller, to have its representatives present at the Facility in order to monitor the construction, commissioning, and testing of the Facility and its systems. In connection with the foregoing right, Seller shall provide Buyer with reasonable advance notice of all commissioning and testing of the Facility and its systems, and Buyer shall ensure that its representatives do not impact Seller's business. Buyer shall ensure that while its representatives are at the Site, such representatives comply with all of the applicable safety, health, and security rules and requirements of Seller that are provided to such representatives, and Seller will have the right to eject such representatives from the Site in the event they do not comply with such rules and requirements.

7.3 **Delay Liquidated Damages; Outside Commercial Operation Date.**

(a) **Failure to Timely Achieve Commercial Operation.** If Seller fails to cause the Commercial Operation Date to occur on or before the Guaranteed Commercial Operation Date, Seller shall pay to Buyer Delay Liquidated Damages for each day after the Guaranteed Commercial Operation Date, through the earlier to occur of (x) the Commercial Operation Date and (y) the Outside Commercial Operation Date. If Seller owes Buyer Delay Liquidated Damages, Seller shall calculate Delay Liquidated Damages due each month and issue an invoice for such Delay Liquidated Damages and make payment to Buyer consistent with the payment requirements in Section 5.2. If Seller fails to pay Delay Liquidated Damages when due, Buyer will be entitled to draw upon and retain the Performance Security provided by Seller in the amount of the Delay Liquidated Damages then due and payable. Notwithstanding anything to the contrary in this Agreement, in no event shall Seller's aggregate liability for Delay Liquidated Damages exceed an amount equal to the amount of Seller's Performance Security required to be posted by Seller prior to the Commercial Operation Date.

(b) **Termination Rights Related to Outside Commercial Operation Date.**

(i) If the Commercial Operation Date has not occurred on or before the Outside Commercial Operation Date, then Buyer will thereafter have the right, until the Commercial Operation Date has occurred, to terminate this Agreement by providing written notice of termination to Seller.

(ii) If, in Seller's reasonable judgment, it has become infeasible to achieve the Commercial Operation Date on or before the Outside Commercial Operation Date (including because the Facility is no longer economically viable), then Seller shall have the right to terminate this Agreement by providing written notice of termination to Buyer, subject to payment of the Termination Payment to Buyer as described in Section 2.1(b).

(c) **Exclusive Remedies.** Buyer's receipt of Delay Liquidated Damages and the Termination Payment, as applicable, is Buyer's sole and exclusive remedy, and Seller sole and exclusive liability, for Seller's failure to achieve the Commercial Operation Date by the Guaranteed Commercial Operation Date and to cause the Facility Nameplate Capacity to be equal to the Anticipated Nameplate Capacity by the Outside Commercial Operation Date, respectively.

7.4 **Commercial Operation Procedure.**

(a) **Interconnection Agreement with Buyer.** Seller shall, at its own cost and expense, negotiate, enter into, and perform its obligations under, the Interconnection Agreement and such other agreements, including system upgrade agreements, with the Buyer or Transmission Provider and any other Persons as may be needed to enable Seller to transmit Energy to the Delivery Point.

(b) **Procedure for Achieving Commercial Operation.** When Seller determines that Commercial Operation has been achieved, Seller shall provide Buyer with written notice of the Commercial Operation Date, including certification by an officer of Seller that each of the Commercial Operation Conditions has been either satisfied by Seller or waived by Buyer.

(c) **Commercial Operation Conditions.** Commercial Operation will be deemed to have occurred on the date on which all of the following conditions (the "Commercial Operation Conditions") are either satisfied by Seller or waived by Buyer (such waiver in Buyer's sole and absolute discretion):

(i) The Facility Nameplate Capacity is at least equal to 90% of the Anticipated Nameplate Capacity.

(ii) Buyer has approved Seller's request for initial synchronization of the Facility with the Sub-Transmission System and such initial synchronization has successfully occurred, and Buyer has approved Seller's request to operate the Facility at the Facility Nameplate Capacity.

(iii) The Facility is, to the extent required based on the Facility Nameplate Capacity as of the Commercial Operation Date, (A) complete in all material respects (other than punch list items that do not materially and adversely affect the safe operation, performance or maintenance of the Facility), and (B) is expected and capable of enabling Seller to satisfy its obligations under this Agreement

(iv) Seller has obtained all material Permits required to be obtained by Seller to construct and operate the Facility in compliance with Applicable Law, this Agreement, and Prudent Utility Practice, and all such Permits are in full force and effect.

(v) Seller has installed and commissioned all Meters and SCADA system equipment, data circuits, and other communication systems necessary to allow for remote control and monitoring of the Facility in accordance with Section 7.6 and Exhibit G -Operating Standards (AGC Protocols, Data Collection).

(vi) The interconnection of the Facility to the Sub-Transmission System has been completed in accordance with the Interconnection Agreement.

7.5 **Guaranteed Energy Production; Loss Events.**

(a) Seller shall ensure that the Facility generates Facility Output no less than the Guaranteed Energy Production over each non-rolling period of three (3) consecutive Contract Years, (each such three (3)-year period, a "Measurement Period"). If Seller fails to meet the Guaranteed Energy Production in any Measurement Period, Seller shall pay to Buyer Guaranteed Energy Production shortfall liquidated damages and not as a penalty, an amount equal to the product of (X) and (Y), where: (X) is the Guaranteed Energy Production shortfall amount during the Measurement Period and (Y) is equal to the difference between the Buyer avoided costs amount and the Contract Price for the same Measurement Period. Buyer avoided costs shall be mutually agreed to by the Parties and shall consider the full value of the Product during daily hourly and seasonal rates that correspond to an approximated solar production profile of the Facility.

(b) Loss Event. Seller shall have one hundred twenty (120) days following the occurrence of a Loss Event in which to elect to either repair and restore the portion of the Facility Nameplate Capacity affected by the Loss Event or determine that it is unable or unwilling to do so. Notwithstanding anything to the contrary in this Agreement, if during such 120 day period, Seller elects to repair and restore the portion of the Facility Nameplate Capacity affected by the Loss Event, then Seller will be afforded a period of 365 days following the occurrence of the Loss Event in which to complete such repair and restoration; provided that such period will be extended on a day-for-day basis by the number of days by which the occurrence or continuance of any Delay Condition prevents Seller from completing such repair and restoration. If Seller determines that it is unable or unwilling to repair and restore the portion of the Facility Nameplate Capacity affected by the Loss Event or if Seller fails to complete such repair and restoration within such 365 day period (subject to such extensions) then, from and after such date, the Facility

Nameplate Capacity shall be permanently reduced by the portion affected by such Loss Event. Nothing in this Section 7.5(b) shall reduce the Seller's obligation to pay liquidated damages as provided for herein.

(c) Alternative Compliance Payment. If Seller fails to deliver all or part of the Guaranteed Energy Production as described in Section 7.5 (a), Buyer will have the option, at no cost to Buyer, to receive from Seller either (a) solar RECs equivalent to the total MWh of the Guaranteed Energy Production shortfall on a MWh-for-MWh basis, if available, or (b) an Alternative Compliance Payment, regardless of whether Seller otherwise owes a liquidated damage payment to Buyer under Section 7.5(b).

7.6 Operation.

(a) Operation; Administration and Forecasting.

(i) Seller shall operate the Facility in compliance with this Agreement, the Operating Procedures, the Interconnection Agreement, the Tariff, all Applicable Law (including any applicable requirements of NERC or any regional reliability authority, and FERC), all Permits, and Prudent Utility Practice.

(ii) If requested by Buyer, Seller shall use commercially reasonable efforts consistent with Prudent Utility Practices to provide a forecast in a form and manner reasonably sufficient for Buyer to utilize, in its discretion, in preparing solar energy generation forecasts for the Facility; *provided, however*, Buyer acknowledges that any forecast produced by such solar energy generation forecasting services is based on predictions of future events which are impossible to control and which may not be completely reliable, and Seller makes no guarantee, representation or warranty regarding the quality, accuracy or reliability of such forecasting services and will have no liability or obligation to Buyer regarding the quality, accuracy or reliability of any forecasts delivered hereunder. The Parties further agree that if at any time the Parties mutually determine that such forecasting services are not sufficiently reliable to be of benefit to Buyer, the Parties may agree to suspend such forecasting services and Seller shall have no further obligation to provide such forecasting services to Buyer until such time as Buyer shall request the resumption of such forecasting services.

(iii) Seller shall be responsible for providing accurate and timely updates on the current availability of the Facility to Buyer's EMS.

(b) Outage Planning. Prior to the Commercial Operation Date and each anniversary of the Commercial Operation Date during the Delivery Term, Seller shall provide to Buyer a Planned Outage schedule for the next Contract Year.

(c) AGC.

(i) From and after the Commercial Operation Date, Buyer may notify Seller telephonically or through use of the AGC Set Point (a "Curtailed Notification") to curtail the generation and delivery of Delivered Energy to Buyer at the Delivery Point for any reason and in its sole discretion (a "Buyer Curtailment"). Such Curtailment Notification shall include the maximum level (MW) of Delivered Energy to be delivered during the applicable Buyer Curtailment and the duration of the Buyer Curtailment. Seller shall promptly comply with such Curtailment Notification; provided, however, Seller will be permitted to vary such instruction and implement any curtailment as necessary to be consistent with the Facility limitations in accordance with Prudent Utility Practice and warranty parameters (including ramp up and ramp down rates). Unless

otherwise exempted pursuant to the terms of this Agreement, Buyer shall compensate Seller in accordance with Section 3.2(a), for Compensable Curtailment Energy associated with such Buyer Curtailments.

(ii) The AGC Set-Point is calculated by the EMS AGC system and communicated electronically through the SCADA system. Throughout the Delivery Term, Seller shall ensure that the SCADA signal is capable of functioning on all AGC Set Points within the margin of error specified in the Facility control system manufacturer's energy set point margin of error.

(iii) Seller shall ensure that Facility AGC Remote/Local status is in "Remote" set-point control during normal operations.

(d) Real Time Data.

(i) Seller shall communicate all data necessary for Buyer to integrate the Facility into Buyer's EMS in real time through the Facility's SCADA system in accordance with the AGC Protocols. Seller shall maintain the Facility's SCADA system so that it is capable of interfacing with and reacting to Buyer's AGC Set-Point and responding to signals from the Buyer's EMS in accordance with the AGC Protocols.

(ii) Seller shall use commercially reasonable efforts to adjust the real time SCADA-Measured Potential when Buyer communicates to Seller a measured difference of plus or minus two percent between the metered Delivered Energy, during a time where there was no AGC Set-Point, and SCADA-Measured Potential.

(iii) From and after the Commercial Operation Date, Seller shall make available to Buyer, at Seller's expense, real time performance and meteorological data for the Facility in accordance with Exhibit H-Operating Standards (AGC Protocols, Data Collection) for the Term of this Agreement.

7.7 Decommissioning.

Seller shall be responsible for all actions and costs necessary to decommission the Facility, remove and properly dispose of equipment, and take reasonable efforts to restore the Site to a substantially similar condition at the end of the Facility's useful life or end of rights to access Leased Premises, subject to exceptions permitted by the Lessor.

7.8 Title & Risk of Loss.

(a) Energy. The Parties agree that title to, and risk of loss related to, Delivered Energy shall transfer from Seller to Buyer at the Delivery Point. Other than as expressly provided for in this Agreement, Seller is responsible for all costs and charges imposed on or associated with Delivered Energy or the delivery of Delivered Energy hereunder up to the Delivery Point. Buyer is responsible for all costs and charges imposed on or associated with Delivered Energy, or its receipt, at and after the Delivery Point.

(b) Environmental Attributes. Title to and risk of loss of all Environmental Attributes will transfer from Seller to Buyer at the time such Environmental Attributes are created in or delivered to Buyer's account in the Tracking System. Seller will be deemed to have exclusive control and possession of such Environmental Attributes before such Environmental Attributes are created in or delivered to Buyer's account in the Tracking System, and Buyer will be deemed to have exclusive control and possession of such Environmental Attributes at and after such Environmental Attributes being created in or

delivered to Buyer's account in the Tracking System. Except as otherwise expressly provided in the Agreement, with respect to transfer of Environmental Attributes and associated RECs, (i) Buyer shall be responsible for any and all costs incurred following the transfer to Buyer of such Environmental Attributes and associated RECs, (ii) Seller shall be responsible for any and all costs incurred prior to transfer to Buyer of such Environmental Attributes and associated RECs and (iii) each Party shall be responsible for all fees and costs associated with registering and maintaining its own tracking accounts with respect to such Environmental Attributes and associated RECs.

7.9 **Publicity.**

Each Party shall not, and shall cause its Affiliates to not, issue or make any public announcement, press release, or statement regarding this Agreement unless the public announcement, press release, or statement is either (x) issued jointly by the Parties or (y) before the release of the public announcement, press release, or statement, the issuing Party furnishes the other Party with a copy of such announcement, press release, or statement and obtains the other Party's approval with respect thereto, which approval may not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, neither Party is prohibited from issuing or making any such public announcement, press release, or statement without obtaining approval from the other Party if it is necessary to do so to comply with Applicable Law (including in connection with the issuance of any Permit), legal proceedings or rules and regulations of any stock exchange having jurisdiction over the issuing Party or any of its Affiliates, or if it is necessary to do so in connection with the issuing Party's or its Affiliates' financial statements. Without limiting the generality of the foregoing, all public statements shall accurately reflect the rights and obligations of the Parties under this Agreement, including the ownership of RECs and any related reporting rights. In addition, neither Party shall use any name, trade name, service mark or trademark of the other Party or its Affiliates in any promotional or advertising material without the prior written consent of such other Party.

Article 8 FORCE MAJEURE EVENTS

8.1 **Force Majeure Events.**

(a) **Excuse.** Subject to Section 8.2 below, and except as expressly set forth herein, neither Party will be considered to have breached its obligations under this Agreement if performance of such obligations is prevented due to a Force Majeure Event.

(b) **Definition.** For purposes of this Agreement, "Force Majeure Event" means, subject to Section 8.1(c), an event or condition that meets each of the following conditions (the "FMJ Conditions"): (w) is not attributable to the fault or negligence of the affected Party, (x) is caused by factors beyond that Party's reasonable control, and (y) arises, worsens, or becomes evident after the Effective Date in whole, to an extent, or in a manner not anticipated by the affected Party despite the exercise of reasonable diligence, and (z) the Party was or has been, as applicable, unable to prevent, avoid, or overcome the event, condition, or consequences thereof despite the exercise of commercially reasonable efforts. Force Majeure Events may include, to the extent consistent with the foregoing requirements:

- (i) explosion, sabotage, vandalism, or destruction by a third party of facilities and equipment relating to the performance by the affected Party of its obligations under this Agreement;
- (ii) war, riot, terrorism, insurrection, national emergency, acts of a public enemy, or other similar civil disturbance;

(iii) floods, earthquakes, hurricanes, tornadoes, lightning, drought, fires (including wildfires), hailstorms (to the extent resulting in significant physical damage to the Facility), blizzards, ice storms, substantial snowfall, and other similar natural occurrences;

(iv) action or inaction by any Governmental Authority, including shutdowns;

(v) strike, walkout, lockout, or other significant labor dispute (other than a labor dispute targeted specifically at the affected Party or any Person acting on behalf of or at the direction of the affected Party);

(vi) pandemics and epidemics (including, subject to clause (y) of the FMJ Conditions, the COVID-19 Pandemic); and

(vii) failure of the Facility's main generator step-up transformer, and, for the avoidance of doubt, subject to the foregoing requirements of a Force Majeure Event, so long as Seller has also operated and maintained such transformer in accordance with Prudent Utility Practice.

(c) Exclusion. Notwithstanding the definition set forth in Section 8.1(b), Force Majeure Event does not include, and may not be based on, the following events or conditions:

(i) economic hardship of either Party;

(ii) Events falling under the definition of a Change in Market Design, a New Trade Measure Event, or Change in Tax Law as described elsewhere in this Agreement;

(iii) Seller's ability to sell Energy or Product to a Person other than Buyer at a price greater than the Contract Price (or Extended Contract Price) or Buyer's ability to purchase Energy or Product from a Person other than Seller at a price less than the Contract Price (including due to losses or changes to applicable markets);

(iv) loss of Buyer's markets or Buyer's inability to use any portion of Energy or Product for any particular purpose; or

(v) breakage or failure of equipment, other than as a result of a Force Majeure Event or as set forth in Section 8.1(b)(vii).

8.2 **Conditions; Resolution**.

(a) Claims of Force Majeure. In connection with any Force Majeure Event, the affected Party shall:

(i) provide reasonably prompt notice of such Force Majeure Event (but in no event will such notification take longer than five (5) Business Days after becoming aware of the impact of such Force Majeure Event, subject in all cases to Seller's right to observe any safety precautions that it determines are required in connection with such Force Majeure Event, which may prolong a determination of impact) to the other Party giving an estimate of its expected duration and the probable impact on the performance of its obligations under this Agreement and, if applicable, the construction and operation of the Facility;

(ii) provide periodic updates during the continuance of the Force Majeure Event that (A) summarize the measures taken by the affected Party and that the affected Party plans to take in

order to mitigate the impact of such Force Majeure Event and (B) provide an estimate of the expected duration of the period during which the performance by the affected Party of its material obligations under this Agreement will be prevented or the construction or operation of the Facility, as applicable, will be adversely affected due to the Force Majeure Event;

(iii) take commercially reasonable actions to correct or cure the event or condition excusing performance or adversely affecting the construction or operation of the Facility, as applicable, so that the suspension of performance or adverse impact is no greater in scope and no longer in duration than is dictated by the problem; and

(iv) exercise commercially reasonable efforts to mitigate or limit damages to the other Party.

The affected Party's failure to comply with any of its obligations in this Section 8.2(a) shall not prevent it from being excused from the performance of its obligations impacted by the Force Majeure Event, except to the extent that the other Party was actually prejudiced by such failure.

(b) Resumption of Performance. The affected Party shall provide prompt notice to the other Party once it is able to resume performance of its obligations following the occurrence of a Force Majeure Event or the adverse impact on the construction or operation of the Facility resulting from such Force Majeure Event is resolved, as applicable.

8.3 Termination Due To Force Majeure Event.

In addition to and without limiting any other provisions of this Agreement, following the Commercial Operation Date, if a Party is prevented from performing its material obligations under this Agreement due to any single and then currently continuing Force Majeure Event for longer than three hundred sixty-five (365) consecutive days, then either Party may terminate this Agreement early, without liability of either Party to the other (other than for obligations that arose prior to termination and all decommissioning obligations described in Section 7.7, to the extent applicable). For the avoidance of doubt and notwithstanding anything in this Section 8.3 to the contrary, the terms of this Section 8.3 are subject to the terms of Section 7.5(b) with respect to a Loss Event.

Article 9 DEFAULT, REMEDIES, AND TERMINATION

9.1 Events of Default.

(a) Events of Default. The occurrence with respect to a Party of any of the following events or conditions constitutes an event of default with respect to such Party (an "Event of Default"):

(i) the failure of such Party to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within 10 Business Days after written notice;

(ii) any representation or warranty made by such Party in this Agreement is false or misleading in any material respect when made or when deemed made or repeated and such failure, if capable of being remedied, is not remedied within 30 days after notice, except that if such failure is not capable of being remedied within such period, then for such longer period as is reasonably needed to effect the remedy, but not more than 120 days in the aggregate, so long as such Party initiates the remedy within such 30-day period and diligently prosecutes the remedy to conclusion;

(iii) the failure of such Party to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default), if such failure is not remedied within 30 days after written notice, except that if such failure is not capable of being remedied within such period, then for such longer period as is reasonably needed to effect the remedy, but not more than 120 days, so long as such Party initiates the remedy within such 30-day period and diligently prosecutes the remedy to conclusion;

(iv) such Party becomes Bankrupt;

(v) such Party fails to perform any of its obligations under Article 6 if such failure is not cured within five (5) Business Days of such Party's receipt of notice of such failure; or

(vi) such Party assigns this Agreement other than in accordance with Section 11.4.

9.2 **Remedies; Termination for Default.**

(a) Termination for Default. If an Event of Default with respect to a Defaulting Party has occurred and is continuing, the other Party ("Non-Defaulting Party") may, subject to Section 9.3, (i) suspend performance of its obligations under this Agreement; (ii) withhold to the extent of its damages under this Agreement the payment of any amounts due to the Defaulting Party; (iii) terminate this Agreement, by delivery of written notice to the Defaulting Party designating a date not earlier than the date that is ten (10) Business Days after the delivery of such notice as the early termination date in respect of this Agreement; (iv) exercise any other remedies as may be available to the Non-Defaulting Party under this Agreement or Applicable Law; or (v) exercise any combination of the foregoing.

(b) Buyer Remedies. Upon termination of this Agreement in connection with an Event of Default, the Buyer shall recover a Termination Payment in addition to any other remedy identified in 9.2(a) and any other remedy Buyer may have at law or in equity.

(c) Seller Remedies. Seller may do any or all of the following: (i) terminate this Agreement by providing thirty (30) days' Notice to Buyer, in which event and upon receipt of such Notice, Buyer shall pay to Seller the Termination Payment; (ii) remove any portion of the System from any of the Property at Buyer's expense and terminate this Agreement immediately; and (iii) pursue any other remedy Seller may have at law or in equity.

(d) If termination of this Agreement in connection with an Event of Default occurs, Seller's obligations as described in Section 7.7 shall remain.

9.3 **Limitations.**

(a) GENERAL LIMITATION. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES IS THE SOLE AND EXCLUSIVE REMEDY, THE OBLIGOR'S LIABILITY IS LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, THE OBLIGOR'S LIABILITY IS LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES ARE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED AND EXCEPT WITH RESPECT TO

CLAIMS FOR INDEMNIFICATION UNDER SECTION 9.4, NEITHER PARTY WILL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, BY STATUTE, IN TORT OR CONTRACT, OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES A PARTY IS REQUIRED TO PAY HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

(b) PRE-COD LIMITATION. PRIOR TO THE OCCURRENCE OF THE COMMERCIAL OPERATION DATE, SELLER'S AGGREGATE LIABILITY UNDER THIS AGREEMENT FOR DAMAGES IS LIMITED TO THE PERFORMANCE SECURITY AMOUNT THEN APPLICABLE TO SELLER.

9.4 Indemnification.

To the maximum extent permitted by Applicable Law, Seller shall defend (with respect to third party claims), indemnify, and hold Buyer, and their respective officers, directors, employees, and agents, harmless from and against all third party claims, demands, losses, liabilities, and expenses (including reasonable attorneys' fees) (collectively, "Damages") for personal injury or death to persons and damage to each other's physical property or facilities or the property of any other Person to the extent arising out of, resulting from, or caused by the negligent or intentional and wrongful acts, errors, or omissions of the indemnifying Party. This obligation to indemnify, defend, and hold harmless applies notwithstanding any negligent or intentional acts, errors or omissions of the indemnitees but the indemnifying Party's liability to pay Damages to the indemnified Party shall be reduced in proportion to the percentage by which the indemnitees' negligent or intentional acts, errors or omissions caused the Damages. Seller's obligation to indemnify, defend, and hold harmless does not apply to Damages resulting from the sole negligence or willful misconduct of the potential indemnitee. An indemnitee that becomes entitled to indemnification or defense under this Section 9.4 must notify the indemnifying Party of any claim or proceeding in respect of which it is to be indemnified or defended as soon as reasonably practicable after the indemnitee obligated to give such notice becomes aware of such claim or proceeding. Failure to give such notice shall not excuse the obligation to indemnify or defend except to the extent failure to provide notice adversely affects the indemnifying Party's interests in a material respect. The indemnifying Party shall, within 30 days after the date the indemnifying Party is notified of any such claim, assume the defense thereof with counsel designated by the indemnifying Party but reasonably acceptable to the indemnitee; except that if the defendants in any such action include both the indemnitee and the indemnifying Party or if the claim seeks an order of injunctive relief or other equitable remedies, involves criminal liability, or involves any Governmental Authority, then the indemnitee shall have the right to select and be represented by separate counsel designated by the indemnitee, at the expense of the indemnifying Party. If the indemnifying Party fails to assume the defense of a claim as required under this Agreement, the indemnitee may, at the expense of the indemnifying Party, contest, settle, or pay such claim and the indemnifying Party shall be bound by the results obtained by the indemnitee with respect to such claim. These indemnity provisions shall not be construed to relieve any insurer of its obligation to pay claims consistent with the provisions of a valid insurance policy.

Article 10
REPRESENTATIONS, WARRANTIES AND COVENANTS

10.1 Seller Representations, Warranties and Covenants.

Seller represents and warrants to Buyer as of the Effective Date that:

(i) Seller is duly organized and validly existing as a limited liability company under the laws of the State of Delaware, and has the lawful power to engage in the business it presently conducts and contemplates conducting in this Agreement, and Seller is duly qualified in each jurisdiction wherein the nature of the business transacted by it in connection with this Agreement makes such qualification necessary;

(ii) Seller has the legal power and authority to make and, subject to Section 2.1(b), carry out this Agreement and perform its obligations hereunder, and all such actions have been duly authorized as such by all necessary proceedings on its part;

(iii) this Agreement has been duly and validly executed and delivered by Seller, and, as of the Effective Date, constitutes a legal, valid and binding obligation of Seller, enforceable in accordance with its terms against Seller except to the extent that its enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally or by general principles of equity;

(iv) there are no actions, suits, proceedings, or investigations pending or, to the knowledge of Seller, threatened in writing against Seller, at law or in equity before any Governmental Authority, which individually or in the aggregate are reasonably likely to have a materially adverse effect on the business, properties or assets or the condition, financial or otherwise, of Seller, or to result in any impairment of Seller's ability to perform its obligations under this Agreement;

(v) the execution, delivery and performance of this Agreement by Seller will not conflict with its governing documents; any Applicable Laws; or any covenant, agreement, understanding, decree, or order to which Seller is a party or by which it is bound or affected;

(vi) there is no proceeding under applicable bankruptcy or insolvency law contemplated by Seller or, to Seller's knowledge, threatened against it; and

(vii) it is a commercial participant in the wholesale market for Product and intends to settle this transaction by making or taking delivery of the Product as provided herein.

10.2 Buyer Representations and Warranties.

Buyer represents and warrants to Seller as of the Effective Date that:

(i) Buyer is duly organized and validly existing as a municipal utility created and existing pursuant to the Charter of the City of Knoxville, Tennessee, and has the lawful power to engage in the business it presently conducts and contemplates conducting in this Agreement, and is duly qualified in the jurisdiction wherein the nature of the business transacted by it in connection with this Agreement makes such qualification necessary;

(ii) Buyer has the legal power and authority to make and carry out this Agreement and to perform its obligations hereunder and all such actions have been duly authorized by all necessary proceedings on its part;

(iii) this Agreement has been duly and validly executed and delivered by Buyer, and as of the Effective Date, constitutes a legal, valid, and binding obligation of Buyer, enforceable in accordance with its terms against Buyer except to the extent that its enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally or by general principles of equity;

(iv) there are no actions, suits, proceedings, or investigations pending or, to the knowledge of Buyer, threatened in writing against Buyer, at law or in equity before any Governmental Authority, which individually or in the aggregate are reasonably likely to have a materially adverse effect on the business, properties, or assets or the condition, financial or otherwise, of Buyer, or to result in any impairment of Buyer's ability to perform its obligations under this Agreement;

(v) the execution, delivery and performance of this Agreement by Buyer will not conflict with its governing documents; any Applicable Laws; or any covenant, agreement, understanding, decree or order to which Buyer is a party or by which it is bound or affected;

(vi) there is no proceeding under applicable bankruptcy or insolvency law contemplated by Buyer or, to Buyer's knowledge, threatened against it; and

(vii) it is a commercial participant in the wholesale market for the Product and intends to settle this transaction by making or taking delivery of the Product as provided herein.

10.3 **Limitation on Representations.**

EXCEPT AS SET FORTH HEREIN, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. ALL IMPLIED WARRANTIES ARE DISCLAIMED.

Article 11 MISCELLANEOUS

11.1 **Notices.**

All notices, requests, statements, demands, and other communications under this Agreement must, unless otherwise specified herein, be in writing and delivered in person or sent by e-mail, reliable overnight delivery service, or registered or certified mail, postage prepaid to the address of the Party specified in Exhibit E. A notice sent by e-mail shall be effective if receipt is acknowledged by the intended recipient and, if so, shall be deemed received on the Business Day on which such notice was transmitted if received before 5:00 p.m. (and if received after 5:00 p.m., on the next Business Day). Notice by United States mail, or hand delivery is effective on the day actually received, if received during a Business Day, and otherwise shall be effective at the beginning of the next Business Day. Notice by overnight delivery service is effective on the next Business Day after it was sent. A Party may change its addresses by providing notice of same in accordance herewith.

11.2 **Regulatory Compliance.**

Each Party shall at all times comply with all Applicable Law, except to the extent such non-compliance is unrelated to or would not have a Material Adverse Effect on such Party's ability to perform its obligations under this Agreement. As required under Applicable Law, each Party shall give all required notices, shall procure and maintain all Permits necessary for performance of this Agreement, and shall pay its respective charges and fees in connection therewith.

11.3 **Confidentiality.**

(a) **Obligation of Confidentiality.** Each Party shall hold in confidence all Confidential Information of the other Party. The obligation of confidentiality extends to all Confidential Information, whether exchanged orally or in written or electronic form, and whether or not designated at the time exchanged as confidential. The obligations of the Parties under this Section 11.3 shall survive for a period of three (3) years following termination or expiration of this Agreement.

(b) **Permitted Disclosure.** Each Party has the right to disclose Confidential Information of the other Party to (i) a Governmental Authority to the extent such disclosing Party determines, in its reasonable judgment, such disclosure to be legally required by the Governmental Authority or Applicable Law on the condition that, if appropriate, commercially reasonable efforts are undertaken to receive confidential treatment by such Governmental Authority; (ii) its advisors, auditors, legal counsel, and insurers; (iii) its Affiliates and its and their respective officers, directors, members, managers, employees and agents that have a need to know such information; (iv) its service providers to the extent required in connection with the performance of its obligations hereunder; (v) individuals or entities as required by Applicable Law, including but not limited to the Tennessee Public Records Act; (vi) its partners, investors, lenders and bona fide potential investors and lenders; and (vii) bona fide potential purchasers and their representatives of an interest in the receiving Party or, with respect to Seller, the Facility.

(c) **Liability for Breach.** Each Party, as the receiving Party, is liable for any failure by a recipient of Confidential Information disclosed by the receiving Party (other than a Governmental Authority) to maintain the confidentiality of such Confidential Information in accordance with the requirements of this Section 11.3.

(d) **Remedies.** The Parties are entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, the confidentiality obligations contained in this Section 11.3.

(e) **Prior Agreements.** To the extent that (i) the Parties are party to any confidentiality or non-disclosure agreement related to the subject matter of this Agreement, any such agreement between the Parties is replaced by the confidentiality provisions of this Section 11.3, and (ii) the Parties are otherwise bound by or subject to the terms of an agreement regarding confidentiality or non-disclosure, as between the Parties, such other agreement will no longer apply to this Agreement, and the obligations of the Parties regarding confidentiality will instead be replaced by the obligations under this Section 11.3.

11.4 **Assignment.**

(a) **Consent Required.** Except as provided in this Section 11.4, neither Party may assign or otherwise transfer this Agreement or its rights or obligations hereunder without the other Party's prior written consent, which consent may not be unreasonably delayed, conditioned, or withheld. Any assignment or other transfer in violation of this provision is null and void.

(b) Permitted Assignment. Notwithstanding the foregoing:

(i) Seller may, without the consent of Buyer, but with Notice to Buyer, assign, transfer, or otherwise pledge this Agreement or its rights or obligations hereunder (A) for collateral purposes to a Facility Lender (or for such Facility Lender, after exercising its foreclosure rights, to assign this Agreement to a third party), (B) to a Tax Equity Investor under an inverted lease or other lease structured for tax equity investment purposes, or (C) with respect to a Permitted Transfer; provided, in each case (other than pursuant to a collateral assignment to a Facility Lender), that (y) no Event of Default shall have occurred and be continuing immediately before, or can reasonably be expected to occur upon or as a result of, such assignment or transfer, and (z) such assignee has assumed in writing all of the obligations of Seller under this Agreement (including Seller's obligations to post and maintain Performance Security under Section 6.2) and agreed to be bound by all the terms and conditions of this Agreement accruing or arising from and after the effectiveness of such assignment. Seller shall notify Buyer of any such assignment by no later than 15 days after the assignment.

(ii) Seller's consent is not required for Buyer to assign, transfer, or otherwise pledge this Agreement or its rights or obligations hereunder with respect to (A) a Change of Control of Buyer or (B) transactions between or among Affiliates of Buyer, including any corporate reorganization, merger, combination or similar transaction, or transfer of assets or ownership interests between or among Affiliates of Buyer; provided, in each case, that (x) the Credit Rating of the applicable successor, surviving entity, or transferee, after giving effect to such event is equal to or greater than the Credit Rating of Buyer as of the Effective Date, (y) no Event of Default shall have occurred and be continuing immediately before, or can reasonably be expected to occur upon or as a result of, such assignment or transfer, and (z) such assignee has assumed in writing all of the obligations of Buyer under this Agreement (including Buyer's obligations to post and maintain Performance Security under Section 6.1) and has agreed to be bound by all the terms and conditions of this Agreement accruing or arising from and after the effectiveness of such assignment. Buyer shall notify Seller of any such assignment by no later than 15 days after the assignment.

(c) Accommodation of Facility Lenders and Tax Equity Investors. To facilitate Seller's efforts to obtain financing to construct and operate the Facility, Buyer will, as soon as reasonably practicable after request, cooperate reasonably with Seller and any Facility Lender or Tax Equity Investor to provide such consents to assignments, estoppels, certifications, representations, information or other documents as may be reasonably requested by Seller or such Facility Lender or Tax Equity Investor in connection with any financing of the Facility. In responding to any such request, Buyer will have no obligation to provide any consent or estoppel, or enter into any agreement, that materially adversely affects any of Buyer's rights, benefits, risks or obligations under this Agreement. Notwithstanding anything to the contrary in the foregoing, Buyer agrees that: (i) Buyer will provide the Facility Lenders or Tax Equity Investors, as applicable, with notice of any Event of Default by Seller; (ii) for a period of thirty (30) days following the expiration of any cure period for a monetary Event of Default by Seller and ninety (90) days following the expiration of any cure period for a non-monetary Event of Default by Seller, such Facility Lenders or Tax Equity Investors, or their designees, will have the right, but not the obligation, to perform any act required to be performed by Seller under this Agreement to prevent or cure the Event of Default and such act performed by the Facility Lenders, Tax Equity Investors, or their designees will be as effective to prevent or cure an Event of Default as if done by Seller; and (iii) Buyer will not terminate this Agreement if any Facility Lenders or Tax Equity Investors have provided notice to Buyer that they must foreclose on the Facility prior to preventing or curing any Event of Default by Seller giving rise to such termination, but only to the extent that the period required for such foreclosure and prevention or cure does not exceed one hundred eighty (180) days from receipt by such Facility Lenders or Tax Equity Investors of notice of such Event of Default.

11.5 **Waiver of Rights.**

Failure by a Party to exercise any of its rights or remedies under this Agreement does not constitute a waiver of such rights or remedies. Neither Party will be deemed to have waived any right or remedy to which it may be entitled, any provision of this Agreement, or any failure of default of the other Party unless it has made such waiver specifically in writing.

11.6 **Section Headings.**

The captions contained in this Agreement are for convenience and reference only and in no way define, describe, extend or limit the scope or intent of this Agreement or the intent of any provision contained herein and are to be ignored for the purposes of construction.

11.7 **No Third-Party Beneficiary.**

Except as expressly provided herein (including with respect to Section 9.4 and Section 11.4), this Agreement is for the sole and exclusive benefit of the Parties and is not intended to create a contractual relationship with, or cause of action or other rights in favor of, any Person other than the Parties.

11.8 **Forward Contract.**

Each Party acknowledges, intends, and to the extent applicable agrees that (i) this Agreement and the transactions contemplated by this Agreement constitute a “forward contract” and each Party is a “forward contract merchant” within the meaning of the United States Bankruptcy Code; (ii) all payments made or to be made by a Party pursuant to this Agreement, including the application by a Party of Performance Security to any amounts due and owing to such Party, constitute “settlement payments” within the meaning of the United States Bankruptcy Code and all transfers of Performance Security by a Party or on its behalf under this Agreement constitute “margin payments” within the meaning of the United States Bankruptcy Code; and (iii) its rights under Section 9.2 of this Agreement constitute a “contractual right to liquidate, terminate or accelerate” or “contractual right to liquidate, terminate, accelerate, or offset under a master netting agreement and across contracts” within the meaning of the United States Bankruptcy Code.

11.9 **Governing Law; Jury Waiver.**

(a) Governing Law. THE LAWS OF THE STATE OF TENNESSEE (WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAW PROVISIONS THAT WOULD RESULT IN THE APPLICATION OF THE LAWS OF A DIFFERENT JURISDICTION) GOVERN ALL MATTERS ARISING OUT OF OR RELATING TO THIS AGREEMENT, INCLUDING ITS INTERPRETATION, CONSTRUCTION, PERFORMANCE, AND ENFORCEMENT.

(b) Jury Waiver. EACH PARTY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT TO A TRIAL BY JURY IN CONNECTION WITH ANY CLAIM, CAUSE OF ACTION, SUIT OR OTHER PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE IMPLEMENTATION OF THIS AGREEMENT.

11.10 **Venue.**

The Parties submit to the exclusive jurisdiction of the United States District Court for the Eastern District of Tennessee, unless such court refuses jurisdiction, in which case the Parties submit to the exclusive jurisdiction of the courts of the State of Tennessee sitting in Knoxville, Tennessee. Each Party waives (i) any objection it may have at any time to the laying of any suit, action, or other proceedings

brought in any such court; (ii) any claim that such suit, action, or other proceeding has been brought in an inconvenient forum; and (iii) any right to object, with respect to such suit, action, or other proceeding, that the court does not have any jurisdiction over the Party. This Section 11.10 does not prohibit a Party from bringing an action to enforce a money judgment in any other jurisdiction.

11.11 **Nature of Relationship.**

This Agreement will not be interpreted or construed to create an association, joint venture, fiduciary relationship or partnership between Seller and Buyer or to impose any partnership obligation or liability or any trust or agency obligation or relationship upon either Party. Neither Party has any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or act as or be an agent or representative of or otherwise bind the other Party.

11.12 **Severability.**

Should any provision of this Agreement be or become void, illegal or unenforceable, the validity or enforceability of the other provisions of this Agreement will not be affected and will continue in full force and effect. The Parties shall, however, in good faith attempt to agree on the replacement of the void, illegal, or unenforceable provision(s) with legally acceptable clauses that correspond as closely as possible to the sense and purpose of the affected provision.

11.13 **Change in Law.**

Except as expressly provided otherwise herein, the Parties agree that neither the Contract Price or Extended Contract Price nor the calculation of the Monthly Payments will be affected by any Change in Law that alters either Buyer's or Seller's costs in connection with this Agreement, the operation of the Facility or the value of Product delivered or transferred under this Agreement, or affects in any other way the purpose or economics of this Agreement.

11.14 **Interconnection Cost.**

The Contract Price assumes that the Facility's Interconnection Costs equal one million and two thousand dollars (\$1,002,000) (such costs the "Estimated Interconnection Costs"). If the Facility's actual Interconnection Costs, as prescribed by Buyer in the Interconnection Agreement and any other documents related thereto providing for interconnection costs attributable to Seller in connection with the Facility including any actual Interconnection Costs after the Commercial Operation Date, vary from the Estimated Interconnection Costs, the Contract Price will be increased or decreased by \$1.70/MWh for each \$1,000,000 (on a strictly proportional basis for any fractional portions thereof) by which the actual Interconnection Costs varies from the Estimated Interconnection Costs. If Buyer does not agree to such excess increase, as applicable, then Seller shall have the right to terminate this Agreement upon ten (10) days written notice to Buyer. Neither Party shall have any liability to the other as a result of any termination under this Section 11.14.

11.15 **New Trade Measure Events.**

Notwithstanding anything to the contrary in this Agreement, in connection with any New Trade Measure Event:

(a) Seller may suspend development and construction of the Facility during, and shall receive a day-for-day extension of the Guaranteed Commercial Operation Date for, each day of the New Trade Measure Event through the end date of such New Trade Measure Event plus any period afterward as is

reasonably necessary to accommodate any Seller or industry supply chain mobilization or remobilization or other Seller impact from such New Trade Measure Event.

(b) Seller may, in its sole discretion at any time prior to thirty (30) days after the later of (A) occurrence or cessation, as applicable, of such New Trade Measure Event or (B) importation clearance by U.S. Customs and Border Protection of the final item of imported Facility Equipment impacted by such New Trade Measure Event, provide written notice to Buyer of an increase to the Contract Price or Extended Contract Price, respectively, and extension of the Guaranteed Commercial Operation Date to keep Seller whole with respect to any cost increases or procurement delays that Seller reasonably expects to incur, including under any replacement supply arrangements, as a result of such New Trade Measure Event (a “Trade Measure Amendment Notice”). In connection with any Trade Measure Amendment Notice, Seller shall, upon request, provide Buyer with a written report from an Independent Evaluator evidencing the impact to the Seller’s costs and the project schedule. Such report shall preserve the confidentiality of Seller’s commercially sensitive information. Buyer shall have fifteen (15) Business Days to review the Trade Measure Amendment Notice and any related report from the Independent Evaluator (the “Trade Measure Amendment Notice Review Period”). The Parties agree that the Independent Evaluator’s final written determinations shall be binding on the Parties and not subject to dispute. The Agreement shall be deemed automatically amended on the first day following the Trade Measure Amendment Notice Review Period to incorporate any increase to the Contract Price (or “Extended Contract Price”) or extension to the Guaranteed Commercial Operation Date as set forth in the Trade Measure Amendment Notice, subject to any adjustments or corrections in the Independent Evaluator’s final written determinations, as applicable; provided that, unless Buyer agrees otherwise in writing: (1) any increase to the Contract Price or Extended Contract Price under this Section 11.15(b) shall not exceed more than two percent (2%) of the Contract Price or Extended Contract Price (the “Price Increase Cap”); and (2) any extension of the Guaranteed Commercial Operation Date under this Section 11.15(b) shall not exceed 365 days; provided further, that if Seller’s Trade Measure Amendment Notice sets forth (for implementation) an increase to the Contract Price (or Extended Contract Price) or extension of the Guaranteed Commercial Operation Date that exceeds the increase or extension limitations in clauses (1) or (2) above, and Buyer does not accept such excess increase or extension in writing, then Seller shall have the right to terminate this Agreement upon written notice to Buyer within thirty (30) days after the last day of the Trade Measure Amendment Notice Review Period. Neither Party shall have any liability to the other Party as a result of any termination of this Agreement under this Section 11.15(b).

11.16 Change in Tax Law.

Notwithstanding anything to the contrary in this Agreement, in connection with any Change in Tax Law, Seller may, within ninety (90) days after the issuance of such Change in Tax Law, provide written notice to Buyer of an increase or decrease to the Contract Price or Extended Contract Price to keep Seller and Buyer whole with respect to the economic impact of such Change in Tax Law (a “Tax Amendment Notice”). In connection with any Tax Amendment Notice, Seller shall, upon request, provide Buyer with a written report from an Independent Evaluator evidencing the impact to Seller’s economics associated with this Agreement. Such report shall preserve the confidentiality of Seller’s commercially sensitive information. Buyer shall have fifteen (15) Business Days to review the Tax Amendment Notice and any related report from the Independent Evaluator (the “Tax Amendment Notice Review Period”). The Parties agree that the Independent Evaluator’s final written determinations shall be binding on the Parties and not subject to dispute. The Agreement shall be deemed automatically amended on the first day following the Tax Amendment Notice Review Period to incorporate any increase or decrease to the Contract Price or Extended Contract Price as set forth in the Tax Amendment Notice, subject to any adjustments or corrections in the Independent Evaluator’s final written determinations, as applicable; provided that, unless Buyer agrees otherwise in writing, any increase to the Contract Price or Extended Contract Price under this Section 11.16 shall not exceed the Price Increase Cap; provided further, that if Seller’s Tax Amendment

Notice sets forth (for implementation) an increase to the Contract Price or Extended Contract Price that exceeds the Price Increase Cap, and Buyer does not accept such excess increase in writing, then Seller shall have the right to terminate this Agreement upon written notice to Buyer within thirty (30) days after the last day of the Tax Amendment Notice Review Period. Neither Party shall have any liability to the other Party as a result of any termination of this Agreement under this Section 11.16.

11.17 Cumulative Impact of New Trade Measure Events and Changes in Tax Law.

Unless Buyer agrees otherwise in writing, the cumulative impact of any increase(s) to the Contract Price or Extended Contract Price under Section 11.15 and 11.16 during the Term of this Agreement shall not exceed the Price Increase Cap, adjusted for any increase or decrease as described in Section 11.14 or Section 11.18. If any Trade Measure Amendment Notice or Tax Amendment Notice sets forth (for implementation) an increase to the Contract Price or Extended Contract Price that exceeds the Price Increase Cap, and Buyer does not accept such excess increase in writing, then Seller shall have the right to terminate this Agreement upon written notice to Buyer within thirty (30) days after the last day of the Tax Amendment Notice Review Period or the Trade Measure Amendment Notice Review Period, respectively. Neither Party shall have any liability to the other Party as a result of any termination of this Agreement under this Section 11.17.

11.18 Additional Facility Incentives.

Prior to the Commercial Operation Date Seller will make commercially reasonable efforts to cause the Facility to qualify, if applicable, for the following additional incentives for the Facility.

- a) Energy Community Tax Credit. If the Seller determines that the Facility will qualify for the Energy Community Tax Credit, then the Contract Price shall be reduced by \$6.11 per MWh. In no event shall the Seller directly or indirectly receive the financial benefit of the Energy Community Tax Credit without reducing the Contract Price as described herein.
- b) Solar For All Program Grant. If the Facility qualifies for and receives Solar For All grant funding, and the funding is received by Seller, then the Contract Price shall be reduced by \$2.05/MWh for each \$1,000,000 of Solar For All funding received by Seller with respect to the Facility.

11.19 Counterparts.

This Agreement may be executed in one or more counterparts and by different Parties in separate counterparts, each of which will be deemed an original and all of which when taken together constitute but a single agreement. The delivery of an executed counterpart to this Agreement by electronic means is effective for all purposes as the delivery of a manually executed counterpart. This Agreement may be stored by the Parties electronically and the reproduction in tangible form of an electronically stored version of this Agreement will be deemed to be an “original” for all purposes.

11.20 Dispute Resolution.

Any dispute under this Agreement between Seller and Buyer must, at the request of any Party, be referred to a senior representative of each of the Parties for resolution on an informal basis as promptly as practicable. The negotiation between the Parties and any documents exchanged in connection with the negotiation are confidential and considered statements made in compromise negotiations within the meaning of the Federal Rule of Evidence 408 and any applicable state law evidentiary rules or doctrines. In the event the Parties are unable to satisfactorily resolve the dispute within 30 days of such referral or

such other period as the Parties may mutually agree, subject to any extensions of time as may be mutually agreed upon in writing, the Parties will submit to nonbinding mediation before a third party neutral in accordance with the expedited provisions of the American Arbitration Association under the commercial rules, and the Parties shall each be responsible for fifty percent (50%) of the associated mediation fees. If the dispute is not resolved within ninety (90) days of referral to mediation, or such period as the Parties may mutually agree, either Party may pursue such remedies as may be available to it under applicable law or in equity in order to resolve such dispute. Notwithstanding the foregoing, a request to resolve a dispute on an informal basis does not restrict a Party's right to bring an action seeking injunctive relief in respect of this Agreement.

11.21 **Construction.**

This Agreement was jointly prepared by the Parties by and through their respective legal counsel, and any uncertainty or ambiguity existing herein will not be interpreted against either Party on the basis that such Party drafted the language.

11.22 **Entire Agreement; Integration.**

This Agreement, together with all exhibits attached hereto, constitutes the entire agreement between the Parties and supersedes any and all prior oral or written understandings. Except as provided in Section 7.1(b) and Section 11.1, no amendment, addition to, or modification of any provision hereof is binding upon the Parties, and neither Party will be deemed to have waived any provision or any remedy available to it, unless such amendment, addition, modification, or waiver is in writing and signed by a duly authorized officer or representative of each Party.

[signature page follows]

The Parties have caused this Power Purchase Agreement to be executed by their duly authorized representatives as of the Effective Date.

BUYER:

Knoxville Utilities Board

By: _____
Name: Gabriel Bolas
Title: President and CEO

SELLER:

DG Knoxville TN, LLC

By: _____
Name: Ryan Coakley
Title: Vice President

EXHIBITS

<u>Exhibit A</u>	Description of the Facility
<u>Exhibit B</u>	Solar Production Guarantee
<u>Exhibit C</u>	Facility Single Line Diagram
<u>Exhibit D</u>	Insurance Requirements
<u>Exhibit E</u>	Notice Information
<u>Exhibit F</u>	Reserved
<u>Exhibit G</u>	Operating Standards
<u>Exhibit H</u>	Credit Annex
<u>Exhibit I</u>	Best and Final Proposal
<u>Exhibit J</u>	Development Schedule
<u>Pending Exhibit</u>	Land Lease (to be attached once executed)

Exhibit A

DESCRIPTION OF THE FACILITY

Facility Name: KUB - Knoxville Solar

Anticipated Nameplate Capacity: 21 MW_{AC}

Owner: DG Knoxville TN, LLC

Location: 6210 Cement Plant Road, Knoxville, TN 37924

Description of the Site: Approximately 115 acres in Knox County, TN

Description of Equipment: Single-axis tracking, ground-mount solar photovoltaic system

Map: See attached

Point of Interconnection: KUB 69 kV sub-transmission overhead line located approximately at 36.028019°, -83.825734°

Exhibit B

EXPECTED SOLAR FACILITY OUTPUT

Contract Year	Expected Solar Facility Output* (MWh)
1	43,737
2	43,518
3	43,300
4	43,084
5	42,868
6	42,654
7	42,441
8	42,229
9	42,017
10	41,807
11	41,598
12	41,390
13	41,183
14	40,977
15	40,773
16	40,569
17	40,366
18	40,164
19	39,963
20	39,763
21	39,565
22	39,367
23	39,170
24	38,974
25	38,779
26	38,585
27	38,392
28	38,200
29	38,009
30	37,819

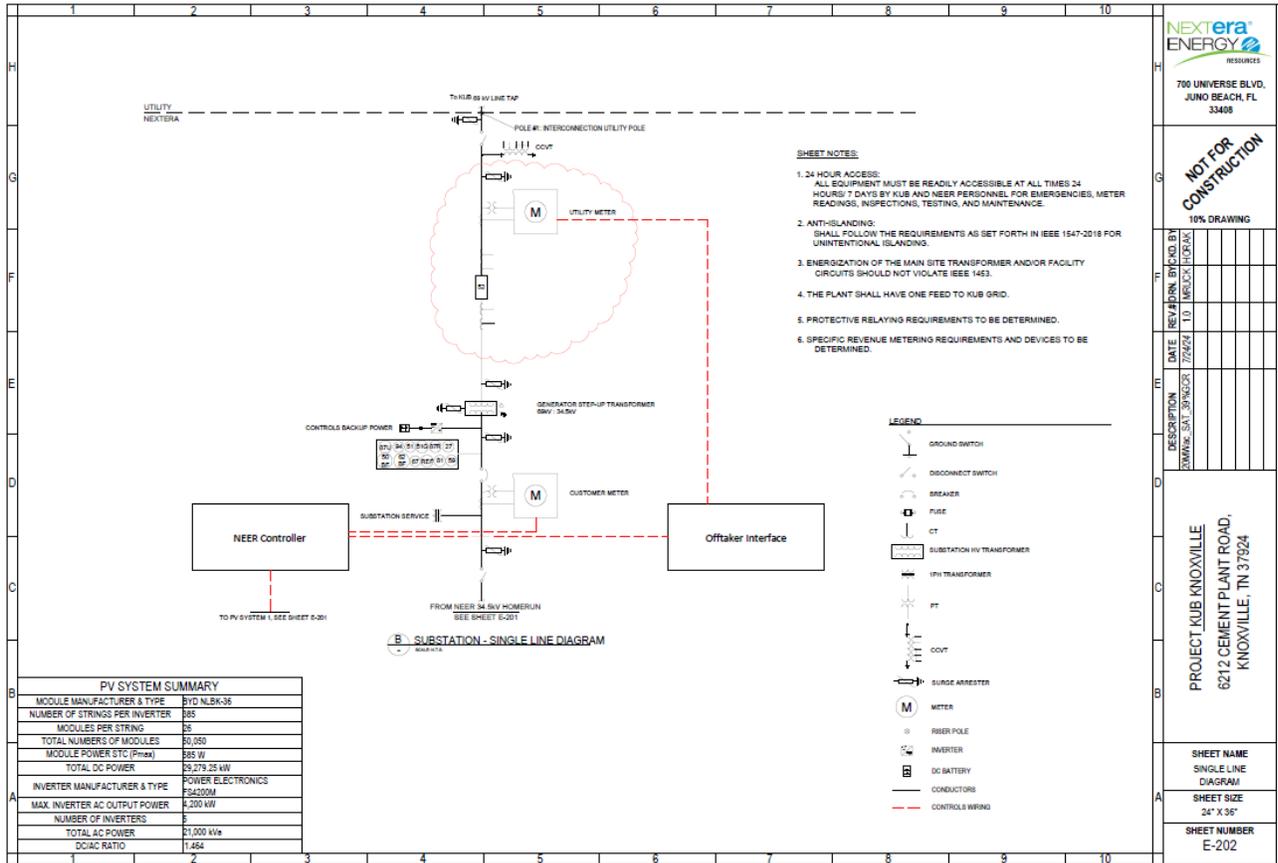
* Seller may adjust the Expected Solar Facility Output as follows, provided that with respect to any such adjustment, Seller calculates Expected Solar Facility Output using PVSYST or an equivalent modeling program consistent with the modeling methods utilized to determine Deemed Energy:

Exhibit H
Attachment 2

1. Prior to the Delivery Term, Seller may adjust the values to reflect the Solar Facility Specifications (including as-built design) and the modeling parameters.

Following each Measurement Period, based on the solar exposure conditions recorded at the Facility during such Measurement Period.

Exhibit H
Attachment 2



700 UNIVERSE BLVD.
JUNO BEACH, FL
33408

NOT FOR CONSTRUCTION

10% DRAWING

NO.	REVISION	BY	DATE
1	ISSUED FOR PERMIT	TD	7/26/24
2	REVISED FOR CONSTRUCTION	TD	7/26/24

PROJECT KUB KNOXVILLE
6212 CEMENT PLANT ROAD,
KNOXVILLE, TN 37924

SHEET NAME
SINGLE LINE
DIAGRAM
SHEET SIZE
24" X 36"
SHEET NUMBER
E-202

EXHIBIT D

INSURANCE REQUIREMENTS

Coverage	Limits	Deductible/Retention
<i>Following the start of construction:</i>		
General Liability	Each Occurrence: \$1,000,000	
	Damage to Rented Premises: \$100,000	
	Products & Completed Operations Aggregate: \$2,000,000	
	Personal & Advertising Injury: \$1,000,000	
	General Aggregate Pollution Liability: Included	
	Policy Aggregate: \$2,000,000	
Umbrella/Excess Liability (on a follow form basis)	Each Occurrence: \$10,000,000 Policy Aggregate: \$10,000,000	
Auto Liability	Combined Single Limit: \$1,000,000 (each accident), including all Owned, Non-Owned and Hired Vehicles	
Worker's Compensation	If such exposure exists, as required by Applicable Law.	n/a
Employer's Liability	Bodily Injury \$1,000,000 each by Accident: accident	
	Bodily Injury \$1,000,000 by Disease: policy limit	
	Bodily Injury \$1,000,000 each by Disease: employee	
<i>Following Substantial Completion (however defined or described) under the BOP Agreement:</i>		
Operational All-Risk Insurance	Property Damage: 100% of Replacement Cost*	commercially available limits/deductibles
	Business Interruption: 12 Months Gross Earnings less charges and expenses that do not continue during period of interruption	commercially available limits/deductibles
	NAT CAT perils may be subject to a sublimit.	

Exhibit H
Attachment 2

Following the FNTF Date through Substantial Completion (however defined or described) under the BOP Agreement:

Builder's All-Risk Property and Delay in Start-Up	Property Damage: lesser of: (a) \$200,000,000 or (b) 100% of Replacement Cost*	Deductibles vary

EXHIBIT E

NOTICE INFORMATION

If to Buyer:

KNOXVILLE UTILITIES BOARD
445 S. Gay Street
Knoxville, Tennessee 37902
Attention: President and Chief Executive Officer
Email: execdept@kub.org

If to Seller:

Address: DG Knoxville TN, LLC
700 Universe Boulevard, E5E/JBE
Juno Beach, FL 33408
Attention: Business Management
Email: DL-DG-NEER-BUS-MGT@nexteraenergy.com

With a copy to:

Address: DG Knoxville TN, LLC
700 Universe Boulevard, E5E/JBE
Juno Beach, FL 33408
Attention: General Counsel
Email: NEER-General-Counsel@nexteraenergy.com

Exhibit H
Attachment 2

EXHIBIT F

RESERVED

EXHIBIT G

OPERATING STANDARDS

A. AGC Protocols.

These AGC protocols for the Facility will cover:

1. Sellers AGC system should be compatible with the Buyer SCADA System using DNP3 protocols Data Points to be sent from Seller to Buyer via AGC
2. Response times and limitations of Facility in regards to AGC
3. Process for communications between Buyer and Seller in cases when AGC system is not functioning

1. AGC Electronic Communications between Buyer and Seller

Buyer will receive and send AGC Set-Point and related data over an analog or digital line. The data points covered under this Agreement, as described below, may overlap data requirements for the Buyer or Transmission Provider, as applicable.

2. Data Points to be sent from Seller to Buyer via AGC

The following data points will be transmitted via AGC from Seller to Buyer and represent Facility level data:

Description	Units
AGC Set-Point (echo)	MW
Actual power	MW
SCADA-Measured Potential	MW
Actual reactive power	Mvars
Average Voltage	kV
AGC Status	Remote/Local
Set point for Power Factor	Real/Apparent
3Phase voltage Current	Va
Frequency	Hz
Real Time Power Factor	Real/Apparent
Inverter Communication Status	Online/Offline

3. Response times and limitations of Facility in regards to AGC

The following protocols outline the expectations around responding to the AGC Set- Point. Except in the case of the Frequency of Changes, these protocols will be generally bound by the manufacturers' specifications for the equipment that Seller has chosen for the Facility.

a. Required Response Time

The facility will respond to the AGC Set-Point within the manufacturers' specifications for the equipment Seller has chosen for the Facility.

b. Allowable Variances in Excess of AGC Set-Point

Once the facility has reached the AGC Set-Point, there may be variances in excess of such set-point up to the greater of 2% or 2 MW on average as measured during a 5-minute period.

c. Range of AGC Set-Point

The range of set point values can be between 0% and 100% of Nameplate Capacity.

4. Backup Communications

In the event of an AGC failure, SCADA failure, or telecom failure, Buyer shall communicate Curtailment Notifications to Seller via telephone until AGC is restored.

B. DATA COLLECTION

I. Data.

Concurrently with the Commercial Operation Date, Seller will deliver to Buyer a report showing manufacturer, model, and year of all panels, inverters and meteorological instrumentation. Seller will also transmit and provide to Buyer the real-time data set forth below, refreshed in approximately four-ten (4-10) second intervals with regard to the generation of Energy at the Facility:

A. Two data points from each inverter:

1. Inverter generation (kW)
2. Inverter availability

B. Four data points from each Meteorological Station:

1. Global horizontal solar insolation (solar intensity)
2. Plane-of-array insolation (POA) (W/m^2)
3. Temperature (degrees Celsius)
4. Pressure (mb)

EXHIBIT H
CREDIT ANNEX

Section 1 Amount of Performance Security and Notice of Material Credit Event.

(a) Performance Security. As applicable under this Agreement, Buyer Performance Security shall be equal to the Termination Payment. The Seller Performance Assurance shall be provided in amounts as follows:

Milestone	\$/kW
Effective Date through Seller's Management Approval or 180 days from Effective Date, whichever occurs sooner	\$5
Seller's Management Approval or 181 days from Effective Date, whichever occurs sooner, until Commercial Operation	\$25
Upon Commercial Operation	\$75
The tenth anniversary of the COD	\$37.50

For the avoidance of doubt, the Seller shall provide and maintain throughout the Term of this Agreement; the Seller may request Buyer to provide Performance Assurance in the event that the Buyer fails to meet Credit Requirements as described in the Agreement.

Performance Security must be provided to Buyer prior to or contemporaneous with FNTF Notice to Buyer prior to construction, Buyer will not be obligated to return Performance Security as of the Initial Delivery Date or tenth anniversary of the Initial Delivery Date unless Seller has first provided Buyer with replacement Performance Security meeting the requirements of this Agreement.

For the purpose of determining the amount of the required Performance Security, the Contract Output of the Project will be rounded up to the nearest whole kW.

(b) Notice of Material Credit Event. Seller shall notify Buyer in writing of the occurrence of any event that, with notice or the passage of time or both, would constitute a Material

Exhibit H
Attachment 2

Credit Event with respect to Seller, which notice shall be given by Seller within five (5) Business Days of the occurrence of such event. If at any time there shall occur a Material Credit Event with respect to Seller, and such Material Credit Event is not cured or replacement Performance Security is not provided within ten (10) calendar days' notice of such event, then an Event of Default shall be deemed to have occurred pursuant to Section 9.1(f) of the Agreement to which this Exhibit D is attached.

Section 2 Letter of Credit as Performance Security. If Performance Security consists of a Letter of Credit, such Letter of Credit shall:

- (a) be issued or confirmed by a Qualified Bank;
- (b) permit Buyer to draw up to the then current "Available Amount" as defined in the Letter of Credit for the purpose of paying any and all amounts owing to Buyer under the Agreement to which this Exhibit D is attached following the occurrence and during the continuation of an Event of Default; and
- (c) permit Buyer to draw the entire "Available Amount" thereunder to hold as Cash collateral for any and all amounts owing to Buyer under the Agreement to which this Exhibit D is attached if (i) the Letter of Credit will expire in fewer than forty-five (45) calendar days and (ii) the Seller has not provided BUYER with alternative Performance Security.

Section 4 Substitution, Return, and Handling of Performance Security.

- (a) Election to Change Form of Performance Security. Seller shall have the right to, at any time and from time to time, request replacement of any or all of the Performance Security provided by it (the "*Outstanding Performance Assurance*") with one or more alternative forms of Performance Security, whereupon BUYER shall cooperate with the Seller in obtaining the concurrent release, termination, or return (as many as may be applicable) of the Outstanding Performance Assurance in favor of or held by Buyer.
- (b) Return of Original Performance Security Documents. Without limitation to the generality of the foregoing, BUYER shall return to the Seller all original Letter of Credit and all amendment, extension, and other related documents, within sixty (60) days of the termination, cancellation, or replacement thereof.

Section 5 Financial Statements.

- (a) Buyer's Financial Statements. If requested by Seller, BUYER shall deliver (i) within 120 days following the end of each fiscal year, a copy of Buyer's annual report containing audited consolidated financial statements for such fiscal year and (ii) within 60 days after the end of each of its first three fiscal quarters of each fiscal year, a copy of BUYER's quarterly report containing unaudited consolidated financial statements for such fiscal quarter. In all cases the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles (except, in the case of unaudited financial statements, for the absence of footnotes and customary year-end

Exhibit H
Attachment 2

adjustments); provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as Buyer diligently pursues the preparation, certification, and delivery of the statements.

(b) Seller's Financial Statements. If requested by BUYER, Seller shall deliver (i) within 120 days following the end of each fiscal year, a copy of the annual report containing audited consolidated financial statements for such fiscal year for Seller, or Seller's Affiliate, and (ii) within 60 days after the end of each of its first three fiscal quarters of each fiscal year, a copy of quarterly report containing unaudited consolidated financial statements for such fiscal quarter for Seller or Seller's Affiliate. In all cases the statements shall be for the most recent accounting period and shall be prepared in accordance with generally accepted accounting principles (except, in the case of unaudited financial statements, for the absence of footnotes and customary year-end adjustments); provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as the relevant entity diligently pursues the preparation, certification, and delivery of the statements.

(c) Eligible Guarantor Financial Statements. If Seller has satisfied the Performance Security Requirements by delivery of a Eligible Guarantor's Guaranty, then if requested by Buyer, Seller shall deliver (i) within 120 days following the end of each fiscal year, a copy of the Eligible Guarantor's or its parent's annual report containing audited consolidated financial statements for such fiscal year for Sponsor, and (ii) within 60 days after the end of each of its first three fiscal quarters of each fiscal year, a copy of quarterly report containing unaudited consolidated financial statements for such fiscal quarter for Sponsor. In all cases the statements shall be for the most recent accounting period and shall be prepared in accordance with generally accepted accounting principles (except, in the case of unaudited financial statements, for the absence of footnotes and customary yearend adjustments); provided, however, that should any such statements not be available on a timely basis due to a delay in preparation or certification, such delay shall not be an Event of Default so long as the relevant entity diligently pursues the preparation, certification, and delivery of the statements.

[ISSUING BANK] IRREVOCABLE STANDBY LETTER OF CREDIT

DATE OF ISSUANCE:

[Date of issuance]

[BENEFICIARY] (“Beneficiary”)

[Address]

Attention: [Contact Person]

Re: [ISSUING BANK] <Insert address>Irrevocable Standby Letter of Credit
No. _____

Sirs/Mesdames:

We hereby establish in favor of Beneficiary (sometimes alternatively referred to herein as “you”) this Irrevocable Standby Letter of Credit No. _____ (the “Letter of Credit”) for the account of [NextEra Energy Capital Holdings, Inc.] on behalf of [NextEra project entity], located at 700 Universe Boulevard, Juno Beach, Florida 33408 (“Account Parties”), effective immediately and expiring on the date determined as specified in numbered paragraph 5 below.

We have been informed that this Letter of Credit is issued pursuant to the terms of that certain [describe the underlying agreement which requires this LC].

1. Stated Amount. The maximum amount available for drawing by you under this Letter of Credit shall be [written dollar amount] United States Dollars (US\$[dollar amount]) (such maximum amount referred to as the “Stated Amount”).

2. Drawings. A drawing hereunder may be made by you on any Business Day on or prior to the date this Letter of Credit expires by delivering to [ISSUING BANK], at any time during its business hours on such Business Day, at [bank address] (or at such other address as may be designated by written notice delivered to you as contemplated by numbered paragraph 8 hereof), a copy of this Letter of Credit together with (i) a Draw Certificate executed by an authorized person substantially in the form of Attachment A hereto (the “Draw Certificate”), appropriately completed and signed by your authorized officer (signing as such) and (ii) your draft substantially in the form of Attachment B hereto (the “Draft”), appropriately completed and signed by your authorized officer (signed as such). Partial drawings and multiple presentations may be made under this Letter of Credit. Draw Certificates and Drafts under this Letter of Credit may be presented by Beneficiary by means of original documents sent by overnight delivery or courier to [ISSUING BANK] at our address set forth above, Attention: _____ (or at such other address as may be designated by written notice delivered to you as contemplated by numbered paragraph 8 below).

3. Time and Method for Payment. We hereby agree to honor a drawing hereunder made in compliance with this Letter of Credit by transferring in immediately available funds the amount specified in the Draft delivered to us in connection with such drawing to such account at such bank in the United States as you may specify in your Draw Certificate. If the Draw Certificate is presented to us at such address by 12:00 noon, (Eastern Standard Time) time on any Business Day, payment will be made not later than our close of business on third succeeding business day and if such Draw Certificate is so presented to us after 12:00 noon, (Eastern Standard Time) time on any Business Day, payment will be made on the fourth succeeding Business Day. In clarification, we agree to honor the Draw Certificate as specified in the preceding sentences, without regard to the truth or falsity of the assertions made therein.

4. **Non-Conforming Demands.** If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice not later than two Business Days that the demand for payment was not effectuated in accordance with the terms and conditions of this Letter of Credit, stating the reasons therefor and that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effectuated in conformity with this Letter of Credit, you may correct any such non-conforming demand and re-submit on or before the then current expiry date.

5. **Expiration, Initial Period and Automatic Extension.** The initial period of this Letter of Credit shall terminate on [*one year from the issuance date*] (the “**Initial Expiration Date**”). The Letter of Credit shall be automatically extended without amendment for one (1) year periods from the Initial Expiration Date or any future expiration date, unless at least sixty (60) days prior to any such expiration date we send you notice by registered mail or courier at your address first shown (or such other address as may be designated by you as contemplated by numbered *paragraph 8*) that we elect not to consider this Letter of Credit extended for any such additional one year period. Notwithstanding the foregoing extension provision, this Letter of Credit shall automatically expire at the close of business on the date on which we receive a Cancellation Certificate in the form of *Attachment C* hereto executed by your authorized officer and sent along with the original of this Letter of Credit and all amendments (if any). Upon receipt by you of such notice of non-extension, you may draw hereunder up to the available amount, on or before the then current expiry date, against presentation to us of your draft substantially in the form of *Attachment B* hereto (the “**Draft**”), appropriately completed and signed by your authorized officer (signed as such).

6. **Business Day.** As used herein, “**Business Day**” shall mean any day on which commercial banks are not authorized or required to close in the State of New York, and inter-bank payments can be effected on the Fedwire system.

7. **Governing Law.** THIS LETTER OF CREDIT IS GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE INTERNATIONAL STANDBY PRACTICES, ICC PUBLICATION NO. 590 (THE “ISP98”), AND AS TO MATTERS NOT ADDRESSED IN ISP98, BY THE LAWS OF THE STATE OF TENNESSEE.

8. **Notices.** All communications to you in respect of this Letter of Credit shall be in writing and shall be delivered to the address first shown for you above or such other address as may from time to time be designated by you in a written notice to us. All documents to be presented to us hereunder and all other communications to us in respect of this Letter of Credit, which other communications shall be in writing, shall be delivered to the address for us indicated above, or such other address as may from time to time be designated by us in a written notice to you.

9. **Irrevocability.** This Letter of Credit is irrevocable.

10. **Complete Agreement.** This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein, except for the ISP98 and *Attachment A*, *Attachment B* and *Attachment C* hereto and the notices referred to herein and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as set forth above.

Article 12

*

*

*

Article 13Sincerely,

[ISSUING BANK]

By: _____

Title: _____

Address: _____

ATTACHMENT A

FORM OF DRAW CERTIFICATE

TO: [ISSUING BANK]

[Address]

The undersigned hereby certifies to [ISSUING BANK] (“**Issuer**”), with reference to Irrevocable Letter of Credit No. _____ (the “**Letter of Credit**”) issued by Issuer in favor of the undersigned (“**Beneficiary**”), as follows:

- (1) The undersigned is the _____ of Beneficiary and is duly authorized by Beneficiary to execute and deliver this Certificate on behalf of Beneficiary.
- (2) Beneficiary hereby makes demand against the Letter of Credit by Beneficiary’s presentation of the draft accompanying this Certificate, for payment of _____ U.S. dollars (US\$ _____), which amount, when aggregated together with any additional amount that has not been drawn under the Letter of Credit, is not in excess of the Stated Amount (as in effect of the date hereof).
- (3) The reasons for a drawing by Beneficiary are pursuant to [*describe the draw conditions from the underlying agreement*].
- (4) You are hereby directed to make payment of the requested drawing to: (insert wire instructions)

Beneficiary Name and Address:

By: _____

Title: _____

Date: _____

- (5) Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Letter of Credit.

[*BENEFICIARY*]

By: _____

Title: _____

Date: _____

Exhibit H
Attachment 2

ATTACHMENT B

DRAWING UNDER IRREVOCABLE LETTER OF CREDIT NO. _____

TO: [ISSUING BANK]
[Address]

Date:

PAY TO: *[BENEFICIARY]*

U.S.\$ _____

FOR VALUE RECEIVED AND CHARGE TO THE ACCOUNT OF LETTER OF CREDIT NO.
_____.

[BENEFICIARY]

By: _____

Title: _____

Date: _____

ATTACHMENT C

CANCELLATION CERTIFICATE

TO: [ISSUING BANK]
[Address]

Irrevocable Letter of Credit No. _____

The undersigned, being authorized by the undersigned (“**Beneficiary**”), hereby certifies on behalf of Beneficiary to [ISSUING BANK] (“**Issuer**”), with reference to Irrevocable Letter of Credit No. _____ issued by Issuer to Beneficiary (the “**Letter of Credit**”), that all obligations of [PROJECT ENTITY], under the [*describe the underlying agreement which requires this LC*] have been fulfilled.

Pursuant to Section 5 thereof, the Letter of Credit shall expire upon Issuer’s receipt of this certificate.

Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Letter of Credit.

[*BENEFICIARY*]

By: _____

Title: _____

Date: _____

GUARANTY

THIS GUARANTY (this “**Guaranty**”), dated as of [REDACTED], [REDACTED] (the “**Effective Date**”), is made by NEXTERA ENERGY CAPITAL HOLDINGS, INC. (“**Guarantor**”), in favor of Knoxville Utilities Board (“**Counterparty**”).

RECITALS:

- A.** WHEREAS, Counterparty and Guarantor’s indirect, wholly-owned subsidiary [REDACTED] (“**Obligor**”) have entered into, or concurrently herewith are entering into, that certain **[Insert Name of Agreement]** [dated/made/entered into/effective as of] [REDACTED], 20 [REDACTED] (the “**Agreement**”); and
- B.** WHEREAS, Guarantor will directly or indirectly benefit from the Agreement between Obligor and Counterparty;

NOW THEREFORE, in consideration of the foregoing premises and as an inducement for Counterparty’s execution, delivery and performance of the Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Guarantor hereby agrees for the benefit of Counterparty as follows:

* * *

GUARANTY. Subject to the terms and provisions hereof, Guarantor hereby absolutely and irrevocably guarantees the timely payment when due of all obligations owing by Obligor to Counterparty arising pursuant to the Agreement on or after the Effective Date (the “**Obligations**”). This Guaranty shall constitute a guarantee of payment and not of collection. The liability of Guarantor under this Guaranty shall be subject to the following limitations:

Notwithstanding anything herein or in the Agreement to the contrary, the maximum aggregate obligation and liability of Guarantor under this Guaranty, and the maximum recovery from Guarantor under this Guaranty, shall in no event exceed one million five hundred seventy-five thousand U.S. Dollars (U.S. \$1,575,000) (the “**Maximum Recovery Amount**”).

The obligation and liability of Guarantor under this Guaranty is specifically limited to payments expressly required to be made under the Agreement, as well as costs of collection and enforcement of this Guaranty (including attorney’s fees) to the extent reasonably and actually incurred by the Counterparty (subject in all instances, to the limitations imposed by the Maximum Recovery Amount as specified in *Section 1(a)* above). In no event, however, shall Guarantor be liable for or obligated to pay any indirect, incidental, lost profit, special, exemplary, punitive, equitable or tort damages.

DEMANDS AND PAYMENT.

- (a)** If Obligor fails to pay any Obligation to Counterparty when such Obligation is due and owing under the Agreement (an “**Overdue Obligation**”), Counterparty may present a written demand to Guarantor calling for Guarantor’s payment of such Overdue Obligation pursuant to this Guaranty (a “**Payment Demand**”).

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- (b) Guarantor's obligation hereunder to pay any particular Overdue Obligation(s) to Counterparty is conditioned upon Guarantor's receipt of a Payment Demand from Counterparty satisfying the following requirements: (i) such Payment Demand must identify the specific Overdue Obligation(s) covered by such demand, the specific date(s) upon which such Overdue Obligation(s) became due and owing under the Agreement, and the specific provision(s) of the Agreement pursuant to which such Overdue Obligation(s) became due and owing; (ii) such Payment Demand must be delivered to Guarantor in accordance with Section 9 below; and (iii) the specific Overdue Obligation(s) addressed by such Payment Demand must remain due and unpaid at the time of such delivery to Guarantor.
- (c) After issuing a Payment Demand in accordance with the requirements specified in Section 2(b) above, Counterparty shall not be required to issue any further notices or make any further demands with respect to the Overdue Obligation(s) specified in that Payment Demand, and Guarantor shall be required to make payment with respect to the Overdue Obligation(s) specified in that Payment Demand within five (5) Business Days after Guarantor receives such demand. As used herein, the term "**Business Day**" shall mean all weekdays (*i.e.*, Monday through Friday) other than any weekdays during which commercial banks or financial institutions are authorized to be closed to the public in the State of Florida or the State of New York.

REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants that:

it is a corporation duly organized and validly existing under the laws of the State of Florida and has the corporate power and authority to execute, deliver and carry out the terms and provisions of the Guaranty;

no authorization, approval, consent or order of, or registration or filing with, any court or other governmental body having jurisdiction over Guarantor is required on the part of Guarantor for the execution and delivery of this Guaranty; and

this Guaranty constitutes a valid and legally binding agreement of Guarantor, enforceable against Guarantor in accordance with the terms hereof, except as the enforceability thereof may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

RESERVATION OF CERTAIN DEFENSES. Without limiting Guarantor's own defenses and rights hereunder, Guarantor reserves to itself all rights, setoffs, counterclaims and other defenses to which Obligor is or may be entitled arising from or out of the Agreement, except for defenses (if any) based upon the bankruptcy, insolvency, dissolution or liquidation of Obligor or any lack of power or authority of Obligor to enter into and/or perform the Agreement.

AMENDMENT OF GUARANTY. No term or provision of this Guaranty shall be amended, modified, altered, waived or supplemented except in a writing signed by Guarantor and Counterparty; provided, however, that an amendment to this Guaranty increasing the Maximum Recovery Amount and/or extending the termination date of this Guaranty may be executed solely by Guarantor. Guarantor shall provide written notice of any increase to the Maximum Recovery Amount and/or the termination date.

WAIVERS AND CONSENTS. Subject to and in accordance with the terms and provisions of this Guaranty:

- (a) Except as required in Section 2 above, Guarantor hereby waives (i) notice of acceptance of this Guaranty; (ii) presentment and demand concerning the liabilities of Guarantor; and (iii) any right

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to require that any action or proceeding be brought against Obligor or any other person, or to require that Counterparty seek enforcement of any performance against Obligor or any other person, prior to any action against Guarantor under the terms hereof.

- (b) No delay by Counterparty in the exercise of (or failure by Counterparty to exercise) any rights hereunder shall operate as a waiver of such rights, a waiver of any other rights or a release of Guarantor from its obligations hereunder (with the understanding, however, that the foregoing shall not be deemed to constitute a waiver by Guarantor of any rights or defenses which Guarantor may at any time have pursuant to or in connection with any applicable statutes of limitation).
- (c) Without notice to or the consent of Guarantor, and without impairing or releasing Guarantor's obligations under this Guaranty, Counterparty may: (i) change the manner, place or terms for payment of all or any of the Obligations (including renewals, extensions or other alterations of the Obligations); (ii) release any person (other than Obligor or Guarantor) from liability for payment of all or any of the Obligations; or (iii) receive, substitute, surrender, exchange or release any collateral or other security for any or all of the Obligations.

REINSTATEMENT. Guarantor agrees that this Guaranty shall continue to be effective or shall be reinstated, as the case may be, if all or any part of any payment made hereunder is at any time avoided or rescinded or must otherwise be restored or repaid by Counterparty as a result of the bankruptcy or insolvency of Obligor, all as though such payments had not been made.

TERMINATION. This Guaranty and the Guarantor's obligations hereunder will terminate automatically and immediately upon the earlier of (i) the termination or expiration of the Agreement or (ii) 11:59:59 Eastern Prevailing Time [REDACTED]; *provided, however,* that no such termination shall affect Guarantor's liability with respect to any Obligation incurred prior to the time the termination is effective, which Obligation shall remain subject to this Guaranty.

NOTICE. Any Payment Demand, notice, request, instruction, correspondence or other document to be given hereunder (herein collectively called "Notice") by Counterparty to Guarantor, or by Guarantor to Counterparty, as applicable, shall be in writing and may be delivered either by (i) U.S. certified mail with postage prepaid and return receipt requested, or (ii) recognized nationwide courier service with delivery receipt requested, in either case to be delivered to the following address (or to such other U.S. address as may be specified via Notice provided by Guarantor or Counterparty, as applicable, to the other in accordance with the requirements of this Section 9):

<u>TO GUARANTOR:</u> *	<u>TO COUNTERPARTY:</u>
NEXTERA ENERGY CAPITAL HOLDINGS, INC. 700 Universe Blvd. Juno Beach, Florida 33408 <u>Attn:</u> Treasurer	Knoxville Utilities Board 445 S. Gay Street Knoxville, Tennessee 37902 Attention: President and Chief Executive Officer Email: execdept@kub.org
<i>[Tel: (561) 694-6204 -- for use in connection with courier deliveries]</i>	<i>[Tel: (865)558_-2911__ -- for use in connection with courier deliveries]</i>

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Any Notice given in accordance with this Section 9 will (i) if delivered during the recipient's normal business hours on any given Business Day, be deemed received by the designated recipient on such date, and (ii) if not delivered during the recipient's normal business hours on any given Business Day, be deemed received by the designated recipient at the start of the recipient's normal business hours on the next Business Day after such delivery.

MISCELLANEOUS.

- (a) This Guaranty shall in all respects be governed by, and construed in accordance with, the law of the State of Tennessee, without regard to principles of conflicts of laws thereunder.
- (b) This Guaranty shall be binding upon Guarantor and its successors and permitted assigns and inure to the benefit of and be enforceable by Counterparty and its successors and permitted assigns. Guarantor may not assign this Guaranty in part or in whole without the prior written consent of Counterparty. Counterparty may not assign its rights or benefits under this Guaranty in part or in whole without the prior written consent of Guarantor.
- (c) This Guaranty embodies the entire agreement and understanding between Guarantor and Counterparty and supersedes all prior agreements and understandings relating to the subject matter hereof.
- (d) The headings in this Guaranty are for purposes of reference only, and shall not affect the meaning hereof. Words importing the singular number hereunder shall include the plural number and vice versa, and any pronouns used herein shall be deemed to cover all genders. The term "person" as used herein means any individual, corporation, partnership, joint venture, limited liability company, association, joint-stock company, trust, unincorporated association, or government (or any agency or political subdivision thereof).
- (e) Wherever possible, any provision in this Guaranty which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any one jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.
- (f) Counterparty (by its acceptance of this Guaranty) and Guarantor each hereby irrevocably: (i) consents and submits to the exclusive jurisdiction of the United States District Court for the Eastern District of Tennessee, or if that court does not have subject matter jurisdiction, to the exclusive jurisdiction of the Knox County Circuit Court for the purposes of any suit, action or other proceeding arising out of this Guaranty or the subject matter hereof or any of the transactions contemplated hereby brought by Counterparty, Guarantor or their respective successors or assigns; and (ii) waives (to the fullest extent permitted by applicable law) and agrees not to assert any claim that it is not personally subject to the jurisdiction of the above-named courts, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Guaranty or the subject matter hereof may not be enforced in or by such court.
- (g) COUNTERPARTY (BY ITS ACCEPTANCE OF THIS GUARANTY) AND GUARANTOR EACH HEREBY IRREVOCABLY, INTENTIONALLY AND VOLUNTARILY WAIVES THE RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS GUARANTY OR THE AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PERSON RELATING HERETO

Exhibit H
Attachment 2

OR THERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY.

- (h) Delivery of an executed signature page of this Guaranty by facsimile or email shall be effective as delivery of a manually executed counterpart hereof. The words "execute," "execution," "signed," "signature," and words of similar import in this Guaranty shall be deemed to include electronic signatures or digital signatures, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as manually executed signatures or a paper-based recordkeeping system, as the case may be, to the extent and as provided for under applicable law, including the Electronic Signatures in Global and National Commerce Act of 2000, the Electronic Signatures and Records Act of 1999, or any other similar state laws based on the Uniform Electronic Transactions Act.

* * *

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty on [REDACTED], 20[REDACTED], but it is effective as of the Effective Date.

NEXTERA ENERGY CAPITAL HOLDINGS, INC.

By: _____

Name: _____

Title: _____

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EXHIBIT I
SELLER'S BEST AND FINAL PROPOSAL

(Attached)

KUB Solar Flexibility RFP

Control #3504

Best and Final Request Form

Submit to abbey.marshall@kub.org by August 6, 2024, 4:00PM EDT

Respondent Name	
Name of Entity that will sign PPA/Term Sheet (if different from original Respondent)	DG Development & Acquisition, LLC, an indirect wholly owned subsidiary of NextEra Energy Resources, LLC
Project Location(s) (if bundled contract, list all locations)	Cemex Solar Site
Project Capacity (MWac) (if bundled contract, list capacities separately)	20MWac
Proposed Point of Interconnection(s) (include approximate location and voltage) (if bundled contract, list all POIs)	KUB's 69kV sub-transmission line adjacent to the Cemex Solar Site
Expected Commercial Operations Date Estimate to the best of your ability. Earliest project timeline will be considered in KUB's review.	Second to Third Calendar Quarter of 2026

This Best and Final form is intended to solicit final pricing details for proposals. In the event a project is awarded, KUB anticipates executing a Terms Sheet to then develop Purchase Power Agreement contract terms with the selected Respondent.

Respondents are asked to submit one form per project site. If developer is proposing a bundled contract (i.e. sites submitted as a joint package at a single rate), developer should submit one form including all sites.

REVISED SCHEDULE:

- A. Receive responses to Best and Final Request Form from Proposer by the **deadline: August 6, 2024, 4:00PM EDT****
- B. Make Award(s) on or about September 3, 2024
- C. Term Sheet(s) finalized on or about October 1, 2024

Pricing Breakdown

Please provided updated Purchase Power Agreement (PPA) pricing in the table below. This pricing should be provided as a basis for negotiating PPA terms; however, actual terms may vary pending contract discussions. Pricing should be provided as follows:

- Base Price
 - Base prices should be provided as a fixed, non-escalator PPA rate (\$/MWh) for an Initial Term of 20 years and 30 years
 - Base price should only include base 30% ITC credit (inclusive of associated labor requirements). Additional ITC credits/bonuses expected should be listed as separate line items
 - Should be indicative of all items listed in the PPA Disclosures table below
- Energy Community Bonus Tax Credit: Impact to rate \$/MWh if site qualifies for Energy Community ITC bonus (due to brownfield or other qualifying status)
- Domestic Content Bonus Tax Credit: Impact to rate \$/MWh if site qualifies for Domestic Content ITC bonus
- Solar For All: Impact to rate (\$/MWh) per \$1M upfront contribution of Solar For All funding
- Interconnection Cost Adder: Impact to rate (\$/MWh) per \$1M interconnection cost above and beyond initial estimates.

Pricing Table	PPA Rate (\$/MWh)		Check to indicate if Respondent anticipates site will qualify for ITC Adders
	20 Year Term	30 Year Term	
Base Price (fixed, non-escalator)	\$ 72.86	\$ 67.39	
Energy Community Qualification	-\$ 6.11	-\$ 5.15	TBD - will need more site info
Domestic Content Qualification	-\$ 3.02	-\$ 2.44	Yes
Solar For All Buy-Down (per \$1M)	-\$ 2.05	-\$ 1.70	
Interconnection Cost Impact (per \$1M expense)	\$ 1.70	\$ 1.51	

Purchase Power Agreement Disclosures	Check One	
	Yes	No
Proposing Firm’s Best and Final PPA Rate includes, but is not limited to:		
1) PPA price includes all system energy and capacity and KUB receipt of all Renewable Energy Credits, environmental attributes, and carbon credits	X	
2) All costs for design, engineering, procurement, construction, and commissioning	X	
3) All costs associated with requirements for system extensions, improvements, interconnection, metering, communications, protections, and TVA/KUB studies, including but not limited to those estimated on the Site Utility Specification Sheet	X	
4) All operations, maintenance, repair, and replacement costs for the life of the project	X	
5) All costs for decommissioning and restoring the site to original conditions at the end of the land use agreement, including TN Code § 66-9-207	X	
6) All costs/risks associated with the ITC, PTC, or other Federal Grants or Incentives indicated	X	

7) All costs associated with facility and workers insurance and bonding	X	
8) All costs associated with Permits, Federal, State, and Local taxes, and tax equivalents, including TN Code § 67-4-3101	X	
9) Property costs for the term of the PPA (as applicable)	X	
10) Proposer agrees to no costs for curtailment periods ordered by TVA or KUB	X	
11) Rate here provided is independent of any additional proposals being selected.	X	
<i>Please attach a detailed explanation of any exception or 'No' answers</i>		

Additional clarification for the above:

- 9) No cost for leasing the land for the Cemex site has been included per the original RFP.
- 10) During emergency conditions (i.e. when customer electric service is impacted by grid conditions or when operation of the facility could damage the grid) curtailment can be accepted. For non-emergency curtailments, would KUB like to propose an allowance/estimate for bidders to incorporate into the pricing?

Generation and Supply Guarantee

Confirm estimated generation for a 30-year life of the project.

Year	Annual Production (kWh)
1	43,737
2	43,518
3	43,300
4	43,084
5	42,868
6	42,654
7	42,441
8	42,229
9	42,017
10	41,807
11	41,598
12	41,390
13	41,183
14	40,977
15	40,773
16	40,569
17	40,366
18	40,164
19	39,963
20	39,763
21	39,565
22	39,367
23	39,170
24	38,974
25	38,779
26	38,585
27	38,392
28	38,200
29	38,009
30	37,819

Supply Guarantee

Indicate the level of Supply Guarantee (as a percentage of the estimated annual production above or as a minimum capacity factor – please indicate which) that the developer will commit to for the term of the PPA. Include any details about how proposed percentage is calculated.

Note: This amount will be referenced in the PPA and used to determine final RFP pricing scores.

Our typical production guarantee is 90%, weather adjusted, three-year rolling average.

Term Structuring

As discussed during the interview, Knoxville City Charter limits KUB to a maximum of a 20-year contract term at any given time. Please indicate whether the Developer is able to entertain the following Term Option Examples:

Term Option Examples	Check One	
	Yes	No
Tiered Extension Pricing: The initial contract term shall be for a period of 20 years. Every five years, KUB will have the option to extend the contract for an additional 20 years at an adjusted rate, which redistributes pricing for the extended term.	X	
Evergreen Automatic Renewal: The initial contract term shall be for a period of 20 years. Each year the contract automatically renews for an additional 20 years, up to a maximum of 30 years.	X	
Exit Penalty: The initial contract term shall be priced for a period of 30 years with a 20-year commitment. At the end of year 20, KUB has the option to terminate the contract for an exit penalty.	X	
Other: Developer is welcome to propose other options that will achieve favorable pricing for KUB with a 20-year option to exit (describe below).		
We are open to working with KUB on all three options above, based on KUB's preference.		

Additional Clarifications:

- KUB will negotiate final Term length language and corresponding rate schedule adjustments upon award.
- KUB Interconnection Agreement does not expire and will not limit the system to operating for the contract term.
- CEMEX Proposals: CEMEX has initially expressed willingness to sign on to a 30-year term for the land lease agreement.

Site Utility Specifications Sheet

Please refer to the Site Utility Specifications Sheet for your proposed site(s).

Please return Best and Final Request Form to abbey.marshall@kub.org by

Tuesday, August 6, 2024, 4:00 PM EDT.

EXHIBIT J
DEVELOPMENT SCHEDULE

From and after the execution date of either i) a site access agreement or ii) Third Party Lease Agreement necessary for Seller to secure recordable, insurable access rights from the Lessor, Seller shall make commercially reasonable efforts to advance, at a minimum, the following initial development activities¹:

Anticipated Facility Site Access Agreement Execution Date²	July 1, 2025	
Activity	Estimated Timeline³	Anticipated Dates
Site Assessment & Engineering		
Prelim Title Report	60 days	Aug. 30, 2025
Phase I environmental site assessment	60 days	Aug. 30, 2025
Preliminary geotechnical study (w/ pile pull tests)	120 days	Oct. 29, 2025
ALTA survey with topography	120 days	Oct. 29, 2025
Species & habitat determination studies	120 days	Oct. 29, 2025
Wetland Determination	120 days	Oct. 29, 2025
Design Engineering		
Updates (if any) to Preliminary Design	30 days	Jul. 31, 2025
Detailed Design Engineering: Civil, structural, electrical (up to 30%) ⁴	160 days	Dec. 8, 2025
Interconnection		
Preparation & submission of interconnection application	60 days	Aug. 30, 2025
Coordination with Buyer to confirm Point of interconnection, any required protective equipment, and gen-tie line to KUB point of interconnection	Ongoing	
Assist and support Buyer with the Buyer Dynamic & Transient Impact Study – Assess system impacts and determine necessary system upgrades for reliable interconnection and Buyer’s system stability under normal and abnormal conditions. The study incorporates temporary overvoltage & insulation coordination study; harmonic study; short-circuit & protection; grounding; impacts of substation transformer energization, etc.	Ongoing	

¹ Schedule will be updated with detailed milestones and updated timeline at the time of Seller Management Approval

² Either a site access agreement necessary or other agreement to grant Seller, affiliates and consultant’s access to the site to conduct the Initial Development Activities described in this Exhibit.

³ Estimated timeline for completion (calendar days) from either a site access agreement or other form of real estate agreement between NextEra and Cemex (Lessor)

⁴ Advanced engineering to be completed later in the development phase.

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Plant single line diagram, substation & distribution transformer specifications and test reports, cable & conductor data, inverter control model, plant controller control model, harmonic model data, surge arrestor documentation and others as requested.	Ongoing	
Permitting & Entitlements		
Permit list of required local, state and Federal permits	30 days	Jul. 31, 2025
Material/non-ministerial permits secured	180 days	Dec. 28, 2025
<u>Other Key Milestones</u>		
Seller's Management Approval	180 days	Dec. 23, 2025
Final Notice to Proceed	400 days	Aug 5, 2026
Construction Completion	730 days	July 1, 2027

**Knoxville Utilities Board
Board Meeting Minutes
Thursday, May 15, 2025 Noon**

Call to Order

The Knoxville Utilities Board met in regular session in the Larry A. Fleming Board Room at 445 S. Gay Street, on Thursday, May 15, 2025, pursuant to the public notice published in the January 4, 2025, edition of the *News Sentinel*. Chair Gibson called the meeting to order at 12:00 p.m.

Roll Call

Commissioners Present: Claudia Caballero, Ron Feinbaum, Cynthia Gibson, Kathy Hamilton, and Dr. Craig Pickett, Jr.

Commissioners Absent: Celeste Herbert and Phyllis Nichols

Approval of Minutes

Upon a motion by Commissioner Feinbaum and a second by Commissioner Caballero, the April 17, 2025 Board meeting minutes were approved by a roll call vote. The following Commissioners voted “aye”: Caballero, Feinbaum, Gibson, Hamilton, and Pickett, Jr. No Commissioner voted “nay”.

Old Business

None

New Business

Resolution 1505 – A Resolution to Amend Resolution No. 1494, the Caption of Which is as Follows: “A Resolution Making and Fixing the Annual Budget Appropriations of the Knoxville Utilities Board from the Funds of the Electric Division, the Gas Division, the Water Division, the Wastewater Division, and the Fiber Division for the Fiscal Year Beginning July 1, 2024, Providing for Expenditures Paid for the Period Beginning July 1, 2024, and Ending June 30, 2025”

Resolution 1506 – A Resolution Requesting the Council of the City of Knoxville, Tennessee to Provide for the Issuance of Not to Exceed Thirty-Seven Million and No/100 Dollars (\$37,000,000) in Aggregate Principal Amount of Electric System Revenue Bonds, Series RR-2026; and Issuance of Not to Exceed Eighteen Million and No/100 Dollars (\$18,000,000) in Aggregate Principal Amount of Water System Revenue Bonds, Series PP-2026

May 15, 2025

Resolution 1507 – A Resolution Making and Fixing the Annual Budget Appropriations of the Knoxville Utilities Board from the Funds of the Electric Division, the Gas Division, the Water Division, the Wastewater Division, and the Fiber Division for the Fiscal Year Beginning July 1, 2025, Providing for Expenditures Paid for the Period Beginning July 1, 2025, and Ending June 30, 2026

Resolution 1508 – A Resolution Approving Commitment Appropriations for the Fiscal Year Beginning July 1, 2025, Thereby Authorizing the Commitment of Expenditures to be Paid Subsequent to June 30, 2026, for Contractual Commitments Executed and Other Obligations Incurred on or Before June 30, 2026

President Gabriel Bolas recognized Mark Walker, Senior Vice President and Chief Financial Officer, to review an amendment to the current fiscal year budget and present proposed fiscal year 2026 appropriations and funding recommendations, which are in line with information discussed at last month's financial workshop. Mr. Walker began by reviewing the proposed fiscal year 2025 budget amendment needed for the Electric Division.

He then reviewed the proposed budget for fiscal year 2026 and funding of the proposed budget. The proposed total budget appropriations for fiscal year 2026 are approximately \$1.3 billion, including \$813.3 million for the Electric Division, \$169 million for the Gas Division, \$112.7 million for the Water Division, \$133.1 million for the Wastewater Division, and \$36.6 million for the Fiber Division. He also reviewed the major cost components of the proposed \$1.265 billion budget and advised the Board the proposed budget will be funded by \$1.168 billion in system revenues, \$55 million in bond proceeds, \$27 million in general fund cash, \$9 million in grants, and a \$6 million interdivisional loan from the Electric Division to the Fiber Division.

Mr. Walker next reviewed the request for the issuance of up to \$37 million in new electric bonds and up to \$18 million in new water bonds.

Lastly, Mr. Walker reviewed the request for commitment appropriations for fiscal year 2026, authorizing the commitment of expenditures for each division subsequent to June 30, 2026, for commitments entered into on or before June 30, 2026.

Upon a motion by Commissioner Feinbaum and a second by Commissioner Pickett, Resolution 1505 (*Attachment 1*) was adopted by a roll call vote on first and final reading. The following Commissioners voted "aye": Caballero, Feinbaum, Gibson, Hamilton, and Pickett, Jr. No Commissioner voted "nay".

May 15, 2025

Upon a motion by Commissioner Hamilton and a second by Commissioner Feinbaum, Resolution 1506 (*Attachment 2*) was adopted by a roll call vote on first and final reading. The following Commissioners voted “aye”: Caballero, Feinbaum, Gibson, Hamilton, and Pickett, Jr. No Commissioner voted “nay”.

Upon a motion by Commissioner Caballero and a second by Commissioner Pickett, Resolution 1507 (*Attachment 3*) was adopted by a roll call vote on first and final reading. The following Commissioners voted “aye”: Caballero, Feinbaum, Gibson, Hamilton, and Pickett, Jr. No Commissioner voted “nay”.

Upon a motion by Commissioner Feinbaum and a second by Commissioner Hamilton, Resolution 1508 (*Attachment 4*) was adopted by a roll call vote on first and final reading. The following Commissioners voted “aye”: Caballero, Feinbaum, Gibson, Hamilton, and Pickett, Jr. No Commissioner voted “nay”.

Resolution 1509 – A Resolution Authorizing the Condemnation and the Taking of Three Permanent Utility Easements on Three Certain Properties Located at 508, 592 and 1105 East Emory Road, Knoxville, Knox County, Tennessee

President Bolas recognized Kurt Stafford, Vice President of Engineering, to review the easement acquisition process and provide details of the condemnation request.

Upon a motion by Commissioner Feinbaum and a second by Commissioner Pickett, Resolution 1509 (*Attachment 5*) was adopted by a roll call vote on first and final reading. The following Commissioners voted “aye”: Caballero, Feinbaum, Gibson, Hamilton, and Pickett, Jr. No Commissioner voted “nay”.

President’s Report

Fiscal Year 2026 Financial and Organizational Metrics

President Bolas recognized Commissioner Hamilton who advised the Board that the Audit and Finance Committee met on May 1, 2025 and adopted fiscal year 2026 financial and organizational metrics. She introduced Chris Hood, Vice President of Finance, to share an overview of those metrics with the full board.

General Shale Site Update

President Bolas recognized Kurt Stafford, Vice President of Engineering, to provide an update on the former General Shale site located near the Mark B. Whitaker Water Treatment Plant.

May 15, 2025

Other Business

None

Public Comment

None

Adjournment

There being nothing further to come before the Board, Chair Gibson declared the Board meeting adjourned at 1:00 p.m.

Cynthia Gibson, Chair

Mark Walker, Board Secretary

Attachments

Attachment 1	Recommendation Letter and Resolution 1505 – A Resolution to Amend Resolution No. 1494, the Caption of Which is as Follows: “A Resolution Making and Fixing the Annual Budget Appropriations of the Knoxville Utilities Board from the Funds of the Electric Division, the Gas Division, the Water Division, the Wastewater Division, and the Fiber Division for the Fiscal Year Beginning July 1, 2024, Providing for Expenditures Paid for the Period Beginning July 1, 2024, and Ending June 30, 2025”	<u>Page(s)</u> 13393 - 13399
Attachment 2	Resolution 1506 – A Resolution Requesting the Council of the City of Knoxville, Tennessee to Provide for the Issuance of Not to Exceed Thirty-Seven Million and No/100 Dollars (\$37,000,000) in Aggregate Principal Amount of Electric System Revenue Bonds, Series RR-2026; and Issuance of Not to Exceed Eighteen Million and No/100 Dollars (\$18,000,000) in Aggregate Principal Amount of Water System Revenue Bonds, Series PP-2026	13400 - 13474
Attachment 3	Resolution 1507 – A Resolution Making and Fixing the Annual Budget Appropriations of the Knoxville Utilities Board from the Funds of the Electric Division, the Gas Division, the Water Division, the Wastewater Division, and the Fiber Division for the Fiscal Year Beginning July 1, 2025, Providing for Expenditures Paid for the Period Beginning July 1, 2025, and Ending June 30, 2026	13475 - 13485
Attachment 4	Resolution 1508 – A Resolution Approving Commitment Appropriations for the Fiscal Year Beginning July 1, 2025, Thereby Authorizing the Commitment of Expenditures to be Paid Subsequent to June 30, 2026, for Contractual Commitments Executed and Other Obligations Incurred on or Before June 30, 2026	13486 - 13491
Attachment 5	Resolution 1509 – A Resolution Authorizing the Condemnation and the Taking of Three Permanent Utility Easements on Three Certain Properties Located at 508, 592 and 1105 East Emory Road, Knoxville, Knox County, Tennessee	13492 - 13493



May 9, 2025

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

Commissioners:

As discussed at the financial workshop in April, the May 15 Board meeting agenda includes official action items for additional budget appropriations for the current fiscal year, proposed budget and commitment appropriations for fiscal year 2026, and authorization to issue new long-term revenue bonds for the electric and water systems to help fund the fiscal year 2026 capital budget. There is an additional action item authorizing the condemnation and taking of permanent utility easements for certain portions of three properties to move forward with an electric system project.

An overview of each official action item is provided below:

Resolution 1505

Resolution 1505 provides for additional budget appropriations for the Electric Division for fiscal year 2025. At the May 1 Audit and Finance Committee meeting, staff discussed the need for additional budget appropriations for the Electric Division to cover the increase in purchased power cost associated with TVA's wholesale rate increase of October 2024. The Electric Division is currently forecast to be ~\$20 million over budget for the fiscal year.

Resolution 1505 provides for an additional \$22 million in budget appropriations for the Electric Division. A letter from Mark Walker, KUB's Chief Financial Officer, has been prepared certifying the availability of these funds.

Resolution 1506

Resolution 1506 authorizes and requests City Council approval for the issuance of up to \$55 million in long-term revenue bonds, including \$37 million in electric system bonds and \$18 million for the water system.

The proceeds of the bonds will be used to help fund the electric and water system capital budgets for fiscal year 2026, including the on-going build-out of the electric fiber network system and Century II infrastructure programs, while also covering issuance costs and underwriters' fees. A summary of the major provisions of the proposed City Council bond resolutions is enclosed for your information.

Resolution 1507

Resolution 1507 adopts budget appropriations for fiscal year 2026 totaling \$1.3 billion, including \$813.3 million for the Electric Division, \$169.0 million for the Gas Division, \$112.7 million for the Water Division, \$133.1 million for the Wastewater Division, and \$36.6 million for the Fiber Division.

The proposed budget request provides \$574.3 million for wholesale energy purchases, \$263 million for operating and maintenance expenditures, \$271 million for system capital investments, \$102.1 million for principal and interest payments on outstanding debt, \$45.8 million for taxes and tax equivalent payments, \$6 million for an inter-division loan from the Electric Division to the Fiber Division, and \$2.5 million for fiber cost of goods sold. Mr. Walker has prepared a letter certifying the availability of funds for the proposed budget.

Resolution 1508

Resolution 1508 adopts commitment appropriations for fiscal year 2026. The resolution authorizes KUB to execute contracts and incur obligations on or before June 30, 2026, that commit KUB to expenditures after June 30, 2026. The commitments total \$181.6 million, including \$64.1 million for the Electric Division, \$14.1 million for the Gas Division, \$48.3 million for the Water Division, \$49.9 million for the Wastewater Division, and \$5.2 million for the Fiber Division. Mr. Walker has also prepared a letter certifying the availability of funds for the commitment appropriations.

Resolution 1509

Resolution 1509 authorizes the condemnation and taking of permanent utility easements for portions of certain property located at 508, 592, and 1105 East Emory Road in Powell.

This authority is needed for vegetation clearance and the installation of new electric poles and associated equipment as part of a new electric transmission line to connect North Knox Substation to the Dry Gap Substation.

Multiple attempts have been made to obtain the easements on the three properties. Staff is requesting condemnation authority given the need to move forward with this project.

A draft of each resolution is enclosed for your information. I recommend the adoption of Resolutions 1505, 1506, 1507, 1508, and 1509 on first and final readings.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gabriel Bolas". The signature is written in a cursive, flowing style.

Gabriel J. Bolas, II
President and CEO

Enclosures

RESOLUTION NO. 1505

A Resolution to Amend Resolution No. 1494, the Caption of Which is as Follows: “A Resolution Making and Fixing the Annual Budget Appropriations of the Knoxville Utilities Board from the Funds of the Electric Division, the Gas Division, the Water Division, the Wastewater Division, and the Fiber Division for the Fiscal Year Beginning July 1, 2024, Providing for Expenditures Paid for the Period Beginning July 1, 2024, and Ending June 30, 2025”

Whereas, Section 1109 of the Charter of the City of Knoxville provides that “No money shall be drawn from the treasury of the system nor shall any obligation for the expenditure of money be incurred except in pursuance of appropriations made by the board”; and

Whereas, the Knoxville Utilities Board of Commissioners (hereinafter referred to as the “Board”) adopted Resolution No. 1494, making and fixing the annual budget appropriations for the Knoxville Utilities Board (hereinafter referred to as “KUB”) for the fiscal year beginning July 1, 2024 and ending June 30, 2025; and

Whereas, KUB staff met with the Board’s Audit and Finance Committee on May 1, 2025, and reviewed the need for additional budget appropriations for the fiscal year ending June 30, 2025; and,

Whereas, the Board has determined it is appropriate to amend the budget appropriations for the Electric Division for the current fiscal year, by increasing the amount of expenditures authorized to be paid on or before June 30, 2025; and,

Whereas, the Chief Financial Officer has certified to the Board the availability of funds to fund the proposed increase in budget appropriations.

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

Section 1. That Section 1 of Resolution No. 1494 previously approved by this Board, be amended by adding **\$22,000,000** to the budget appropriations of the Electric Division for expenditures to be paid on or before June 30, 2025, thereby increasing the existing budget appropriations of the Electric Division from **\$793,415,000** to **\$815,415,000**.

Section 2. That funds will be available for the Electric Division to fund the expenditures to be paid for the fiscal year beginning July 1, 2024, as noted in Section 1 of this resolution. The availability of funds has been certified by letter from the Senior Vice President and Chief Financial Officer, whereby said letter is attached to and incorporated by reference as part of this Resolution.

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

Cynthia Gibson/s
Cynthia Gibson, Chair

Mark Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: 5-15-25
EFFECTIVE DATE: 5-15-25
MINUTE BOOK 49 PAGE 13396-13399



May 9, 2025

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

Commissioners,

I hereby certify that within the meaning of Section 1109 of the City of Knoxville Charter and Article IX.B.2.e. of the Board's By-Laws there are sufficient funds adequate to fund the proposed additional budget appropriations.

\$22,000,000 for the Electric Division, thereby increasing the existing budget appropriations from \$793,415,000 to \$815,415,000 for the fiscal year beginning July 1, 2024.

The availability of funds for budget appropriations is based on general fund cash and all available cash reserves of the Electric Division and all monies anticipated to come into the general fund of the Electric Division on or before June 30, 2025 from utility sales at rates approved by the KUB Board; from other fees, charges, sales proceeds, accounts and notes receivable, or other credits in the process of collection; and from proceeds of authorized debt issues.

Please see the enclosed worksheet which demonstrates the availability of funds to support the proposed additional budget appropriations.

Respectfully submitted,

A handwritten signature in blue ink that reads "Mark Walker".

Mark Walker
Senior Vice President and Chief Financial Officer

Enclosure

May 2025: Certification of Available Funds - FY 2025 Budget Appropriations

Electric Division: Certification of Available Funds

	<u>FY 2025</u>
Beginning General Fund Cash	\$48,704,000
Sales Revenues	\$694,394,000
Other Revenues/Receipts	\$50,746,000
Cash Reserves	\$57,816,000
Bond Proceeds	\$94,738,000
Total	<u>\$946,398,000</u>
FY 2025 Budget Appropriations (Res. 1494)	\$793,415,000
FY 2025 Budget Appropriations (Res. 1505)	\$22,000,000
Available Funds	<u>\$130,983,000</u>

If positive, there are available funds to fund appropriations.

RESOLUTION NO. 1506

A Resolution Requesting the Council of the City of Knoxville, Tennessee to Provide for the Issuance of Not to Exceed Thirty-Seven Million and No/100 Dollars (\$37,000,000) in Aggregate Principal Amount of Electric System Revenue Bonds, Series RR-2026; and Issuance of Not to Exceed Eighteen Million and No/100 Dollars (\$18,000,000) in Aggregate Principal Amount of Water System Revenue Bonds, Series PP-2026

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 system (the "Electric System"); and the City's water distribution and treatment system (the "Water 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 \$37,000,000 in aggregate principal amount of Electric System Revenue Bonds, Series RR-2026 (the "Electric Bonds") for the purpose of providing funds to finance the cost of improvements and extensions to the electrical system of the City, including the payment of legal, fiscal and administrative costs incident thereto and 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 \$18,000,000 in aggregate principal amount of Water System Revenue Bonds, Series PP-2026 (the "Water Bonds") for the purpose of providing funds to finance the cost of improvements and extensions to the water distribution and treatment system of the City, including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the Water 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"); and a resolution authorizing the issuance of the Water Bonds, a copy of which is attached hereto and made a part hereof (the "Water Resolution").

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

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 Electric 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 Water Bonds are to be issued, being more fully stated in the Water Resolution.

Section 3. As required by the State Funding Board of the State of Tennessee, KUB has heretofore adopted its Debt Management Policy. The Board hereby finds that the issuance of the Electric Bonds and Water Bonds, as proposed herein, is consistent with the Debt Management Policy.

Section 4. The Board hereby formally requests the Council of the City to pass the Electric Resolution and the Water Resolution, and the Board does hereby adopt, ratify, approve, consent and agree to each and every provision contained in the Electric Resolution and the Water Resolution, upon adoption.

Section 5. The Board has elected and does hereby elect that the Electric Bonds be issued under the Electric Resolution and the Water Bonds be issued under the Water Resolution.

Section 6. 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 7. The Board hereby states its intent to reimburse itself from the proceeds of the Electric Bonds and the Water Bonds, respectively, for expenditures made on or after the date that is sixty (60) days prior to the date of this resolution to make improvements to the Electric System and the Water System, respectively.

Section 8. That this Resolution shall take effect from and after its passage.

Cynthia Gibson/s
Cynthia Gibson, Chair

Mark Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: 5-15-25
EFFECTIVE DATE: 5-15-25
MINUTE BOOK 49 PAGE 13400-13474

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 BONDS" SO AS TO PROVIDE FOR THE ISSUANCE OF NOT TO EXCEED THIRTY-SEVEN MILLION AND NO/100 DOLLARS (\$37,000,000) OF ELECTRIC SYSTEM REVENUE BONDS, SERIES RR-2026.

RESOLUTION NO: _____

REQUESTED BY: _____

PREPARED BY: _____

APPROVED AS TO FORM

CORRECTNESS: _____

Law Director

FINANCIAL IMPACT STATEMENT:

Director of Finance

APPROVED: _____

APPROVED AS AN
EMERGENCY MEASURE: _____

MINUTE BOOK _____ PAGE _____

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

WHEREAS, pursuant to the 1949 Resolution, and for the purpose of financing the cost of the extensions and improvements to the City's electrical power distribution system (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 August 1, 2025, are as follows:

<u>Series</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
EE-2015	\$28,550,000	\$11,590,000
GG-2016	\$40,000,000	\$31,425,000
HH-2017	\$23,445,000	\$ 5,500,000
II-2017	\$40,000,000	\$33,040,000
JJ-2018	\$39,995,000	\$33,755,000
KK-2020	\$14,380,000	\$ 8,005,000
LL-2021	\$70,180,000	\$52,955,000
MM-2022	\$45,650,000	\$43,230,000
NN-2022	\$27,215,000	\$25,545,000
OO-2022	\$79,000,000	\$76,385,000
PP-2023	\$55,000,000	\$54,135,000
QQ-2024	\$91,000,000	\$91,000,000

WHEREAS, it is desirable that an additional series of bonds be issued to finance the costs of the extensions and improvements to the System, 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, it is the intention of the City Council of the City to adopt this resolution for the purpose of authorizing not to exceed \$37,000,000 in aggregate principal amount of electric system revenue 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 RR-2026 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 9 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) "Direct Payment Credit" means any refundable direct payment credit received by the City or KUB from the United States Treasury or other agency or instrumentality of the United States pursuant to the American Infrastructure Bonds Act of 2021 (if enacted) or other similar federal law with respect to any emission of Bonds qualifying as Federally Taxable Bonds for which the City or KUB makes an irrevocable election as set forth herein;
- (h) "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;
- (i) "DTC Participant(s)" means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC system;
- (j) "Federally Taxable Bonds" means for purposes of this resolution, any emission of Bonds, the interest on which is includable in gross income of the holders thereof for federal income tax purposes and that, when issued, qualify to receive Direct Payment Credits;
- (k) "Federally Tax-Exempt Bonds" means any emission of Bonds, the interest on which is intended to be excludable from gross income of the holders thereof for federal income tax purposes;
- (l) "Financial Adviser" means Cumberland Securities Company, Inc.;
- (m) "Governing Body" shall mean the City Council of the City;
- (n) "KUB shall mean the Knoxville Utilities Board;

(o) "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 No. R-230-2018 and as otherwise supplemented prior to the date hereof;

(p) "Outstanding Bonds" shall mean the City's outstanding Electric System Revenue Refunding Bonds, Series EE-2015, dated May 1, 2015, maturing July 1, 2026 and thereafter, the City's outstanding Electric System Revenue Bonds, Series GG-2016, dated August 5, 2016, maturing July 1, 2026 and thereafter, the City's outstanding Electric System Revenue Refunding Bonds, Series HH-2017, dated April 7, 2017, maturing July 1, 2026 and thereafter, the City's outstanding Electric System Revenue Bonds, Series II-2017, dated September 15, 2017, maturing July 1, 2026 and thereafter, the City's outstanding Electric System Revenue Bonds, Series JJ-2018, dated September 14, 2018, maturing July 1, 2026 and thereafter, the City's outstanding Electric System Revenue Refunding Bonds, Series KK-2020, dated May 22, 2020, maturing July 1, 2026 and thereafter, the City's outstanding Electric System Revenue Refunding Bonds, Series LL-2021, dated April 19, 2021, maturing July 1, 2026 and thereafter, the City's outstanding Electric System Revenue Bonds, Series MM-2022, dated April 29, 2022, maturing July 1, 2026 and thereafter, the City's outstanding Electric System Revenue Refunding Bonds, Series NN-2022, dated May 13, 2022, maturing July 1, 2026 and thereafter, the City's outstanding Electric System Revenue Bonds, Series OO-2022, dated December 16, 2022, maturing July 1, 2026 and thereafter, the City's Electric System Revenue Bonds, Series PP-2023, dated December 8, 2023, maturing July 1, 2026 and thereafter, and the City's outstanding Electric System Revenue Bonds, Series QQ-2024, dated August 29, 2024, maturing July 1, 2026 and thereafter;

(q) "Parity Bonds" shall mean any bonds issued on a parity with the Series RR-2026 Bonds and the Outstanding Bonds pursuant to the 1949 Resolution;

(r) "Project" shall mean extensions and improvements to the System;

(s) "Registration Agent" shall mean the registration and paying agent for the Series RR-2026 Bonds designated by the President and Chief Executive Officer of KUB, or any successor as designated by the Board;

(t) "Series RR-2026 Bonds" shall mean the City's Electric System Revenue Bonds, Series RR-2026, 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 1949 Resolution and this resolution in an aggregate principal amount not to exceed \$37,000,000;

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

(v) "Underwriter" shall mean an investment banking firm qualified to underwrite bonds such as the Series RR-2026 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 RR-2026 Bonds so that the Series RR-2026 Bonds will be issued as Parity Bonds.

Section 4. Authorization and Terms of the Series RR-2026 Bonds. (a) For the purpose of providing funds to finance the costs of construction of the Project, including the payment of legal, fiscal and administrative costs incident thereto and incident to the issuance and sale of the Series RR-2026 Bonds as more fully set out in Section 9 hereof, there are hereby authorized to be issued revenue bonds of the City

in the aggregate principal amount of not to exceed \$37,000,000. The Series RR-2026 Bonds shall be issued in fully registered form, without coupons, shall be known as "Electric System Revenue Bonds, Series RR-2026" 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 9 hereof. The Series RR-2026 Bonds shall bear interest at a rate or rates not to exceed the maximum rate permitted by law, payable semi-annually on January 1 and July 1 in each year, commencing July 1, 2026 or such later date as is permitted pursuant to Section 9 hereof. The Series RR-2026 Bonds shall be initially issued in \$5,000 denominations or integral multiples thereof as shall be requested by the purchaser thereof. The Series RR-2026 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 9, provided that the final maturity date shall not be later than July 1, 2055. The final maturity schedule shall be established by the award resolution or certificate awarding the Series RR-2026 Bonds to the successful purchaser thereof or in the Bond Purchase Agreement provided for in Section 9 if the Series RR-2026 Bonds are sold by negotiated sale.

(b) Subject to adjustment pursuant to Section 9 hereof, the Series RR-2026 Bonds maturing on or before July 1, 2034 shall mature without option of prior redemption, and Series RR-2026 Bonds maturing on July 1, 2035 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, 2034, 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 RR-2026 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 RR-2026 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 RR-2026 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 RR-2026 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 RR-2026 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series RR-2026 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 9 hereof, KUB is authorized to sell the Series RR-2026 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 RR-2026 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 RR-2026 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 RR-2026 Bonds, or any successor Depository for the Series RR-2026 Bonds, shall determine the interest of each Participant in the Series RR-2026 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 RR-2026 Bonds, the Series RR-2026 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 RR-2026 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 RR-2026 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 RR-2026 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 RR-2026 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 RR-2026 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 RR-2026 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 RR-2026 Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series RR-2026 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 RR-2026 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 RR-2026 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 RR-2026 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 RR-2026 Bonds, and the Registration Agent so appointed is authorized and directed to maintain Bond registration records with respect to the Series RR-2026 Bonds, to authenticate and deliver the Series RR-2026 Bonds as provided herein, either at original issuance, upon transfer, or as otherwise directed by the Board, to effect transfers of the Series RR-2026 Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Series RR-

2026 Bonds as provided herein, to cancel and destroy Series RR-2026 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 RR-2026 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 RR-2026 Bonds. 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. 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 RR-2026 Bonds.

(g) The Series RR-2026 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 RR-2026 Bonds, and all such payments shall discharge the obligations of KUB in respect of such Series RR-2026 Bonds to the extent of the payments so made. Payment of principal of the Series RR-2026 Bonds shall be made upon presentation and surrender of such Series RR-2026 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 RR-2026 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 RR-2026 Bonds, payment of interest on such Series RR-2026 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 RR-2026 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 RR-2026 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 RR-2026 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 4 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 4 or in the Series RR-

2026 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 RR-2026 Bonds when due.

(i) The Series RR-2026 Bonds are transferable only by presentation to the Registration Agent by the registered owner, or such owner's legal representative duly authorized in writing, of the registered Series RR-2026 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 RR-2026 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 RR-2026 Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Series RR-2026 Bond or Series RR-2026 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 RR-2026 Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Series RR-2026 Bond, nor to transfer or exchange any Series RR-2026 Bond after notice calling such Series RR-2026 Bond for redemption has been made, nor to transfer or exchange any Series RR-2026 Bond during the period following the receipt of instructions from KUB to call such Series RR-2026 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 RR-2026 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 RR-2026 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 RR-2026 Bonds shall be overdue. Series RR-2026 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 RR-2026 Bonds of the same maturity in any authorized denomination or denominations. This subsection shall be applicable only if the Series RR-2026 Bonds are no longer held by a Depository, and as long as the Series RR-2026 Bonds are held by a Depository, transfers of ownership interests in the Series RR-2026 Bonds shall be governed by the rules of the Depository.

(j) Except as otherwise authorized herein, the Series RR-2026 Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as the Depository for the Series RR-2026 Bonds except as otherwise provided herein. References in this Section 4 to a Series RR-2026 Bond or the Series RR-2026 Bonds shall be construed to mean the Series RR-2026 Bond or the Series RR-2026 Bonds that are held under the Book-Entry System. One Series RR-2026 Bond for each maturity of the Series RR-2026 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 RR-2026 Bond will be immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Series RR-2026 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 RR-2026 Bonds. Beneficial ownership interests in the Series RR-2026 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 RR-2026 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 RR-2026 Bonds. Transfers of ownership interests in the Series RR-2026 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 RR-2026 BONDS, THE REGISTRATION AGENT SHALL

TREAT CEDE & CO., AS THE ONLY HOLDER OF THE SERIES RR-2026 BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES RR-2026 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 RR-2026 Bonds, so long as DTC is the only owner of the Series RR-2026 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 RR-2026 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 RR-2026 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 RR-2026 Bonds in the form of fully registered Series RR-2026 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 RR-2026 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 RR-2026 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 RR-2026 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 RR-2026 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 RR-2026 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 RR-2026 Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Series RR-2026 Bond, or in lieu of and in substitution for such lost, stolen or destroyed Series RR-2026 Bond, or if any such Series RR-2026 Bond shall have matured or shall be about to mature, instead of issuing a substituted Series RR-2026 Bond KUB may pay or authorize payment of such Series RR-2026 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 RR-2026 Bond, and indemnity satisfactory to KUB and the Registration Agent; and KUB may charge the applicant for the issue of such new Series RR-2026 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 RR-2026 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 RR-2026 Bonds in exchange for Series RR-2026 Bonds of the same principal amount delivered for transfer upon receipt of the Series RR-2026 Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Series RR-2026 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 RR-2026 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 RR-2026 Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Series RR-2026 Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Series RR-2026 Bonds and provision of notices with respect to Series RR-2026 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 RR-2026 Bonds, provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this Section 4.

Section 5. Source of Payment. The Series RR-2026 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 RR-2026 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 RR-2026 Bonds shall have no recourse to the power of taxation of the City.

Section 6. Form of Series RR-2026 Bonds. The Series RR-2026 Bonds shall be in substantially the following form, the omissions to be appropriately completed when the Series RR-2026 Bonds are prepared and delivered:

(Form of Series RR-2026 Bond)

REGISTERED
Number _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF KNOX
CITY OF KNOXVILLE
ELECTRIC SYSTEM REVENUE BOND, SERIES RR-2026

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 July 1, 2026, 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, 2034 shall mature without option of prior redemption. The Bonds maturing on July 1, 2035 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, 2034, 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 \$37,000,000 and issued by the City, acting by and through KUB, for the purpose of providing funds to finance the construction of extensions and improvements to the City's electrical power distribution system (the "System"), 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 No. R-230-2018, and as supplemented by Resolution No. R-____-2025 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 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, 2026 and thereafter, the City's outstanding Electric System Revenue Bonds, Series GG-2016, dated August 5, 2016, maturing July 1, 2026 and thereafter, the City's outstanding Electric System Revenue Refunding Bonds, Series HH-2017, dated April 7, 2017, maturing July 1, 2026 and thereafter, the City's outstanding Electric System Revenue Bonds, Series II-2017, dated September 15, 2017, maturing July 1, 2026 and thereafter, the City's outstanding Electric System Revenue Bonds, Series JJ-2018, dated September 14, 2018, maturing July 1, 2026 and thereafter, the City's outstanding Electric System Revenue Refunding Bonds, Series KK-2020, dated May 22, 2020, maturing July 1, 2026 and thereafter, the City's outstanding Electric System Revenue Refunding Bonds, Series LL-2021, dated April 19, 2021, maturing July 1, 2026 and thereafter, the City's outstanding Electric System Revenue Bonds, Series MM-2022, dated April 29, 2022, maturing July 1, 2026 and thereafter, the City's outstanding Electric System Revenue Refunding Bonds, Series NN-2022, dated May 13, 2022, maturing July 1, 2026 and thereafter, the City's outstanding Electric System Revenue Bonds, Series OO-2022, dated December 16, 2022, maturing July 1, 2026 and thereafter, the City's

outstanding Electric System Revenue Bonds, Series , PP-2023, dated December 8, 2023, maturing July 1, 2026 and thereafter, and the City’s outstanding Electric System Revenue Bonds, Series QQ-2024, dated August 29, 2024, maturing July 1, 2026 and thereafter (collectively, the "Outstanding Bonds"). As provided in the Resolution, the punctual payment of principal of, premium, if any, and interest on the series of Bonds of which this Bond is one, the Outstanding Bonds, and any other bonds issued on a parity therewith pursuant to the terms of the Resolution shall be secured equally and ratably by said revenues without priority by reason of series, number or time of sale or delivery. The owner of this Bond shall have no recourse to the power of taxation of the City. The Board has covenanted that it will fix and impose such rates and charges for the services rendered by the System and will collect and account for sufficient revenues to pay promptly the principal of and interest on this Bond and the issue of which it is a part, as each payment becomes due. For a more complete statement of the revenues from which and conditions under which this Bond is payable, a statement of the conditions on which obligations may hereafter be issued on a parity with this Bond, the general covenants and provisions pursuant to which this Bond is issued and the terms upon which the Resolution may be modified, reference is hereby made to the Resolution.

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

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

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

CITY OF KNOXVILLE
by and through the
KNOXVILLE UTILITIES BOARD

By: _____
Chair

ATTESTED:

Secretary

Transferable and payable at the
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 7. Equality of Lien; Pledge of Net Revenues. The punctual payment of principal of, premium, if any, and interest on the Series RR-2026 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 8. Applicability of the 1949 Resolution. The Series RR-2026 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 RR-2026 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 RR-2026 Bonds shall

be outstanding and unpaid either as to principal or interest, or until discharge and satisfaction of the Series RR-2026 Bonds as provided in Section 12 hereof, shall be applicable to the Series RR-2026 Bonds, shall inure to the benefit of owners of the Series RR-2026 Bonds as if set out in full herein, and shall be fully enforceable by the owner of any Series RR-2026 Bond.

All references to "holder" or "holders" in the 1949 Resolution shall be deemed to include owners of the Series RR-2026 Bonds, and all references to "Bonds" in the 1949 Resolution shall be deemed to include the Series RR-2026 Bonds.

Section 9. Sale of Series RR-2026 Bonds.

(a) The Series RR-2026 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 RR-2026 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 RR-2026 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 RR-2026 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 RR-2026 Bonds to a designation other than "Electric System Revenue Bonds, Series RR-2026";
- (3) change the first interest payment date to a date other than July 1, 2026 provided that such date is not later than twelve months from the dated date of such emission of Series RR-2026 Bonds;
- (4) establish and adjust the principal and interest payment dates and determine maturity or mandatory redemption amounts of the Series RR-2026 Bonds or any emission thereof, provided that (A) the total principal amount of all emissions of the Series RR-2026 Bonds does not exceed the total amount of Series RR-2026 Bonds authorized herein, (B) the final maturity date of each emission shall be not later than July 1, 2055 and (C) the debt service payable in each fiscal year after the completion of the Project shall be approximately level;
- (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 RR-2026 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 RR-2026 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 RR-2026 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 RR-2026 Bonds, providing for the purchase and sale of the Series RR-2026 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 RR-2026 Bonds, provided any such changes are not inconsistent with the terms of this Section 9. If the Underwriter does not intend to reoffer the Series RR-2026 Bonds to the public, then the Bond Purchase Agreement shall be conformed to reflect such intention. The form of the Series RR-2026 Bond set forth in Section 6 hereof shall be conformed to reflect any changes made pursuant to this Section 9.

(d) The President and Chief Executive Officer and the Chief Financial Officer of KUB, or either of them, are authorized to cause the Series RR-2026 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 RR-2026 Bonds are sold at public sale, the Series RR-2026 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.

(f) Each emission of Series RR-2026 Bonds shall be offered for sale as either Federally Tax-Exempt Bonds or as Federally Taxable Bonds as determined by KUB, in consultation with the Financial Advisor, by taking into account which type of Series RR-2026 Bond will result in the lowest cost to KUB with respect to such emission of Series RR-2026 Bonds taking into consideration the Direct Payment Credit projected to be received if such emission of Series RR-2026 Bonds is issued as Federally Taxable Bonds and such other factors affecting the cost of KUB, including redemption provisions relating to each such emission. KUB will cause to be filed with the transcript of proceedings for any emission of Federally Taxable Bonds, a report of the Financial Advisor as to the factors taken into account by the Financial Advisor in recommending that any emission be issued as Federally Taxable Bonds. If issued as Federally Taxable Bonds, the President and Chief Executive Officer of KUB, on behalf of the City and KUB, is directed to make any election required under applicable law to qualify such emission of Bonds for Direct Payment Credits on each interest payment date. KUB is further authorized to submit any required forms to the Internal Revenue Service or other applicable governmental agency for the purpose of receiving the Direct Payment Credit with respect to each interest payment date, or take such other actions required for receipt of the Direct Payment Credit required by the Internal Revenue Service of the United States Treasury or other governmental agency. KUB is authorized to direct the deposit of the Direct Payment Credit as KUB deems appropriate, and such Direct Payment Credits shall be deemed funds of KUB when paid. All decisions by KUB made pursuant to this subsection shall be binding on the City, and no further action of the Governing Body with respect thereto shall be required. The President and Chief Executive Officer of KUB, as the designee of the Board, is authorized to take all actions required or authorized by this subsection.

Section 10. Disposition of Series RR-2026 Bond Proceeds. The proceeds of the sale of the Series RR-2026 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 RR-2026 Bonds on the first interest payment date following delivery of the Series RR-2026 Bonds; and

(b) The remainder of the proceeds of the sale of the Series RR-2026 Bonds shall be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar federal agency, in the "Electric System Expansion and Replacement Fund" (the "Construction Fund") to be kept separate and apart from all other funds of KUB. The funds in the Construction Fund shall be disbursed solely to pay the costs of constructing the Project and costs related to the issuance and sale of the Series RR-2026 Bonds, including necessary legal, accounting, and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, rating agency fees, Registration Agent fees, and other necessary miscellaneous expenses incurred in connection with the Project and the issuance and sale of the Series RR-2026 Bonds. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Construction Fund. Money in the Construction Fund shall be expended only for the purposes authorized by this resolution. Any funds remaining in the Construction Fund after completion of the Project and payment of authorized expenses shall be deposited to the Bond Fund and used to retire Series RR-2026 Bonds on the earliest date possible. Moneys in the Construction Fund shall be invested as directed by the Chief Financial Officer of KUB in such investments as shall be permitted by applicable law. All income derived from such investments shall be deposited to the Construction Fund.

Section 11. Discharge and Satisfaction of Series RR-2026 Bonds. If KUB, on behalf of the City, shall pay and discharge the indebtedness evidenced by any of the Series RR-2026 Bonds or Parity Bonds (referred to hereinafter, collectively, in this Section 11 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, on behalf of 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 11, neither Defeasance Obligations nor moneys deposited with the Agent pursuant to this Section 11 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 11, 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 11, 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 RR-2026 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 12. Federal Tax Matters. The City and KUB recognize that the purchasers and owners of the Series RR-2026 Bonds that are intended to be Federally Tax-Exempt 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 RR-2026 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 RR-2026 Bonds that are intended to be Federally Tax-Exempt 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 RR-2026 Bonds that are intended to be Federally Tax-Exempt Bonds will not be used in a manner which will cause the Series RR-2026 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Series RR-2026 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 RR-2026 Bonds that are intended to be Federally Tax-Exempt 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 RR-2026 Bonds that are intended to be Federally Tax-Exempt 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 Series RR-2026 Bonds that are intended to be Federally Tax-Exempt Bonds as any or all shall deem appropriate, and such certifications shall constitute a representation and certification of the City and KUB.

Section 13. 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 RR-2026 Bonds. After the Series RR-2026 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 RR-2026 Bonds of a reasonable number of copies of the Official Statement within seven business days after the Series RR-2026 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 such purchaser's group initially sell the Series RR-2026 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 14. Continuing Disclosure. The City hereby covenants and agrees that KUB will provide annual financial information and material event notices for the Series RR-2026 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 RR-2026 Bonds, an agreement for the benefit of and enforceable by the owners of the Series RR-2026 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 15. 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 16. 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 ___ day of _____, 2025.

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 _____, 2025; 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 \$37,000,000 Electric System Revenue Bonds, Series RR-2026.

WITNESS my official signature of the City of Knoxville, Tennessee, this ____ day of _____, 2025.

City Recorder

EXHIBIT A

\$37,000,000
CITY OF KNOXVILLE, TENNESSEE
ACTING ON BEHALF OF KNOXVILLE UTILITIES BOARD
ELECTRIC SYSTEM REVENUE BONDS, SERIES RR-2026

BOND PURCHASE AGREEMENT

_____, 20__

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 _____, 20__.

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 \$37,000,000 aggregate principal amount of KUB's Electric System Revenue Bonds, Series RR-2026 (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 _____, 2025, 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 finance the cost of extensions and improvements to the electrical power distribution system operated by KUB on behalf of the City (the "System"), 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 _____, 20__, or at such other time or date as shall have been mutually agreed upon by KUB and the Underwriter, KUB will deliver, or cause to be delivered, to the Underwriter the other documents hereinafter mentioned and, subject to the conditions contained herein, the Underwriter will accept such delivery and pay the purchase price of the Bonds plus accrued interest payable to the order of KUB, in federal funds or other immediately available funds by delivering to KUB such funds by wire transfer to KUB or its designated agent except that physical delivery of the Bonds shall be made through the facilities of the Depository Trust Company.

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

6. Certain Conditions to Underwriter's Obligations.

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

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

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

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

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

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

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

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

(6) the Bond Resolution and the Bonds;

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

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

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

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

(c) The Underwriter shall have received within seven (7) business days from the date hereof and within sufficient time to accompany any confirmation requesting payment from any customers of the

Underwriter, the Official Statement in sufficient quantity as may be reasonably requested by the Underwriter in order to comply with Rule 15(c) 2-12.

7. Termination.

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

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

8. Particular Covenants.

KUB covenants and agrees with the Underwriter as follows:

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

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

9. Survival of Representations.

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

10. Payment of Expenses.

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

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

11. No Advisory or Fiduciary Role.

KUB acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between KUB and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as the agent, advisor or fiduciary of KUB, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of KUB with respect to the offering contemplated hereby or the discussions,

undertakings and procedures leading thereto (irrespective of whether the Underwriter, or any affiliates of the Underwriter, has provided other services or are currently providing other services to KUB on other matters) and the Underwriter has no obligation to KUB with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Underwriter has financial and other interests that differ from those of KUB and (v) KUB has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

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

12. Notices.

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

13. Parties.

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

14. Governing Law.

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

15. General.

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

Very truly yours,

By: _____

Its: _____

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

KNOXVILLE UTILITIES BOARD

By: _____
President and Chief Executive Officer

EXHIBIT A TO BOND PURCHASE AGREEMENT

[LETTERHEAD OF BASS BERRY & SIMS PLC]

[Closing Date]

Ladies and Gentlemen:

This opinion is being rendered to you pursuant to Paragraph 6(b)(2) of the Bond Purchase Agreement, dated _____, 20__ (the "Bond Purchase Agreement"), between _____ (the "Underwriter"), and Knoxville Utilities Board ("KUB"), relating to the sale by KUB of its Electric System Revenue Bonds, Series RR-2026, in the aggregate principal amount of \$37,000,000 (the "Bonds"). Terms which are used herein and not otherwise defined shall have the meanings assigned to them in the Bond Purchase Agreement.

Of even date herewith, we have delivered our approving opinion in connection with the issuance of the Bonds. In our capacity as Bond Counsel, we have reviewed a record of proceedings in connection with the issuance of the Bonds and we have participated in conferences from time to time with counsel to KUB, representatives of the Underwriter and counsel to the Underwriter, relative to the Official Statement, dated _____, 20__, 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

_____, 20__

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

Ladies and Gentlemen:

Re: City of Knoxville, Tennessee acting on behalf of the Knoxville Utilities Board \$37,000,000 Electric System Revenue Bonds, Series RR-2026

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 finance extensions and improvements to the electrical power distribution system described herein.

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

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

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

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

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

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

Yours truly,

47160799.2

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
EIGHTEEN MILLION DOLLARS (\$18,000,000) OF WATER SYSTEM
REVENUE BONDS, SERIES PP-2026.

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 August 1, 2025 are as follows:

<u>Series</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
BB-2015	\$23,005,000	\$14,745,000
CC-2015	\$20,000,000	\$ 550,000
DD-2016	\$25,000,000	\$20,150,000
EE-2016	\$20,875,000	\$13,055,000
FF-2017	\$ 5,310,000	\$ 1,240,000
GG-2017	\$20,000,000	\$16,720,000
HH-2018	\$19,995,000	\$16,950,000
II-2019	\$19,995,000	\$17,590,000
JJ-2020	\$19,520,000	\$17,055,000
KK-2020	\$ 9,045,000	\$ 8,100,000
LL-2021	\$33,180,000	\$28,035,000
MM-2022	\$14,915,000	\$14,815,000
NN-2023	\$19,995,000	\$19,410,000
OO-2024	\$19,995,000	\$19,995,000

WHEREAS, it is desirable that an additional series of bonds be issued to finance the costs of the extensions and improvements to the System, 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 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, it is the intention of the City Council of the City to adopt this resolution for the purpose of authorizing not to exceed \$18,000,000 in aggregate principal amount of water revenue 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 PP-2026 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 9 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) "Direct Payment Credit" means any refundable direct payment credit received by the City or KUB from the United States Treasury or other agency or instrumentality of the United States pursuant to the American Infrastructure Bonds Act of 2021 (if enacted) or other similar federal law with respect to any emission of Bonds qualifying as Federally Taxable Bonds for which the City or KUB makes an irrevocable election as set forth herein;
- (h) "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;
- (i) "DTC Participant(s)" means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC system;
- (j) "Federally Taxable Bonds" means for purposes of this resolution, any emission of Bonds, the interest on which is includable in gross income of the holders thereof for federal income tax purposes and that, when issued, qualify to receive Direct Payment Credits;
- (k) "Federally Tax-Exempt Bonds" means any emission of Bonds, the interest on which is intended to be excludable from gross income of the holders thereof for federal income tax purposes;
- (l) "Financial Adviser" means Cumberland Securities Company, Inc.;
- (m) "Governing Body" shall mean the City Council of the City;
- (n) "KUB" shall mean the Knoxville Utilities Board;

(o) "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-____ - 2025 and as otherwise supplemented prior to the date hereof;

(p) "Outstanding Bonds" shall mean the City's outstanding Water System Revenue Refunding Bonds, Series BB-2015, dated May 1, 2015, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Bonds, Series CC-2015, dated May 20, 2015, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Bonds, Series DD-2016, dated August 5, 2016, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series EE-2016, dated August 5, 2016, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series FF-2017, dated April 7, 2017, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Bonds, Series GG-2017, dated September 15, 2017, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Bonds, Series HH-2018, dated September 14, 2018, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Bonds, Series II-2019, dated August 20, 2019, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series JJ-2020, dated May 22, 2020, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Bonds, Series KK-2020, dated October 30, 2020, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series LL-2021, dated April 19, 2021, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series MM-2022, dated May 13, 2022, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Bonds, Series NN-2023, dated December 8, 2023, maturing March 1, 2026 and thereafter, and the City's outstanding Water System Revenue Bonds, Series OO-2024, dated August 29, 2024, maturing March 1, 2026 and thereafter;

(q) "Parity Bonds" shall mean any bonds issued on a parity with the Series PP-2026 Bonds and the Outstanding Bonds pursuant to the 1954 Resolution;

(r) "Project" shall mean extensions and improvements to the System;

(s) "Registration Agent" shall mean the registration and paying agent for the Series PP-2026 Bonds designated by the President and Chief Executive Office of KUB, or any successor as designated by the Board;

(t) "Series PP-2026 Bonds" shall mean the City's Water System Revenue Bonds, Series PP-2026, 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 1954 Resolution and this resolution in an aggregate principal amount not to exceed \$18,000,000;

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

(v) "Underwriter" shall mean an investment banking firm qualified to underwrite bonds such as the Series PP-2026 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 PP-2026 Bonds so that the Series PP-2026 Bonds will be issued as Parity Bonds.

Section 4. Authorization and Terms of the Series PP-2026 Bonds. (a) For the purpose of providing funds to finance the costs of construction of the Project including the payment of legal, fiscal and

administrative costs incident thereto and incident to the issuance and sale of the Series PP-2026 Bonds as more fully set out in Section 9 hereof, there are hereby authorized to be issued revenue bonds of the City in the aggregate principal amount of not to exceed \$18,000,000. The Series PP-2026 Bonds shall be issued in fully registered form, without coupons, shall be known as "Water System Revenue Bonds, Series PP-2026," 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 9 hereof. The Series PP-2026 Bonds shall bear interest at a rate or rates not to exceed the maximum rate permitted by law, payable semi-annually on March 1 and September 1 in each year, commencing September 1, 2026 or such other date as is permitted pursuant to Section 9 hereof. The Series PP-2026 Bonds shall be initially issued in \$5,000 denominations or integral multiples thereof as shall be requested by the purchaser thereof. The Series PP-2026 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 9, provided that the final maturity date shall not be later than March 1, 2056. The final maturity schedule shall be established by the award resolution or certificate awarding the Series PP-2026 Bonds to the successful purchaser thereof or in the Bond Purchase Agreement provided for in Section 9 if the Series PP-2026 Bonds are sold by negotiated sale.

(b) Subject to adjustment pursuant to Section 9 hereof, the Series PP-2026 Bonds maturing on or before March 1, 2034 shall mature without option of prior redemption. Series PP-2026 Bonds maturing on March 1, 2035 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, 2034, 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 PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series PP-2026 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 9 hereof, KUB is authorized to sell the Series PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 Bonds, or any successor Depository for the Series PP-2026 Bonds, shall determine the interest of each Participant in the Series PP-2026 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 PP-2026 Bonds, the Series PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 Bonds, and the Registration Agent so appointed is authorized and directed to maintain Bond registration records with respect to the Series PP-2026 Bonds, to authenticate and deliver the Series PP-2026 Bonds as provided herein, either at original issuance, upon transfer, or as

otherwise directed by the Board, to effect transfers of the Series PP-2026 Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Series PP-2026 Bonds as provided herein, to cancel and destroy the Series PP-2026 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 the Series PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 Bonds, and all such payments shall discharge the obligations of KUB in respect of such Series PP-2026 Bonds to the extent of the payments so made. Payment of principal of the Series PP-2026 Bonds shall be made upon presentation and surrender of such Series PP-2026 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 PP-2026 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 PP-2026 Bonds, payment of interest on such Series PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 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 4 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 4 or in the Series PP-2026 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 PP-2026 Bonds when due.

(i) The Series PP-2026 Bonds are transferable only by presentation to the Registration Agent by the registered owner, or such owner's legal representative duly authorized in writing, of the registered Series PP-2026 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 PP-2026 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 PP-2026 Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Series PP-2026 Bond or Series PP-2026 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 PP-2026 Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Series PP-2026 Bond, nor to transfer or exchange any Series PP-2026 Bond after notice calling such Series PP-2026 Bond for redemption has been made, nor to transfer or exchange any Series PP-2026 Bond during the period following the receipt of instructions from KUB to call such Series PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 Bonds shall be overdue. Series PP-2026 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 PP-2026 Bonds of the same maturity in any authorized denomination or denominations. This subsection shall be applicable only if the Series PP-2026 Bonds are no longer held by a Depository, and as long as the Series PP-2026 Bonds are held by a Depository, transfers of ownership interests in the Bonds shall be governed by the rules of the Depository.

(j) Except as otherwise authorized herein, the Series PP-2026 Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as the Depository for the Series PP-2026 Bonds except as otherwise provided herein. References in this Section 4 to a Series PP-2026 Bond or the Series PP-2026 Bonds shall be construed to mean the Series PP-2026 Bond or the Series PP-2026 Bonds that are held under the Book-Entry System. One Series PP-2026 Bond for each maturity of the Series PP-2026 Bonds shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Bond Registrar is a custodian and agent for DTC, and the Series PP-2026 Bond will be immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Series PP-2026 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 PP-2026 Bonds. Beneficial ownership interests in the Series PP-2026 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 PP-2026 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 PP-2026 Bonds. Transfers of ownership interests in the Series PP-

2026 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 PP-2026 BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO., AS THE ONLY HOLDER OF THE SERIES PP-2026 BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES PP-2026 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 PP-2026 Bonds, so long as DTC is the only owner of the Series PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 Bonds in the form of fully registered Series PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Series PP-2026 Bond, or in lieu of and in substitution for such lost, stolen or destroyed Series PP-2026 Bond, or if any such Series PP-2026 Bond shall have matured or shall be about to mature, instead of issuing a substituted Series PP-2026 Bond KUB may pay or authorize payment of such Series PP-2026 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 PP-2026 Bond, and indemnity satisfactory to KUB and the Registration Agent; and KUB may charge the applicant for the issue of such new Series PP-2026 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 PP-2026 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 PP-2026 Bonds in exchange for Series PP-2026 Bonds of the same principal amount delivered for transfer upon receipt of the Series PP-2026 Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Series PP-2026 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 PP-2026 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 PP-2026 Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Series PP-2026 Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Series PP-2026 Bonds and provision of notices with respect to Series PP-2026 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 PP-2026 Bonds, provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this Section 4.

Section 5. Source of Payment. The Series PP-2026 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 PP-2026 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 PP-2026 Bonds shall have no recourse to the power of taxation of the City.

Section 6. Form of Series PP-2026 Bonds. The Series PP-2026 Bonds shall be in substantially the following form, the omissions to be appropriately completed when the Series PP-2026 Bonds are prepared and delivered:

(Form of Series PP-2026 Bond)

REGISTERED
Number _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF KNOX
CITY OF KNOXVILLE
WATER SYSTEM REVENUE BOND, SERIES PP-2026

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, 2026, 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 Bond Registrar is a custodian and agent for DTC, and the Bond will be immobilized in its custody. A book-entry system (the "Book-Entry System") shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, as defined in the Resolution, pursuant to rules and procedures established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the City, KUB and the Registration Agent shall treat Cede & Co., as the only owner of the Bonds for all purposes under the Resolution, including receipt of all principal of, premium, if any, and interest on the Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal, maturity amounts, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners, as defined in the Resolution. Neither the City, KUB, nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) to the extent permitted by the rules of DTC, the Board of Commissioners of KUB (the "Board") determines to discontinue the Book-Entry System, the Book-Entry System with DTC shall be discontinued. If the Board fails to identify another qualified securities depository to replace DTC, the Board shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully

registered Bonds to each Beneficial Owner. Neither the City, KUB nor the Registration Agent shall have any responsibility or obligations to any DTC Participant or any Beneficial Owner with respect to (i) the Bonds; (ii) the accuracy of any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts of and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners, (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

The Bonds of the issue of which this Bond is one maturing on or before March 1, 2034 shall mature without option of prior redemption. The Bonds maturing on March 1, 2035 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, 2034, 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 \$18,000,000 and issued by the City for the purpose of providing funds to finance the construction of extensions and improvements to the City's water distribution and treatment system (the "System"), 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 supplemented by Resolution No. R-____-2025 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 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, 2026 and thereafter, the City's outstanding Water System Revenue Bonds, Series CC-2015, dated May 20, 2015, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Bonds, Series DD-2016, dated August 5, 2016, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series EE-2016, dated August 5, 2016, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series FF-2017, dated April 7, 2017, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Bonds, Series GG-2017, dated September 15, 2017, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Bonds, Series HH-2018, dated September 14, 2018, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Bonds, Series II-2019, dated August 20, 2019, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Refunding Bonds,

Series JJ-2020, dated May 22, 2020, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Bonds, Series KK-2020, dated October 30, 2020, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series LL-2021, dated April 19, 2021, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Refunding Bonds, Series MM-2022, dated May 13, 2022, maturing March 1, 2026 and thereafter, the City's outstanding Water System Revenue Bonds, Series NN-2023, dated December 8, 2023, maturing March 1, 2026 and thereafter, and the City's outstanding Water System Revenue Bonds, Series OO-2024, dated August 29, 2024, maturing March 1, 2026 and thereafter (collectively the "Outstanding Bonds"). As provided in the Resolution, the punctual payment of principal of, premium, if any, and interest on the series of Bonds of which this Bond is one, the Outstanding Bonds and any other bonds issued on a parity therewith pursuant to the terms of the Resolution shall be secured equally and ratably by said revenues without priority by reason of series, number or time of sale or delivery. The owner of this Bond shall have no recourse to the power of taxation of the City. The Board has covenanted that it will fix and impose such rates and charges for the services rendered by the System and will collect and account for sufficient revenues to pay promptly the principal of and interest on this Bond and the issue of which it is a part, as each payment becomes due. For a more complete statement of the revenues from which and conditions under which this Bond is payable, a statement of the conditions on which obligations may hereafter be issued on a parity with this Bond, the general covenants and provisions pursuant to which this Bond is issued and the terms upon which the Resolution may be modified, reference is hereby made to the Resolution.

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

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

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

CITY OF KNOXVILLE
by and through the
KNOXVILLE UTILITIES BOARD

By: _____
Chair

ATTESTED:

Secretary

Transferable and payable at the

designated trust office of: _____, Tennessee

Date of Registration: _____

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

Registration Agent

By: _____
Authorized Representative

FORM OF ASSIGNMENT

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

_____, the within bond of the City of Knoxville, Tennessee, and does hereby irrevocably constitute and appoint _____, _____, Tennessee, attorney, to transfer the said bond on the records kept for registration thereof with full power of substitution in the premises.

Dated: _____

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

Signature guaranteed:

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

Section 7. Equality of Lien; Pledge of Net Revenues. The punctual payment of principal of, premium, if any, and interest on the Series PP-2026 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 8. Applicability of the 1954 Resolution. The Series PP-2026 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 PP-2026 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 PP-2026 Bonds shall be outstanding and unpaid either as to principal or interest, or until discharge and satisfaction of the Series PP-2026 Bonds as provided in Section 12 hereof, shall be applicable to the Series PP-2026 Bonds, shall inure to the benefit of owners of the Series PP-2026 Bonds as if set out in full herein, and shall be fully enforceable by the owner of any Series PP-2026 Bond.

All references to "holder" or "holders" in the 1954 Resolution shall be deemed to include owners of the Series PP-2026 Bonds, and all references to "Bonds" in the 1954 Resolution shall be deemed to include the Series PP-2026 Bonds.

Section 9. Sale of Series PP-2026 Bonds.

(a) The Series PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 Bonds to a designation other than "Water System Revenue Bonds, Series PP-2026";

(3) change the first interest payment date to a date other than September 1, 2026, provided that such date is not later than twelve months from the dated date of such emission of Series PP-2026 Bonds;

(4) establish and adjust the principal and interest payment dates and determine maturity or mandatory redemption amounts of the Series PP-2026 Bonds or any emission thereof, provided that (A) the total principal amount of all emissions of the Series PP-2026 Bonds does not exceed the total amount of Series PP-2026 Bonds authorized herein, (B) the final maturity date of each emission shall be not later than March 1, 2056 and (C) the debt service payable in each fiscal year after the completion of the Project shall be approximately level;

(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 PP-2026 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 PP-2026 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 PP-2026 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 PP-2026 Bonds, providing for the purchase and sale of the Series PP-2026 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 PP-2026 Bonds, provided any such changes are not inconsistent with the terms of this Section 9. If the Underwriter does not intend to reoffer the Series PP-2026 Bonds to the public, then the Bond Purchase Agreement shall be conformed to reflect such intention. The form of the Series PP-2026 Bond set forth in Section 6 hereof shall be conformed to reflect any changes made pursuant to this Section 9.

(d) The President and Chief Executive Officer and the Chief Financial Officer of KUB, or either of them, are authorized to cause the Series PP-2026 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 Series PP-2026 Bonds.

(e) If the Series PP-2026 Bonds are sold at public sale, the Series PP-2026 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.

(f) Each emission of Series PP-2026 Bonds shall be offered for sale as either Federally Tax-Exempt Bonds or as Federally Taxable Bonds as determined by KUB, in consultation with the Financial Advisor, by taking into account which type of Series PP-2026 Bond will result in the lowest cost to KUB with respect to such emission of Series PP-2026 Bonds taking into consideration the Direct Payment Credit projected to be received if such emission of Series PP-2026 Bonds is issued as Federally Taxable Bonds and such other factors affecting the cost of KUB, including redemption provisions relating to each such emission. KUB will cause to be filed with the transcript of proceedings for any emission of Federally Taxable Bonds, a report of the Financial Adviser as to the factors taken into account by the Financial Adviser in recommending that any emission be issued as Federally Taxable Bonds. If issued as Federally Taxable Bonds, the President and Chief Executive Officer of KUB, on behalf of the City and KUB, is directed to make any election required under applicable law to qualify such emission of Bonds for Direct Payment Credits on each interest payment date. KUB is further authorized to submit any required forms to the Internal Revenue Service or other applicable governmental agency for the purpose of receiving the Direct Payment Credit with respect to each interest payment date, or take such other actions required for receipt of the Direct Payment Credit required by the Internal Revenue Service of the United States Treasury or other governmental agency. KUB is authorized to direct the deposit of the Direct Payment Credit as KUB deems appropriate, and such Direct Payment Credits shall be deemed funds of KUB when paid. All decisions by KUB made pursuant to this subsection shall be binding on the City, and no further action of the Governing Body with respect thereto shall be required. The President and Chief Executive Officer of KUB, as the designee of the Board, is authorized to take all actions required or authorized by this subsection.

Section 10. Disposition of Series PP-2026 Bond Proceeds. The proceeds of the sale of the Series PP-2026 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 PP-2026 Bonds on the first interest payment date following delivery of the Series PP-2026 Bonds; and

(b) The remainder of the proceeds of the sale of the Series PP-2026 Bonds shall be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar federal agency, in the "Water System Construction Fund" (the "Construction Fund") to be kept separate and apart from all other funds of KUB. The funds in the Construction Fund shall be disbursed solely to pay the costs of constructing the Project and costs related to the issuance and sale of the Series PP-2026 Bonds, including necessary legal, accounting, and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, rating agency fees, Registration Agent fees and other necessary miscellaneous expenses incurred in connection with the Project and the issuance and sale of the Series PP-2026 Bonds. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Construction Fund. Money in the Construction Fund shall be expended only for the purposes authorized by this resolution. Any funds remaining in the Construction Fund after completion of the Project and payment of authorized expenses shall be deposited to the Bond Fund and used to retire Series PP-2026 Bonds on the earliest date possible. Moneys in the Construction Fund shall be invested as directed by the Chief Financial Officer of KUB in such investments as shall be permitted by applicable law. All income derived from such investments shall be deposited to the Construction Fund.

Section 11. Discharge and Satisfaction of Series PP-2026 Bonds. If KUB, on behalf of the City, shall pay and discharge the indebtedness evidenced by any of the Series PP-2026 Bonds or Parity Bonds (referred to hereinafter, collectively, in this Section 11 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, on behalf of 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 11, neither Defeasance Obligations nor moneys deposited with the Agent pursuant to this Section 11 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 11, 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 11, 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 PP-2026 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 12. Federal Tax Matters. The City and KUB recognize that the purchasers and owners of the Series PP-2026 Bonds that are intended to be Federally Tax-Exempt 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 PP-2026 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 PP-2026 Bonds that are intended to be Federally Tax-Exempt 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 PP-2026 Bonds that are intended to be Federally Tax-Exempt Bonds will not be used in a manner which will cause the Series PP-2026 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and to this end the said proceeds of the Series PP-2026 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 PP-2026 Bonds that are intended to be Federally Tax-Exempt 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 PP-2026 Bonds that are intended to be Federally Tax-Exempt 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 Series PP-2026 Bonds that are intended

to be Federally Tax-Exempt Bonds as any or all shall deem appropriate, and such certifications shall constitute a representation and certification of the City and KUB.

Section 13. 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 PP-2026 Bonds. After the Series PP-2026 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 PP-2026 Bonds of a reasonable number of copies of the Official Statement within seven business days after the Series PP-2026 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 such purchaser's group initially sell the Series PP-2026 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 14. Continuing Disclosure. The City hereby covenants and agrees that KUB will provide annual financial information and material event notices for the Series PP-2026 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 PP-2026 Bonds, an agreement for the benefit of and enforceable by the owners of the Series PP-2026 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 15. 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 16. 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 ___ day of _____, 2025.

Mayor

ATTEST:

City Recorder

STATE OF TENNESSEE)
)
COUNTY OF KNOX)

I, Will Johnson, hereby certify that I am the duly qualified and acting City Recorder of the City of Knoxville, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of the governing body of the City Council held on Tuesday, _____, 2025; 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 \$18,000,000 Water System Revenue Bonds, Series PP-2026.

WITNESS my official signature and seal of the City of Knoxville, Tennessee, this ____ day of _____, 2025.

(seal)

City Recorder

EXHIBIT A

**\$18,000,000
CITY OF KNOXVILLE, TENNESSEE
ACTING ON BEHALF OF KNOXVILLE UTILITIES BOARD
WATER SYSTEM REVENUE BONDS, SERIES PP-2026**

BOND PURCHASE AGREEMENT

_____, 202__

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 _____, 202__.

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 \$18,000,000 aggregate principal amount of KUB's Water System Revenue Bonds, Series PP-2026 (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 _____, 2025, 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 finance the cost of extensions and improvements to the water distribution and treatment system operated by KUB on behalf of the City (the "System"), 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 _____, 202__, or at such other time or date as shall have been mutually agreed upon by KUB and the Underwriter, KUB will deliver, or cause to be delivered, to the Underwriter the other documents hereinafter mentioned and, subject to the conditions contained herein, the Underwriter will accept such delivery and pay the purchase price of the Bonds plus accrued interest payable to the order of KUB, in federal funds or other immediately available funds by delivering to KUB such funds by wire transfer to KUB or its designated agent except that physical delivery of the Bonds shall be made through the facilities of the Depository Trust Company.

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

6. Certain Conditions to Underwriter's Obligations.

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

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

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

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

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

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

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

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

(6) the Bond Resolution and the Bonds;

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

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

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

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

to the Underwriter. KUB will furnish the Underwriter with such conformed copies or photocopies of such opinions, certificates, letters, agreements and documents as the Underwriter may reasonably request.

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

7. Termination.

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

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

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

8. Particular Covenants.

KUB covenants and agrees with the Underwriter as follows:

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

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

9. Survival of Representations.

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

10. Payment of Expenses.

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

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

11. No Advisory or Fiduciary Role.

KUB acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between KUB and the Underwriter,

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

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

12. Notices.

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

13. Parties.

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

14. Governing Law.

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

15. General.

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

Very truly yours,

By: _____

Its: _____

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

KNOXVILLE UTILITIES BOARD

By: _____
President and Chief Executive Officer

EXHIBIT A TO BOND PURCHASE AGREEMENT

[LETTERHEAD OF BASS BERRY & SIMS PLC]

[Closing Date]

Ladies and Gentlemen:

This opinion is being rendered to you pursuant to Paragraph 6(b)(2) of the Bond Purchase Agreement, dated _____, 202__ (the "Bond Purchase Agreement"), between _____ (the "Underwriter"), and Knoxville Utilities Board ("KUB"), relating to the sale by KUB of its Water System Revenue Bonds, Series PP-2026, in the aggregate principal amount of \$18,000,000 (the "Bonds"). Terms which are used herein and not otherwise defined shall have the meanings assigned to them in the Bond Purchase Agreement.

Of even date herewith, we have delivered our approving opinion in connection with the issuance of the Bonds. In our capacity as Bond Counsel, we have reviewed a record of proceedings in connection with the issuance of the Bonds and we have participated in conferences from time to time with counsel to KUB, representatives of the Underwriter and counsel to the Underwriter, relative to the Official Statement, dated _____, 202__, 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

_____, 202__

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
\$18,000,000 Water System Revenue Bonds, Series PP-2026**

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 finance extensions and improvements to the water distribution and treatment system described herein.

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

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

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

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

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

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

Yours truly,

47161825.2

RESOLUTION NO. 1507

A Resolution Making and Fixing the Annual Budget Appropriations of the Knoxville Utilities Board from the Funds of the Electric Division, the Gas Division, the Water Division, the Wastewater Division, and the Fiber Division for the Fiscal Year Beginning July 1, 2025, Providing for Expenditures Paid for the Period Beginning July 1, 2025, and Ending June 30, 2026

Whereas, Section 1109 of the Charter of the City of Knoxville provides that “No money shall be drawn from the treasury of the system nor shall any obligation for the expenditure of money be incurred except in pursuance of appropriations made by the board”; and

Whereas, Article IX.B.2. of the Knoxville Utilities Board of Commissioners (the “Board”) Bylaws provides that: “The Board shall be furnished the proposed budget at least forty-five (45) days prior to the beginning of the forthcoming fiscal year”; “the Board shall require the vice president serving as the chief financial officer to certify the availability of funds adequate to fund the proposed budget”; and “the Board shall approve a budget for the forthcoming fiscal year no later than fifteen (15) days prior to its beginning”; and

Whereas, KUB staff formally presented the proposed budget appropriations for the fiscal year beginning July 1, 2025, to the Board at the Board’s budget workshop on April 17, 2025, and the Board has found their adoption to be in the best interest of KUB and its customers; and

Whereas, the Chief Financial Officer has certified the availability of funds to support the proposed budget appropriations pursuant to the Board’s By-Laws.

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

Section 1. That budget appropriations for the fiscal year beginning July 1, 2025, and ending June 30, 2026, providing for expenditures paid for said fiscal year, be and the same are hereby made from the funds of the Electric Division, for the purposes and in the amount as follows:

Appropriations of the Electric Division (including appropriations for operation, maintenance, construction, administrative expenses, interest, bond retirements, bond funds, and payments in lieu of taxes), of which amount funds for construction may be taken from the proceeds from the sale of any electric system revenue bonds or notes, in the amount of **\$813,307,000.**

Included in the stated appropriated amount, in accordance with Tennessee Code Annotated §7-52-603, the Electric Division is hereby authorized to lend to the Fiber Division funds in the amount of Six Million Dollars (\$6,000,000) to acquire, construct and provide working capital for the KUB fiber system communications network, plant and equipment necessary to provide broadband services.

Section 2. That budget appropriations for the fiscal year beginning July 1, 2025, and ending June 30, 2026, providing for expenditures paid for said fiscal year, be and the same are hereby made from the funds of the Gas Division, for the purposes and in the amount as follows:

Appropriations of the Gas Division (including appropriations for operation, maintenance, construction, administrative expenses, interest, bond retirements, bond funds, and payments in lieu of taxes), of which amount funds for construction may be taken from the proceeds from the sale of any gas system revenue bonds or notes, in the amount of **\$168,984,000**.

Section 3. That budget appropriations for the fiscal year beginning July 1, 2025, and ending June 30, 2026, providing for expenditures paid for said fiscal year, be and the same are hereby made from the funds of the Water Division, for the purposes and in the amount as follows:

Appropriations of the Water Division (including appropriations for operation, maintenance, construction, administrative expenses, interest, bond retirements, bond funds, and payments in lieu of taxes), of which amount funds for construction may be taken from the proceeds from the sale of any water system revenue bonds or notes, in the amount of **\$112,745,000**.

Section 4. That appropriations for the fiscal year beginning July 1, 2025, and ending June 30, 2026, be and the same are hereby made from the funds of the Wastewater Division, for the purposes and in the amount as follows:

Appropriations of the Wastewater Division (including appropriations for operation, maintenance, construction, administrative expenses, interest, bond retirements, bond funds, and payments in lieu of taxes), of which amount funds for construction may be taken from the proceeds from the sale of any wastewater system revenue bonds or notes, in the amount of **\$133,135,000**.

Section 5. That budget appropriations for the fiscal year beginning July 1, 2025, and ending June 30, 2026, providing for expenditures paid for said fiscal year, be and the same are hereby made from the funds of the Fiber Division, for the purposes and in the amount as follows:

Appropriations of the Fiber Division (including appropriations for operation, maintenance, construction, administrative expenses, interest, loan retirements, and payments in lieu of taxes), of which amount funds for construction may be taken from the proceeds from the sale of any fiber system revenue bonds or notes, in the amount of **\$36,565,000**.

Section 6. That expenditures for the sole benefit of the electric system shall be charged to the foregoing appropriations and from the funds of the Electric Division. Expenditures for the sole benefit of the gas system shall be charged to the foregoing appropriations and from the funds of the Gas Division. Expenditures for the sole benefit of the water system shall be charged to the foregoing appropriations and from the funds of the Water Division. Expenditures for the sole benefit of the wastewater system shall be charged to the foregoing appropriations and from the funds of the Wastewater Division. Expenditures for the sole benefit of the fiber system shall be charged to the foregoing appropriations and from the funds of the Fiber Division. All expenditures for the joint benefit of the electric system, gas system, water system, wastewater system, and/or fiber system shall be charged to the foregoing appropriations and from the funds of such divisions in accordance with the applicable division cost allocations in effect at the time of said expenditure.

Section 7. That in addition to the foregoing appropriations, whenever any sums are due and payable under customers' deposit agreements, under agreements providing for refundable advances to the system in connection with the construction of additions to a system, or for refunds associated with overpayments by customers, the President and CEO of KUB, or his designee, is authorized to refund any or all such sums that are or become due and payable; and all sums necessary to make such refunds shall be and the same are hereby appropriated from the funds of the divisions properly chargeable therewith.

Section 8. That in addition to the foregoing appropriations, whenever any sums are due and payable during the fiscal year beginning July 1, 2025, and ending June 30, 2026, for the entire principal amount of any debt issued during the fiscal year beginning July 1, 2025, and ending June 30, 2026, the President and CEO of KUB, or his designee, is authorized to pay any or all such sums that are or become due and payable, and all sums necessary to make such payments shall be and the same are hereby appropriated from the funds of the divisions properly chargeable therewith.

Section 9. That in addition to the foregoing appropriations, whenever any sums are received by a division on behalf of an external entity, including but not limited to the collection of sales tax, such sums shall be and the same are hereby appropriated from the funds of said division, for the purpose of paying the cost of the functions in connection with which such sums are received.

Section 10. That in addition to the foregoing appropriations, whenever any sums are received by a division on behalf of another division, or through the misapplication of division cost allocations, such sums shall be and the same are hereby appropriated from the funds of said division, for the purpose of paying such sums received to the appropriate division.

Section 11. That the KUB organizational structure, as determined by the President and CEO, which supports the electric, gas, water, wastewater, and fiber systems that will benefit from expenditures charged to the foregoing appropriations, is hereby approved and ratified by the Board.

Section 12. That all appropriations made herein shall terminate effective July 1, 2026, and any unexpended balances of such appropriations shall revert to the general funds of the division from which originally appropriated.

Section 13. That funds will be available for each division to fund the expenditures to be paid for the fiscal year beginning July 1, 2025, as noted in Sections 1, 2, 3, 4 and 5 of this Resolution. The availability of funds has been certified by letter from the Senior Vice President and Chief Financial Officer, whereby said letter is attached to and incorporated by reference as part of this Resolution.

Section 14. That pursuant to the requirements of Tennessee Code Annotated Section 9-21-403, attached as Exhibit A is the KUB annual accrual budget for the fiscal year beginning July 1, 2025, and ending June 30, 2026, prepared in a form consistent with accepted governmental standards as approved by the Comptroller of the Treasury for the State of Tennessee which will be submitted to the Comptroller immediately upon adoption of this resolution.

Section 15. That this Resolution shall take effect from and after its passage.

Cynthia Gibson/s
Cynthia Gibson, Chair

Mark Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: 5-15-25
EFFECTIVE DATE: 5-15-25
MINUTE BOOK 49 PAGE 13475-13485



May 9, 2025

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

Commissioners,

I hereby certify that within the meaning of Section 1109 of the City of Knoxville Charter and Article IX.B.2.c. of the Board's By-Laws there are sufficient funds adequate to fund the proposed budget appropriations for the fiscal year beginning July 1, 2025, as provided for in Resolution 1507, as follows:

<u>Division</u>	<u>Amount</u>
Electric	\$ 813,307,000
Gas	\$ 168,984,000
Water	\$ 112,745,000
Wastewater	\$ 133,135,000
Fiber	\$ 36,565,000

The availability of funds for budget appropriations is based on general fund cash and all available cash reserves of the respective divisions as of July 1, 2025, and all monies anticipated to come into the general fund of each division on or before June 30, 2026, from utility sales at rates approved by the KUB Board; from other fees, charges, sales proceeds, accounts and notes receivable, or other credits in the process of collection; and from proceeds of authorized debt issues and interdivision loans.

Please see the enclosed worksheet which demonstrates the availability of funds to support the proposed budget appropriations.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Mark Walker'.

Mark Walker
Senior Vice President and Chief Financial Officer

Enclosure

May 2025 Certification of Available Funds - FY 2026 Budget Appropriations

Electric Division: Certification of Available Funds

	FY 2026
Beginning General Fund Cash (as of July 1, 2025)	\$69,561,000
Sales Revenues	\$713,591,000
Other Revenues	\$48,769,000
Bond Proceeds	\$37,000,000
Cash Reserves	\$60,321,000
Total	\$929,242,000
FY 2026 Budget Appropriations (Res. 1507)	\$813,307,000
Available Funds (as of June 30, 2026)	\$115,935,000

If positive, there are available funds to fund appropriations.

Gas Division: Certification of Available Funds

	FY 2026
Beginning General Fund Cash (as of July 1, 2025)	\$19,834,000
Sales Revenues	\$165,181,000
Other Revenues	\$6,379,000
Cash Reserves	\$19,699,000
Total	\$211,093,000
FY 2026 Budget Appropriations (Res. 1507)	\$168,984,000
Available Funds (as of June 30, 2026)	\$42,109,000

If positive, there are available funds to fund appropriations.

Water Division: Certification of Available Funds

	FY 2026
Beginning General Fund Cash (as of July 1, 2025)	\$19,665,000
Sales Revenues	\$79,483,000
Other Revenues	\$6,116,000
Bond Proceeds	\$18,000,000
Cash Reserves	\$19,794,000
Total	\$143,058,000
FY 2026 Budget Appropriations (Res. 1507)	\$112,745,000
Available Funds (as of June 30, 2026)	\$30,313,000

If positive, there are available funds to fund appropriations.

Wastewater Division: Certification of Available Funds

	FY 2026
Beginning General Fund Cash (as of July 1, 2025)	\$16,617,000
Sales Revenues	\$118,928,000
Other Revenues	\$8,936,000
Cash Reserves	\$34,587,000
Total	\$179,068,000
FY 2026 Budget Appropriations (Res. 1507)	\$133,135,000
Available Funds (as of June 30, 2026)	\$45,933,000

If positive, there are available funds to fund appropriations.

Fiber Division: Certification of Available Funds

	FY 2026
Beginning General Fund Cash (as of July 1, 2025)	\$7,859,000
Sales Revenues	\$28,745,000
Other Revenues	\$342,000
Loan Proceeds	\$6,000,000
Total	\$42,946,000
FY 2026 Budget Appropriations (Res. 1507)	\$36,565,000
Available Funds (as of June 30, 2026)	\$6,381,000

If positive, there are available funds to fund appropriations.

Exhibit A
Knoxville Utilities Board
Electric Division

Utility Fund- Cash Basis Reconciled to GAAP	Actual from Most Recent Audit	Estimated Actual for Last Fiscal Year	Projected Budget
Operating Revenue - CASH Basis (by source)			
Utility Sales	\$ 622,905,823.00	\$ 694,394,323.00	\$ 713,591,478.00
Tap Fees	\$ -	\$ -	\$ -
Reconnect Fees	\$ -	\$ -	\$ -
Penalties	\$ -	\$ -	\$ -
Operating Grants	\$ 8,852,593.00	\$ 6,646,180.00	\$ 5,594,029.00
Other Operating Revenue	\$ 22,236,574.00	\$ 28,120,227.00	\$ 27,748,751.00
Miscellaneous	\$ 615,053.00	\$ 1,268,831.00	\$ -
Total Operating Revenues	\$ 654,610,043.00	\$ 730,429,561.00	\$ 746,934,258.00
Operating Expenses - CASH Basis (by type)			
Wages	\$ 48,502,676.20	\$ 54,394,609.37	\$ 60,275,995.73
FICA	\$ 3,527,587.00	\$ 3,906,360.00	\$ 4,288,324.00
Pension Expense	\$ -	\$ -	\$ -
Electricity	\$ 447,036,217.00	\$ 485,872,713.00	\$ 480,078,777.00
Materials and Supplies	\$ 5,682,246.00	\$ 6,303,306.00	\$ 3,950,889.00
Chemicals	\$ -	\$ -	\$ -
Professional Fees (Legal, Accounting)	\$ -	\$ -	\$ -
Training	\$ -	\$ -	\$ -
Insurance - Property	\$ 2,004,654.00	\$ 1,445,659.00	\$ 1,425,011.00
Insurance - Health	\$ 7,560,339.00	\$ 8,232,025.00	\$ 8,616,897.00
Travel	\$ -	\$ -	\$ -
Contract Labor	\$ -	\$ -	\$ -
System Repair and Maintenance	\$ -	\$ -	\$ -
Telephone and Internet	\$ -	\$ -	\$ -
Fuel and Vehicle Maintenance	\$ -	\$ -	\$ -
Other Operating Expenses	\$ 26,912,879.80	\$ 24,384,266.63	\$ 32,518,117.27
Total Operating Expenses	\$ 541,226,599.00	\$ 584,538,939.00	\$ 591,154,011.00
Operating Income (Loss)	\$ 113,383,444.00	\$ 145,890,622.00	\$ 155,780,247.00
Nonoperating Revenues (Expenses) - CASH Basis			
Revenue: Interest Income	\$ 5,242,654.00	\$ 6,108,722.00	\$ 6,650,088.00
Other Nonoperating Income	\$ 7,318,595.00	\$ 9,870,283.00	\$ 8,776,087.00
Expense: Debt Service - Interest Payment	\$ 15,520,723.41	\$ 19,568,277.37	\$ 20,737,118.00
Debt Service - Principal Payment	\$ 17,320,000.00	\$ 16,440,000.00	\$ 19,069,865.00
Capital Purchases	\$ 147,844,703.00	\$ 168,393,440.00	\$ 157,443,218.00
Other Nonoperating Expenses	\$ -	\$ -	\$ 27,193.00
Total Nonoperating Revenue (Expenses)	\$ (168,124,177.41)	\$ (188,422,712.37)	\$ (181,851,219.00)
Income (Loss) Before Capital Contributions and Transfers	\$ (54,740,733.41)	\$ (42,532,090.37)	\$ (26,070,972.00)
Capital Contributions - CASH Basis			
Capital Contributions - Tap Fees in Excess of Cost	\$ -	\$ -	\$ -
Capital Contributions - Grants	\$ -	\$ -	\$ -
Capital Contributions - Other	\$ -	\$ -	\$ -
Transfers In - from Other Funds	\$ 58,786,957.00	\$ 94,738,464.00	\$ 36,704,000.00
Transfers Out - to Other Funds (Payments in Lieu of Taxes)	\$ 29,142,740.00	\$ 32,316,662.00	\$ 27,903,128.00
Total Capital Contributions and Transfers	\$ 29,644,217.00	\$ 62,421,802.00	\$ 8,800,872.00
Change in Net Position - CASH Basis	\$ (25,096,516.41)	\$ 19,889,711.63	\$ (17,270,100.00)
Beginning Net Position	\$ 73,800,411.00	\$ 48,703,894.59	\$ 68,593,606.22
Ending Net Position	\$ 48,703,894.59	\$ 68,593,606.22	\$ 51,323,506.22
GAAP Reconciliation			
Change in Net Position - CASH Basis	\$ (25,096,516.41)	\$ 19,889,711.63	\$ (17,270,100.00)
Add:			
Debt Service - Principal	\$ 17,320,000.00	\$ 16,440,000.00	\$ 19,069,865.00
Capital Purchases	\$ 147,844,703.00	\$ 168,393,440.00	\$ 157,443,218.00
Subtract:			
Depreciation Expense	\$ 43,299,033.56	\$ 47,913,754.26	\$ 47,009,905.00
Change in Net Position GAAP Basis	\$ 96,769,153.03	\$ 156,809,397.37	\$ 112,233,078.00
Statutory Change in Net Position Reconciliation:			
Change in Net Position GAAP Basis	\$ 96,769,153.03	\$ 156,809,397.37	\$ 112,233,078.00
Subtract:			
Capital Contributions - Tap Fees in Excess of Cost	\$ -	\$ -	\$ -
Capital Contributions - Grants	\$ -	\$ -	\$ -
Capital Contributions - Other	\$ -	\$ -	\$ -
Operating Grants	\$ 8,852,593.00	\$ 6,646,180.00	\$ 5,594,029.00
Transfers In - from Other Funds	\$ 58,786,957.00	\$ 94,738,464.00	\$ 36,704,000.00
Total amount subtracted for statutory change	\$ 67,639,550.00	\$ 101,384,644.00	\$ 42,298,029.00
Statutory Change in Net Position*	\$ 29,129,603.03	\$ 55,424,753.37	\$ 69,935,049.00

* Note: A statutory negative Change in Net Position for two consecutive years will result in the local government's referral to the Water and Wastewater Financing Board.

Exhibit A
Knoxville Utilities Board
Fiber Division

Utility Fund- Cash Basis Reconciled to GAAP	Actual from Most Recent Audit	Estimated Actual for Last Fiscal Year	Projected Budget
Operating Revenue - CASH Basis (by source)			
Utility Sales	\$ 6,310,788.00	\$ 16,939,257.00	\$ 28,744,720.00
Tap Fees	\$ -	\$ -	\$ -
Reconnect Fees	\$ -	\$ -	\$ -
Penalties	\$ -	\$ -	\$ -
Operating Grants	\$ 6,387.00	\$ -	\$ -
Other Operating Revenue	\$ 30,350.00	\$ 97,134.00	\$ -
Miscellaneous	\$ -	\$ -	\$ -
Total Operating Revenues	\$ 6,347,525.00	\$ 17,036,391.00	\$ 28,744,720.00
Operating Expenses - CASH Basis (by type)			
Wages	\$ 2,965,179.82	\$ 3,622,714.24	\$ 4,798,231.68
FICA	\$ 209,676.00	\$ 268,157.00	\$ 370,265.00
Pension Expense	\$ -	\$ -	\$ -
Electricity	\$ 371,888.00	\$ 1,143,983.00	\$ 2,457,716.00
Materials and Supplies	\$ 1,138,082.00	\$ 1,265,471.00	\$ 1,790,758.00
Chemicals	\$ -	\$ -	\$ -
Professional Fees (Legal, Accounting)	\$ -	\$ -	\$ -
Training	\$ -	\$ -	\$ -
Insurance - Property	\$ 261,887.00	\$ 324,323.00	\$ 396,688.00
Insurance - Health	\$ 359,358.00	\$ 524,351.00	\$ 936,619.00
Travel	\$ -	\$ -	\$ -
Contract Labor	\$ -	\$ -	\$ -
System Repair and Maintenance	\$ -	\$ -	\$ -
Telephone and Internet	\$ -	\$ -	\$ -
Fuel and Vehicle Maintenance	\$ -	\$ -	\$ -
Other Operating Expenses	\$ 8,182,723.18	\$ 14,252,044.76	\$ 20,171,391.32
Total Operating Expenses	\$ 13,488,794.00	\$ 21,401,044.00	\$ 30,921,669.00
Operating Income (Loss)	\$ (7,141,269.00)	\$ (4,364,653.00)	\$ (2,176,949.00)
Nonoperating Revenues (Expenses) - CASH Basis			
Revenue: Interest Income	\$ 465,716.00	\$ 555,784.00	\$ 341,813.00
Other Nonoperating Income	\$ 6,132.00	\$ -	\$ -
Expense: Debt Service - Interest Payment	\$ 1,153,781.04	\$ 1,498,460.75	\$ 1,745,613.00
Debt Service - Principal Payment	\$ 1,529,166.67	\$ 2,025,000.00	\$ 2,425,000.00
Capital Purchases	\$ 845,318.00	\$ 322,942.00	\$ 1,446,522.00
Other Nonoperating Expenses	\$ 79,062.00	\$ 31,774.00	\$ 9,571.00
Total Nonoperating Revenue (Expenses)	\$ (3,135,479.71)	\$ (3,322,392.75)	\$ (5,284,893.00)
Income (Loss) Before Capital Contributions and Transfers	\$ (10,276,748.71)	\$ (7,687,045.75)	\$ (7,461,842.00)
Capital Contributions - CASH Basis			
Capital Contributions - Tap Fees in Excess of Cost	\$ -	\$ -	\$ -
Capital Contributions - Grants	\$ -	\$ -	\$ -
Capital Contributions - Other	\$ -	\$ -	\$ -
Transfers In - from Other Funds	\$ 7,000,000.00	\$ 7,029,524.00	\$ 6,000,000.00
Transfers Out - to Other Funds (Payments in Lieu of Taxes)	\$ 37,484.00	\$ 18,864.00	\$ 25,302.00
Total Capital Contributions and Transfers	\$ 6,962,516.00	\$ 7,010,660.00	\$ 5,974,698.00
Change in Net Position - CASH Basis	\$ (3,314,232.71)	\$ (676,385.75)	\$ (1,487,144.00)
Beginning Net Position	\$ 11,952,590.00	\$ 8,638,357.29	\$ 7,961,971.54
Ending Net Position	\$ 8,638,357.29	\$ 7,961,971.54	\$ 6,474,827.54
GAAP Reconciliation			
Change in Net Position - CASH Basis	\$ (3,314,232.71)	\$ (676,385.75)	\$ (1,487,144.00)
Add:			
Debt Service - Principal	\$ 1,529,166.67	\$ 2,025,000.00	\$ 2,425,000.00
Capital Purchases	\$ 845,318.00	\$ 322,942.00	\$ 1,446,522.00
Subtract:			
Depreciation Expense	\$ 76,554.03	\$ 68,332.16	\$ 88,831.81
Change in Net Position GAAP Basis	\$ (1,016,302.07)	\$ 1,603,224.09	\$ 2,295,546.19
Statutory Change in Net Position Reconciliation:			
Change in Net Position GAAP Basis	\$ (1,016,302.07)	\$ 1,603,224.09	\$ 2,295,546.19
Subtract:			
Capital Contributions - Tap Fees in Excess of Cost	\$ -	\$ -	\$ -
Capital Contributions - Grants	\$ -	\$ -	\$ -
Capital Contributions - Other	\$ -	\$ -	\$ -
Operating Grants	\$ 6,387.00	\$ -	\$ -
Transfers In - from Other Funds	\$ 7,000,000.00	\$ 7,029,524.00	\$ 6,000,000.00
Total amount subtracted for statutory change	\$ 7,006,387.00	\$ 7,029,524.00	\$ 6,000,000.00
Statutory Change in Net Position*	\$ (8,022,689.07)	\$ (5,426,299.91)	\$ (3,704,453.81)
<i>* Note: A statutory negative Change in Net Position for two consecutive years will result in the local government's referral to the Water and Wastewater Financing Board.</i>			

Exhibit A
Knoxville Utilities Board
Gas Division

Utility Fund- Cash Basis Reconciled to GAAP	Actual from Most Recent Audit	Estimated Actual for Last Fiscal Year	Projected Budget
Operating Revenue - CASH Basis (by source)			
Utility Sales	\$ 111,962,736.00	\$ 123,069,579.00	\$ 165,180,647.00
Tap Fees	\$ -	\$ -	\$ -
Reconnect Fees	\$ -	\$ -	\$ -
Penalties	\$ -	\$ -	\$ -
Operating Grants	\$ 53,335.00	\$ 7,261.00	\$ -
Other Operating Revenue	\$ 3,690,485.00	\$ 3,853,332.00	\$ 4,434,327.00
Miscellaneous	\$ -	\$ -	\$ -
Total Operating Revenues	\$ 115,706,556.00	\$ 126,930,172.00	\$ 169,614,974.00
Operating Expenses - CASH Basis (by type)			
Wages	\$ 15,976,337.11	\$ 17,167,268.70	\$ 19,239,001.49
FICA	\$ 1,089,767.00	\$ 1,165,145.00	\$ 1,292,739.00
Pension Expense	\$ -	\$ -	\$ -
Electricity	\$ 53,212,246.00	\$ 60,625,457.00	\$ 94,226,912.00
Materials and Supplies	\$ 1,379,342.00	\$ 1,273,993.00	\$ 500,981.00
Chemicals	\$ -	\$ -	\$ -
Professional Fees (Legal, Accounting)	\$ -	\$ -	\$ -
Training	\$ -	\$ -	\$ -
Insurance - Property	\$ 584,946.00	\$ 505,784.00	\$ 484,030.00
Insurance - Health	\$ 2,496,077.00	\$ 2,796,759.00	\$ 2,997,181.00
Travel	\$ -	\$ -	\$ -
Contract Labor	\$ -	\$ -	\$ -
System Repair and Maintenance	\$ -	\$ -	\$ -
Telephone and Internet	\$ -	\$ -	\$ -
Fuel and Vehicle Maintenance	\$ -	\$ -	\$ -
Other Operating Expenses	\$ 3,796,498.89	\$ 5,060,977.30	\$ 9,289,983.51
Total Operating Expenses	\$ 78,535,214.00	\$ 88,595,384.00	\$ 128,030,828.00
Operating Income (Loss)	\$ 37,171,342.00	\$ 38,334,788.00	\$ 41,584,146.00
Nonoperating Revenues (Expenses) - CASH Basis			
Revenue: Interest Income	\$ 1,904,114.00	\$ 1,677,313.00	\$ 1,624,565.00
Other Nonoperating Income	\$ 334,399.00	\$ 342,515.00	\$ 319,896.00
Expense: Debt Service - Interest Payment	\$ 2,956,493.49	\$ 2,645,327.15	\$ 2,338,644.00
Debt Service - Principal Payment	\$ 6,653,333.35	\$ 6,611,666.65	\$ 6,606,667.00
Capital Purchases	\$ 28,995,389.00	\$ 24,614,320.00	\$ 24,069,891.00
Other Nonoperating Expenses	\$ 199,083.00	\$ 337,991.00	\$ 5,317.00
Total Nonoperating Revenue (Expenses)	\$ (36,565,785.84)	\$ (32,189,476.80)	\$ (31,076,058.00)
Income (Loss) Before Capital Contributions and Transfers	\$ 605,556.16	\$ 6,145,311.20	\$ 10,508,088.00
Capital Contributions - CASH Basis			
Capital Contributions - Tap Fees in Excess of Cost	\$ -	\$ -	\$ -
Capital Contributions - Grants	\$ -	\$ -	\$ -
Capital Contributions - Other	\$ -	\$ -	\$ -
Transfers In - from Other Funds	\$ 895.00	\$ -	\$ -
Transfers Out - to Other Funds (Payments in Lieu of Taxes)	\$ 7,259,131.00	\$ 6,346,508.00	\$ 10,938,106.00
Total Capital Contributions and Transfers	\$ (7,258,236.00)	\$ (6,346,508.00)	\$ (10,938,106.00)
Change in Net Position - CASH Basis	\$ (6,652,679.84)	\$ (201,196.80)	\$ (430,018.00)
Beginning Net Position	\$ 26,401,069.00	\$ 19,748,389.16	\$ 19,547,192.36
Ending Net Position	\$ 19,748,389.16	\$ 19,547,192.36	\$ 19,117,174.36
GAAP Reconciliation			
Change in Net Position - CASH Basis	\$ (6,652,679.84)	\$ (201,196.80)	\$ (430,018.00)
Add:			
Debt Service - Principal	\$ 6,653,333.35	\$ 6,611,666.65	\$ 6,606,667.00
Capital Purchases	\$ 28,995,389.00	\$ 24,614,320.00	\$ 24,069,891.00
Subtract:			
Depreciation Expense	\$ 16,069,626.34	\$ 16,626,917.82	\$ 17,094,161.00
Change in Net Position GAAP Basis	\$ 12,926,416.17	\$ 14,397,872.03	\$ 13,152,379.00
Statutory Change in Net Position Reconciliation:			
Change in Net Position GAAP Basis	\$ 12,926,416.17	\$ 14,397,872.03	\$ 13,152,379.00
Subtract:			
Capital Contributions - Tap Fees in Excess of Cost	\$ -	\$ -	\$ -
Capital Contributions - Grants	\$ -	\$ -	\$ -
Capital Contributions - Other	\$ -	\$ -	\$ -
Operating Grants	\$ 53,335.00	\$ 7,261.00	\$ -
Transfers In - from Other Funds	\$ 895.00	\$ -	\$ -
Total amount subtracted for statutory change	\$ 54,230.00	\$ 7,261.00	\$ -
Statutory Change in Net Position*	\$ 12,872,186.17	\$ 14,390,611.03	\$ 13,152,379.00
<i>* Note: A statutory negative Change in Net Position for two consecutive years will result in the local government's referral to the Water and Wastewater Financing Board.</i>			

Exhibit A
Knoxville Utilities Board
Water Division

Utility Fund- Cash Basis Reconciled to GAAP	Actual from Most Recent Audit	Estimated Actual for Last Fiscal Year	Projected Budget
Operating Revenue - CASH Basis (by source)			
Utility Sales	\$ 70,182,115.00	\$ 75,209,079.00	\$ 79,482,987.00
Tap Fees	\$ -	\$ -	\$ -
Reconnect Fees	\$ -	\$ -	\$ -
Penalties	\$ -	\$ -	\$ -
Operating Grants	\$ 14,937,200.00	\$ 10,425,974.00	\$ -
Other Operating Revenue	\$ 3,026,894.00	\$ 3,005,827.00	\$ 2,655,815.00
Miscellaneous	\$ -	\$ -	\$ -
Total Operating Revenues	\$ 88,146,209.00	\$ 88,640,880.00	\$ 82,138,802.00
Operating Expenses - CASH Basis (by type)			
Wages	\$ 16,500,737.74	\$ 17,831,295.40	\$ 18,826,218.18
FICA	\$ 1,222,780.00	\$ 1,315,044.00	\$ 1,401,692.00
Pension Expense	\$ -	\$ -	\$ -
Electricity	\$ -	\$ -	\$ -
Materials and Supplies	\$ 2,264,073.00	\$ 1,384,761.00	\$ 1,431,748.00
Chemicals	\$ 2,382,761.64	\$ 2,539,230.08	\$ 2,202,688.55
Professional Fees (Legal, Accounting)	\$ -	\$ -	\$ -
Training	\$ -	\$ -	\$ -
Insurance - Property	\$ 1,441,383.00	\$ 600,031.00	\$ 644,275.00
Insurance - Health	\$ 2,028,062.00	\$ 2,447,123.00	\$ 2,435,210.00
Travel	\$ -	\$ -	\$ -
Contract Labor	\$ -	\$ -	\$ -
System Repair and Maintenance	\$ -	\$ -	\$ -
Telephone and Internet	\$ -	\$ -	\$ -
Fuel and Vehicle Maintenance	\$ -	\$ -	\$ -
Other Operating Expenses	\$ 12,275,591.62	\$ 13,580,019.52	\$ 17,258,071.27
Total Operating Expenses	\$ 38,115,389.00	\$ 39,697,504.00	\$ 44,199,903.00
Operating Income (Loss)	\$ 50,030,820.00	\$ 48,943,376.00	\$ 37,938,899.00
Nonoperating Revenues (Expenses) - CASH Basis			
Revenue: Interest Income	\$ 1,813,616.00	\$ 2,449,412.00	\$ 1,680,362.00
Other Nonoperating Income	\$ 1,867,290.00	\$ 1,981,543.00	\$ 1,779,681.00
Expense: Debt Service - Interest Payment	\$ 7,856,666.71	\$ 7,576,187.73	\$ 7,939,385.00
Debt Service - Principal Payment	\$ 6,710,914.76	\$ 8,330,000.00	\$ 9,038,366.00
Capital Purchases	\$ 48,683,580.00	\$ 55,128,438.00	\$ 47,472,376.00
Other Nonoperating Expenses	\$ 189,335.00	\$ 149,056.00	\$ 4,278.00
Total Nonoperating Revenue (Expenses)	\$ (59,759,590.47)	\$ (66,752,726.73)	\$ (60,994,362.00)
Income (Loss) Before Capital Contributions and Transfers	\$ (9,728,770.47)	\$ (17,809,350.73)	\$ (23,055,463.00)
Capital Contributions - CASH Basis			
Capital Contributions - Tap Fees in Excess of Cost	\$ -	\$ -	\$ -
Capital Contributions - Grants	\$ -	\$ -	\$ -
Capital Contributions - Other	\$ -	\$ -	\$ -
Transfers In - from Other Funds	\$ 19,944,023.00	\$ 20,694,789.00	\$ 17,856,000.00
Transfers Out - to Other Funds (Payments in Lieu of Taxes)	\$ 3,631,335.00	\$ 2,777,013.00	\$ 6,095,655.00
Total Capital Contributions and Transfers	\$ 16,312,688.00	\$ 17,917,776.00	\$ 11,760,345.00
Change in Net Position - CASH Basis	\$ 6,583,917.53	\$ 108,425.27	\$ (11,295,118.00)
Beginning Net Position	\$ 13,454,069.00	\$ 20,037,986.53	\$ 20,146,411.80
Ending Net Position	\$ 20,037,986.53	\$ 20,146,411.80	\$ 8,851,293.80
GAAP Reconciliation			
Change in Net Position - CASH Basis	\$ 6,583,917.53	\$ 108,425.27	\$ (11,295,118.00)
Add:			
Debt Service - Principal	\$ 6,710,914.76	\$ 8,330,000.00	\$ 9,038,366.00
Capital Purchases	\$ 48,683,580.00	\$ 55,128,438.00	\$ 47,472,376.00
Subtract:			
Depreciation Expense	\$ 12,118,648.69	\$ 12,670,030.94	\$ 12,531,075.00
Change in Net Position GAAP Basis	\$ 49,859,763.60	\$ 50,896,832.33	\$ 32,684,549.00
Statutory Change in Net Position Reconciliation:			
Change in Net Position GAAP Basis	\$ 49,859,763.60	\$ 50,896,832.33	\$ 32,684,549.00
Subtract:			
Capital Contributions - Tap Fees in Excess of Cost	\$ -	\$ -	\$ -
Capital Contributions - Grants	\$ -	\$ -	\$ -
Capital Contributions - Other	\$ -	\$ -	\$ -
Operating Grants	\$ 14,937,200.00	\$ 10,425,974.00	\$ -
Transfers In - from Other Funds	\$ 19,944,023.00	\$ 20,694,789.00	\$ 17,856,000.00
Total amount subtracted for statutory change	\$ 34,881,223.00	\$ 31,120,763.00	\$ 17,856,000.00
Statutory Change in Net Position*	\$ 14,978,540.60	\$ 19,776,069.33	\$ 14,828,549.00

* Note: A statutory negative Change in Net Position for two consecutive years will result in the local government's referral to the Water and Wastewater Financing Board.

Exhibit A
Knoxville Utilities Board
Wastewater Division

Utility Fund- Cash Basis Reconciled to GAAP	Actual from Most Recent Audit	Estimated Actual for Last Fiscal Year	Projected Budget
Operating Revenue - CASH Basis (by source)			
Utility Sales	\$ 111,932,052.00	\$ 118,165,469.00	\$ 118,927,968.00
Tap Fees	\$ -	\$ -	\$ -
Reconnect Fees	\$ -	\$ -	\$ -
Penalties	\$ -	\$ -	\$ -
Operating Grants	\$ 150,807.00	\$ 3,050.00	\$ 3,000,000.00
Other Operating Revenue	\$ 2,441,411.00	\$ 4,375,956.00	\$ 2,489,282.00
Miscellaneous	\$ -	\$ -	\$ -
Total Operating Revenues	\$ 114,524,270.00	\$ 122,544,475.00	\$ 124,417,250.00
Operating Expenses - CASH Basis (by type)			
Wages	\$ 15,825,984.82	\$ 16,440,467.82	\$ 18,636,912.17
FICA	\$ 1,171,990.00	\$ 1,210,220.00	\$ 1,293,785.00
Pension Expense	\$ -	\$ -	\$ -
Electricity	\$ -	\$ -	\$ -
Materials and Supplies	\$ 425,472.00	\$ 350,131.00	\$ 252,158.00
Chemicals	\$ 2,124,409.49	\$ 2,435,393.01	\$ 2,315,967.76
Professional Fees (Legal, Accounting)	\$ -	\$ -	\$ -
Training	\$ -	\$ -	\$ -
Insurance - Property	\$ 745,202.00	\$ 739,332.00	\$ 819,000.00
Insurance - Health	\$ 3,276,100.00	\$ 3,495,989.00	\$ 3,746,477.00
Travel	\$ -	\$ -	\$ -
Contract Labor	\$ -	\$ -	\$ -
System Repair and Maintenance	\$ -	\$ -	\$ -
Telephone and Internet	\$ -	\$ -	\$ -
Fuel and Vehicle Maintenance	\$ -	\$ -	\$ -
Other Operating Expenses	\$ 22,816,624.69	\$ 21,515,550.17	\$ 26,990,740.07
Total Operating Expenses	\$ 46,385,783.00	\$ 46,187,083.00	\$ 54,055,040.00
Operating Income (Loss)	\$ 68,138,487.00	\$ 76,357,392.00	\$ 70,362,210.00
Nonoperating Revenues (Expenses) - CASH Basis			
Revenue: Interest Income	\$ 2,705,589.00	\$ 2,941,644.00	\$ 2,980,425.00
Other Nonoperating Income	\$ 523,614.00	\$ 535,541.00	\$ 466,760.00
Expense: Debt Service - Interest Payment	\$ 18,456,512.49	\$ 17,902,950.04	\$ 17,341,072.00
Debt Service - Principal Payment	\$ 14,607,500.04	\$ 14,841,250.06	\$ 14,913,750.00
Capital Purchases	\$ 47,712,909.00	\$ 36,490,833.00	\$ 40,593,071.00
Other Nonoperating Expenses	\$ 163,579.00	\$ 218,200.00	\$ -
Total Nonoperating Revenue (Expenses)	\$ (77,711,297.53)	\$ (65,976,048.10)	\$ (69,400,708.00)
Income (Loss) Before Capital Contributions and Transfers	\$ (9,572,810.53)	\$ 10,381,343.90	\$ 961,502.00
Capital Contributions - CASH Basis			
Capital Contributions - Tap Fees in Excess of Cost	\$ -	\$ -	\$ -
Capital Contributions - Grants	\$ -	\$ -	\$ -
Capital Contributions - Other	\$ -	\$ -	\$ -
Transfers In - from Other Funds	\$ -	\$ -	\$ -
Transfers Out - to Other Funds (Payments in Lieu of Taxes)	\$ 5,654,098.00	\$ 5,936,285.00	\$ 6,732,288.00
Total Capital Contributions and Transfers	\$ (5,654,098.00)	\$ (5,936,285.00)	\$ (6,732,288.00)
Change in Net Position - CASH Basis	\$ (15,226,908.53)	\$ 4,445,058.90	\$ (5,770,786.00)
Beginning Net Position	\$ 28,051,364.00	\$ 12,824,455.47	\$ 17,269,514.37
Ending Net Position	\$ 12,824,455.47	\$ 17,269,514.37	\$ 11,498,728.37
GAAP Reconciliation			
Change in Net Position - CASH Basis	\$ (15,226,908.53)	\$ 4,445,058.90	\$ (5,770,786.00)
Add:			
Debt Service - Principal	\$ 14,607,500.04	\$ 14,841,250.06	\$ 14,913,750.00
Capital Purchases	\$ 47,712,909.00	\$ 36,490,833.00	\$ 40,593,071.00
Subtract:			
Depreciation Expense	\$ 24,350,519.79	\$ 25,658,067.16	\$ 24,157,415.00
Change in Net Position GAAP Basis	\$ 22,742,980.72	\$ 30,119,074.80	\$ 25,578,620.00
Statutory Change in Net Position Reconciliation:			
Change in Net Position GAAP Basis	\$ 22,742,980.72	\$ 30,119,074.80	\$ 25,578,620.00
Subtract:			
Capital Contributions - Tap Fees in Excess of Cost	\$ -	\$ -	\$ -
Capital Contributions - Grants	\$ -	\$ -	\$ -
Capital Contributions - Other	\$ -	\$ -	\$ -
Operating Grants	\$ 150,807.00	\$ 3,050.00	\$ 3,000,000.00
Transfers In - from Other Funds	\$ -	\$ -	\$ -
Total amount subtracted for statutory change	\$ 150,807.00	\$ 3,050.00	\$ 3,000,000.00
Statutory Change in Net Position*	\$ 22,592,173.72	\$ 30,116,024.80	\$ 22,578,620.00
<i>* Note: A statutory negative Change in Net Position for two consecutive years will result in the local government's referral to the Water and Wastewater Financing Board.</i>			

RESOLUTION NO. 1508

A Resolution Approving Commitment Appropriations for the Fiscal Year Beginning July 1, 2025, Thereby Authorizing the Commitment of Expenditures to be Paid Subsequent to June 30, 2026, for Contractual Commitments Executed and Other Obligations Incurred on or Before June 30, 2026

Whereas, Section 1109 of the Charter of the City of Knoxville provides that “No money shall be drawn from the treasury of the system nor shall any obligation for the expenditure of money be incurred except in pursuance of appropriations made by the board”; and

Whereas, as of July 1, 2025, the Knoxville Utilities Board (“KUB”) will have previously entered into contractual commitments and other obligations for goods and services to be received after June 30, 2026, resulting in the commitment of expenditures to be paid subsequent to June 30, 2026, for which said commitments were charged against a prior appropriation made by the KUB Board of Commissioners (the “Board”); and

Whereas, the amount of the prior appropriation for such commitments shall terminate as of July 1, 2025; and

Whereas, KUB staff anticipates KUB will enter into additional contracts and obligations during the period beginning July 1, 2025, and ending June 30, 2026, for goods and services to be received subsequent to June 30, 2026, resulting in the commitment of expenditures to be paid subsequent to June 30, 2026; and

Whereas, the appropriations provided for in this Resolution shall provide for the commitment of expenditures from KUB subsequent to June 30, 2026, for goods and services to be received by KUB subsequent to June 30, 2026, resulting from contractual commitments executed and other obligations incurred by KUB on or before June 30, 2026; and

Whereas, the Chief Financial Officer (CFO) has certified the availability of funds to support the proposed commitment appropriations; and

Whereas, the Board has found the adoption of the proposed commitment appropriations to be in the best interest of KUB and its customers.

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

Section 1. That commitment appropriations for the fiscal year beginning July 1, 2025, and ending June 30, 2026, providing for the commitment of expenditures to be paid subsequent to June 30, 2026, for goods and services to be received subsequent to June 30, 2026, resulting from contractual commitments and other obligations incurred on or before June 30, 2026, be and the same are hereby made from the funds of the Electric Division, in the amount of **\$64,050,000**.

Section 2. That commitment appropriations for the fiscal year beginning July 1, 2025, and ending June 30, 2026, providing for the commitment of expenditures to be paid subsequent to June 30, 2026, for goods and services to be received subsequent to June 30, 2026, resulting from contractual commitments and other obligations incurred on or before June 30, 2026, be and the same are hereby made from the funds of the Gas Division, in the amount of **\$14,110,000**.

Section 3. That commitment appropriations for the fiscal year beginning July 1, 2025, and ending June 30, 2026, providing for the commitment of expenditures to be paid subsequent to June 30, 2026, for goods and services to be received subsequent to June 30, 2026, resulting from contractual commitments and other obligations incurred on or before June 30, 2026, be and the same are hereby made from the funds of the Water Division, in the amount of **\$48,350,000**.

Section 4. That commitment appropriations for the fiscal year beginning July 1, 2025, and ending June 30, 2026, providing for the commitment of expenditures to be paid subsequent to June 30, 2026, for goods and services to be received subsequent to June 30, 2026, resulting from contractual commitments and other obligations incurred on or before June 30, 2026, be and the same are hereby made from the funds of the Wastewater Division, in the amount of **\$49,880,000**.

Section 5. That commitment appropriations for the fiscal year beginning July 1, 2025, and ending June 30, 2026, providing for the commitment of expenditures to be paid subsequent to June 30, 2026, for goods and services to be received subsequent to June 30, 2026, resulting from contractual commitments and other obligations incurred on or before June 30, 2026, be and the same are hereby made from the funds of the Fiber Division, in the amount of **\$5,200,000**.

Section 6. That funds will be available for each division to fund the expenditures to be paid subsequent to June 30, 2026, for contractual commitments executed and other obligations incurred on or before June 30, 2026, as noted in Sections 1, 2, 3, 4 and 5 of this Resolution. The availability of funds has been certified by letter from the Senior Vice President and Chief Financial Officer, whereby said letter is attached to and incorporated by reference as part of this Resolution.

Section 7. That all appropriations made herein shall terminate effective July 1, 2026.

Section 8. That this Resolution shall take effect from and after its passage.

Cynthia Gibson/s
Cynthia Gibson, Chair

Mark Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: 5-15-25
EFFECTIVE DATE: 5-15-25
MINUTE BOOK 49 PAGE 13486-13491



May 9, 2025

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

Commissioners,

I hereby certify that within the meaning of Section 1109 of the City of Knoxville Charter and Article IX.B.3.b. of the Board's By-Laws there are sufficient funds adequate to fund the proposed commitment appropriations for the fiscal year beginning July 1, 2025, as provided for in Resolution 1508 as follows:

<u>Division</u>	<u>Amount</u>
Electric	\$ 64,050,000
Gas	\$ 14,110,000
Water	\$ 48,350,000
Wastewater	\$ 49,880,000
Fiber	\$ 5,200,000

The availability of funds for commitment appropriations is based on general fund cash and all available cash reserves of the respective divisions as of July 1, 2026, and all monies anticipated to come into the general fund of each division prior to the maturity of the contractual commitments and other obligations from utility sales at rates approved by the KUB Board; from other fees, charges, sales proceeds, accounts and notes receivable, or other credits in the process of collection; and from proceeds of authorized debt issues.

Please see the enclosed worksheets which demonstrate the availability of funds to support the proposed commitment appropriations.

Respectfully submitted,

A handwritten signature in blue ink that reads "Mark Walker".

Mark Walker
Senior Vice President and Chief Financial Officer

Enclosures

May 2025: Certification of Available Funds - FY 2026 Commitment Appropriations

Electric Division: Certification of Available Funds

	<u>FY 2027</u>
Available Funds (as of July 1, 2026)	\$115,935,000
Sales Revenues	\$734,360,000
Other Revenues	\$45,882,000
Total	<u>\$896,177,000</u>
FY 2026 Commitment Appropriations (Res. 1508)	<u>\$64,050,000</u>
Available Funds (as of June 30, 2027)	<u>\$832,127,000</u>

If positive, there are available funds to fund appropriations.

Gas Division: Certification of Available Funds

	<u>FY 2027</u>
Available Funds (as of July 1, 2026)	\$42,109,000
Sales Revenues	\$175,436,000
Other Revenues	\$6,749,000
Total	<u>\$224,294,000</u>
FY 2026 Commitment Appropriations (Res. 1508)	<u>\$14,110,000</u>
Available Funds (as of June 30, 2027)	<u>\$210,184,000</u>

If positive, there are available funds to fund appropriations.

Water Division: Certification of Available Funds

	<u>FY 2027</u>
Available Funds (as of July 1, 2026)	\$30,313,000
Sales Revenues	\$84,214,000
Other Revenues	\$5,842,000
Total	<u>\$120,369,000</u>
FY 2026 Commitment Appropriations (Res. 1508)	<u>\$48,350,000</u>
Available Funds (as of June 30, 2027)	<u>\$72,019,000</u>

If positive, there are available funds to fund appropriations.

Wastewater Division: Certification of Available Funds

	<u>FY 2027</u>
Available Funds (as of July 1, 2026)	\$45,933,000
Sales Revenues	\$121,310,000
Other Revenues	\$6,914,000
Total	<u>\$174,157,000</u>
FY 2026 Commitment Appropriations (Res. 1508)	<u>\$49,880,000</u>
Available Funds (as of June 30, 2027)	<u>\$124,277,000</u>

If positive, there are available funds to fund appropriations.

Fiber Division: Certification of Available Funds

	<u>FY 2027</u>
Available Funds (as of July 1, 2026)	\$6,381,000
Sales Revenues	\$41,667,000
Other Revenues	\$238,000
Total	<u>\$48,286,000</u>
FY 2026 Commitment Appropriations (Res. 1508)	<u>\$5,200,000</u>
Available Funds (as of June 30, 2027)	<u>\$43,086,000</u>

If positive, there are available funds to fund appropriations.

May 2025 - Commitments for Future Year Expenditures

Electric Division	FY 2027	FY 2028+
Substation improvements	\$ 15,650,000	\$ 1,200,000
Stock purchases	\$ 3,500,000	\$ 150,000
Vegetation management circuit trimming	\$ 2,400,000	\$ -
Information technology	\$ 6,900,000	\$ 5,500,000
69kV transmission line improvements	\$ 1,750,000	\$ -
Vehicles and equipment	\$ 6,100,000	\$ 12,600,000
13kV distribution system improvements	\$ 400,000	\$ -
Properties upgrades	\$ 6,900,000	\$ 1,000,000
	\$ 43,600,000	\$ 20,450,000

Natural Gas Division	FY 2027	FY 2028+
Utility relocations for highway projects	\$ 1,810,000	\$ 500,000
Gate station improvements	\$ 250,000	\$ -
Connectors and extensions	\$ 800,000	\$ 300,000
Information technology	\$ 2,400,000	\$ 2,100,000
Vehicles and equipment	\$ 1,000,000	\$ 700,000
Install residential and commercial service	\$ 150,000	\$ -
Steel main replacement projects	\$ 2,150,000	\$ 750,000
Properties upgrades	\$ 1,200,000	\$ -
	\$ 9,760,000	\$ 4,350,000

Water Division	FY 2027	FY 2028+
Plant improvements	\$ 11,350,000	\$ 14,300,000
Cast iron main replacements	\$ 5,300,000	\$ -
Information technology	\$ 2,100,000	\$ 1,800,000
Utility relocations for highway projects	\$ 4,500,000	\$ -
Booster pump station improvements	\$ 2,000,000	\$ 2,200,000
System improvements waterline casings	\$ 700,000	\$ -
Properties upgrades	\$ 2,900,000	\$ -
Vehicles and equipment	\$ 600,000	\$ 600,000
	\$ 29,450,000	\$ 18,900,000

Wastewater Division	FY 2027	FY 2028+
Main rehabilitation & replacement	\$ 13,030,000	\$ -
Pump stations and forcemains	\$ 9,000,000	\$ -
Plant improvements	\$ 9,700,000	\$ 8,600,000
Utility relocations for highway projects	\$ 750,000	\$ -
Information technology	\$ 3,000,000	\$ 2,500,000
Vehicles and equipment	\$ 900,000	\$ 900,000
Properties upgrades	\$ 1,500,000	\$ -
	\$ 37,880,000	\$ 12,000,000

Fiber Division	FY 2027	FY 2028+
Information technology	\$ 1,100,000	\$ 1,300,000
Marketing	\$ 300,000	\$ 900,000
Vehicles and equipment	\$ 500,000	\$ 500,000
Properties upgrades	\$ 600,000	\$ -
	\$ 2,500,000	\$ 2,700,000

RESOLUTION NO. 1509

A Resolution Authorizing the Condemnation and the Taking of Three Permanent Utility Easements on Three Certain Properties Located at 508, 592 and 1105 East Emory Road, Knoxville, Knox County, Tennessee

Whereas, supplying the public need and demand for electric service makes it necessary and desirable for KUB to construct electric system facilities (the "Facilities") on a portion of certain properties located at 508, 592 and 1105 East Emory Road in Powell, Knox County, Tennessee, and being more particularly described on Knox County Tax Map 47 as Parcels 86.08 and 86.15 and Knox County Tax Map 47-F "A" as Parcel 35.00; and

Whereas, permanent utility easements across the aforesaid properties must be obtained for vegetation clearance and the installation of new electric poles and associated equipment as part of a relocation of an existing electric transmission line to connect North Knox Substation to the Dry Gap Substation; and

Whereas, in the opinion of the KUB Board of Commissioners (the "Board"), the easements for the properties described in this Resolution best meets the needs and requirements of the public for the location of the Facilities; and

Whereas, time is of the essence in constructing the Facilities and it is advantageous for KUB officials to be authorized to condemn and acquire the necessary easements in the event that the easements cannot be acquired by negotiation.

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

Section 1. That this Board finds and declares:

- (a) That public convenience and necessity require the installation of the Facilities in the easements for the properties described herein, so as to provide adequate utility service to the public, including the present and prospective customers of KUB's electric system.
- (b) That the cost of the easements, as mentioned in the preceding paragraph, shall be paid from appropriations heretofore made by this Board for the operation and construction program of the Electric Division.

- (c) That for the purpose of placing, constructing, repairing, maintaining, rehabilitating, improving and replacing the Facilities on the properties described herein, there shall be condemned such permanent utility and temporary construction easements across the aforementioned properties, as may be determined to be necessary by the President and CEO or his designee.

Section 2. That the President and CEO and the General Counsel for KUB, are hereby authorized and directed to take all action and do all things necessary or desirable for the acquisition of said easements described in Section 1 of this Resolution, by condemnation or otherwise, including, without limitation, the institution of a suit in the name of KUB against any and all persons having any interest in the affected properties, for the condemnation thereof, and the determination of the amount of any deposit to be made in connection with any such suit.

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

Cynthia Gibson/s
Cynthia Gibson, Chair

Mark Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: 5-15-25
EFFECTIVE DATE: 5-15-25
MINUTE BOOK 49 PAGE 13492-13493