

## SUMMARY NOTICE OF SALE

**\$205,300,000\***

### **CITY OF KNOXVILLE, TENNESSEE**

**\$31,115,000\* Electric System Revenue Refunding Bonds, Series EE-2015**

**\$12,600,000\* Gas System Revenue Refunding Bonds, Series U-2015**

**\$24,400,000\* Water System Revenue Refunding Bonds, Series BB-2015**

**\$137,185,000\* Wastewater System Revenue Refunding Bonds, Series 2015A**

NOTICE IS HEREBY GIVEN that separate electronic or sealed written bids will be received by the President and CEO of KUB, at the offices of Cumberland Securities Company, Inc., Knoxville, Tennessee, until 10:15 a.m. E.D.T. on Wednesday, April 8, 2015, on behalf of the City for the purchase of \$31,115,000\* Electric System Revenue Refunding Bonds, Series EE-2015 (“Electric Bonds” or “Series EE-2015 Bonds”). Prior to accepting bids, the Board, or the President and CEO of KUB, as its designee, reserves the right to postpone the sale to a later date, or to cancel the sale based upon market conditions via munihub at the internet website address ([www.prospectushub.com](http://www.prospectushub.com)) and/or the *BiDCOMP™/PARITY™* System not later than 9:15 a.m., Eastern Daylight Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours notice via munihub at the internet website address ([www.prospectushub.com](http://www.prospectushub.com)) and/or the *BiDCOMP™/PARITY™* System.

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NOTICE IS HEREBY GIVEN that separate electronic or sealed written bids will be received by the President and CEO of KUB, at the offices of Cumberland Securities Company, Inc., Knoxville, Tennessee, until 10:15 a.m. E.D.T. on Tuesday, April 7, 2015, on behalf of the City for the purchase of \$137,185,000\* Wastewater System Revenue Refunding Bonds, Series 2015A (“Wastewater Bonds” or “Series 2015A Bonds”). Prior to accepting bids, the Board, or the President and CEO of KUB, as its designee, reserves the right to postpone the sale to a later date, or to cancel the sale based upon market conditions via munihub at the internet website address ([www.prospectushub.com](http://www.prospectushub.com)) and/or the *BiDCOMP™/PARITY™* System not later than 9:15 a.m., Eastern Daylight Time, on the day of the bid

opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours notice via munihub at the internet website address ([www.prospectushub.com](http://www.prospectushub.com)) and/or the ***BIDCOMP™/PARITY™*** System.

The Electric Bonds, the Gas Bonds, the Water Bonds, and the Wastewater Bonds are collectively referred to herein as the “Bonds”.

Electronic bids for the Bonds must be submitted through ***BIDCOMP™/PARITY™*** and no other provider of electronic bidding services will be accepted. Subscription to the i-Deal LLC Dalcomp Division’s ***BIDCOMP™*** Competitive Bidding System is required in order to submit an electronic bid. Neither the City nor KUB will confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by ***BIDCOMP™/PARITY™*** shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in ***BIDCOMP™/PARITY™*** conflict with the terms of the Detailed Notice of Sale, such Notice shall prevail.

The Electric Bonds will be dated the date of issuance (assume May 1, 2015). The Electric Bonds will mature on July 1 in the years 2015 through 2029, inclusive, and will be subject to optional redemption prior to maturity on or after July 1, 2023. The approving opinion for the Electric Bonds will be furnished at the expense of KUB by Bass, Berry & Sims PLC, Bond Counsel, Knoxville, Tennessee. No rate or rates bid for the Electric Bonds shall exceed five percent (5.0%). No bid will be considered for the Electric Bonds for less than ninety-nine and one-quarter percent (99.25%) of par and accrued interest or more than one hundred and twenty-five percent (125%) of par and accrued interest. Unless bids are rejected, the Electric Bonds will be awarded separately by the President and CEO on the sale date to the bidder whose bid result in the lowest true interest rate on the Electric Bonds.

The Gas Bonds will be dated the date of issuance (assume May 1, 2015). The Gas Bonds will mature on March 1 in the years 2016 through 2031, inclusive, and will be subject to optional redemption prior to maturity on or after March 1, 2023. The approving opinion for the Gas Bonds will be furnished at the expense of KUB by Bass, Berry & Sims PLC, Bond Counsel, Knoxville, Tennessee. No rate or rates bid for the Gas Bonds shall exceed five percent (5.0%). No bid will be considered for the Gas Bonds for less than ninety-nine and one-quarter percent (99.25%) of par and accrued interest or more than one hundred and twenty-five percent (125%) of par and accrued interest. Unless bids are rejected, the Gas Bonds will be awarded separately by the President and CEO on the sale date to the bidder whose bid result in the lowest true interest rate on the Gas Bonds.

The Water Bonds will be dated the date of issuance (assume May 1, 2015). The Water Bonds will mature on March 1 in the years 2016 through 2033, inclusive, and will be subject to optional redemption prior to maturity on or after March 1, 2023. The approving opinion for the Water Bonds will be furnished at the expense of KUB by Bass, Berry & Sims PLC, Bond Counsel, Knoxville, Tennessee. No rate or rates bid for the Water Bonds shall exceed five percent (5.0%). No bid will be considered for the Water Bonds for less than ninety-nine and one-quarter percent (99.25%) of par and accrued interest or more than one hundred and twenty-five percent (125%) of par and accrued interest. Unless bids are rejected, the Water Bonds will be awarded separately by the President and CEO on the sale date to the bidder whose bid result in the lowest true interest rate on the Water Bonds.

The Wastewater Bonds will be dated the date of issuance (assume May 1, 2015). The Wastewater Bonds will mature on April 1 in the years 2016 through 2042, inclusive, and will be subject to optional redemption prior to maturity on or after April 1, 2023. The approving opinion for the Wastewater Bonds will be furnished at the expense of KUB by Bass, Berry & Sims PLC, Bond Counsel, Knoxville, Tennessee. No rate or rates bid for the Wastewater Bonds shall exceed five percent (5.0%). No bid will be considered for the Wastewater Bonds for less than ninety-nine and one-quarter percent (99.25%) of par and accrued interest or more than one hundred and twenty-five percent (125%) of par and accrued interest. Unless bids are rejected, the Wastewater Bonds will be awarded separately by the President and CEO on the sale date to the bidder whose bid result in the lowest true interest rate on the Wastewater Bonds.

Electronic bids made through the facilities of ***BIDCOMP™/PARITY™*** shall be deemed an offer to purchase in response to the Detailed Notice of Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to KUB. KUB, Bond Counsel and the Financial Advisor shall not be responsible for any malfunction or

mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by ***BIDCOMP™/PARITY™***. The use of the ***BIDCOMP™/PARITY™*** facility is at the sole risk of the prospective bidders.

Additional information, including the PRELIMINARY OFFICIAL STATEMENT in near final form and the Detailed Notice of Sale, may be obtained through [www.prospectushub.com](http://www.prospectushub.com) or Mintha E. Roach, President & CEO, Knoxville Utilities Board, 445 South Gay Street, Knoxville, Tennessee 37902 or from KUB's Financial Advisor, Cumberland Securities Company, Inc., Knoxville, Tennessee (865) 988-2663 or Munihub at ([www.prospectushub.com](http://www.prospectushub.com)). Further information regarding ***BIDCOMP™/PARITY™*** may be obtained from ***PARITY™***, 1359 Broadway - 2<sup>nd</sup> Floor, New York, NY 10018, Telephone: 800.850.7422.

CITY OF KNOXVILLE, TENNESSEE  
By and Through  
KNOXVILLE UTILITIES BOARD

By: Mintha E. Roach  
President & CEO  
Knoxville Utilities Board

## DETAILED NOTICE OF SALE

**\$205,300,000\***

### **CITY OF KNOXVILLE, TENNESSEE**

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**\$12,600,000\* Gas System Revenue Refunding Bonds, Series U-2015**

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\*Subject to Change.

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The Electric Bonds, the Gas Bonds, the Water Bonds, and the Wastewater Bonds are collectively referred to herein as the “Bonds”.

#### Description of the Bonds.

The Electric Bonds are being issued pursuant to Chapter 34, Title 7, and Chapter 21, Title 9, *Tennessee Code Annotated*, as amended (the “Act”), the Charter of the City (the “City Charter”), other applicable statutes, and pursuant to Resolution No. 1644 adopted by the City on January 4, 1949 as amended and supplemented by Resolution No. 2171 adopted February 22, 1955; Resolution No. 3491 adopted by the City on February 21, 1967; Resolution R-317-90 adopted by the City on October 30, 1990; Resolution No. R-469-92 adopted by the City on October 13, 1992; Resolution No. R-472-93 adopted by the City on October 26, 1993; Resolution No. R-95-95 adopted by the City on February 28, 1995; Resolution No. R-422-98 adopted by the City on October 20, 1998; Resolution No. R-64-01 adopted by the City on February 20, 2001; Resolution No. R-148-01 adopted by the City on March 20, 2001; Resolution No. R-480-01 adopted by the City on October 30, 2001; Resolution No. R-59-04 adopted by the City on March 2, 2004; Resolution No. R-261-05 adopted by the City on July 5, 2005; Resolution No. R-78-06 adopted by the City on February 28, 2006; Resolution No. R-251-08 adopted by the City on July 29, 2008; Resolution No. R-332-2010 adopted by the City on November 2, 2010; Resolution No. R-335-2011 adopted by the City on December 13, 2011; Resolution No. R-289-2012 adopted by the City on October 16, 2012; Resolution No. R-321-2012 adopted by the City on November 13, 2012; Resolution No. R-213-2014 adopted by the City on June 24, 2014; and Resolution No. R-81-2015 adopted by the City on March 3, 2015. Resolution Nos. 1644, 2171, 3491, R-317-90, R-469-92, R-472-93, R-95-95, R-422-98, R-64-01, R-148-01, R-480-01, R-59-04, R-261-05, R-78-06, R-251-08, R-332-2010, R-335-2011, R-289-2012, R-321-2012, R-213-2014 and R-81-2015 are hereinafter sometimes collectively referred to as the “Electric Bond Resolutions.” All Electric System Revenue Bonds issued pursuant to such Electric Bond Resolutions are hereinafter referred to as the “Electric System Bonds.”

The Gas Bonds are being issued pursuant to the Act, the City Charter, other applicable statutes, and pursuant to Resolution No. R-25-88 adopted by the City on February 9, 1988, as amended and supplemented by Resolution No. R-59-88 adopted by the City on March 22, 1988; Resolution No. R-227-91 adopted by the City on June 25, 1991; Resolution No. R-5-93 adopted by the City on January 5, 1993; amending Resolution No. R-471-92 adopted by the City on October 13, 1992; Resolution No. R-475-93 adopted by the City on October 26, 1993; Resolution No. R-22-97 adopted by the City on January 14, 1997; Resolution No. R-421-98 adopted by the City on October 20, 1998; Resolution No. R-66-01 adopted by the City on February 20, 2001; Resolution No. R-150-01 adopted by the City on March 20, 2001; Resolution No. R-479-01 adopted by the City on October 30, 2001; Resolution No. R-58-04 adopted by the City on March 2, 2004; Resolution No. R-262-05 adopted by the City on July 5, 2005; Resolution No. R-79-06 adopted by the City on February 28, 2006; Resolution No. R-345-07 adopted by the City on August 28, 2007; Resolution No. R-132-210 duly adopted by the City on May 4, 2010; Resolution No. R-333-2010 adopted by the City on November 2, 2010; Resolution No. R-336-2011 adopted by the City on December 13, 2011; Resolution No. R-290-2012 adopted by the City on October 16, 2012; Resolution No. R-322-2012 adopted by the City on November 13, 2012; Resolution No. R-242-2013 adopted by the City on July 23, 2013; and Resolution No. R-82-2015 adopted by the City on March 3, 2015. Resolution Nos. R-25-88, R-59-88, R-227-91, R-5-93, R-471-92, R-475-93, R-22-97, R-421-98, R-66-01, R-150-01, R-479-01, R-58-04, R-262-05, R-79-06, R-345-07, R-132-210, R-333-2010, R-336-2011, R-290-2012, R-322-2012, R-242-2013 and R-82-2015 are hereinafter sometimes collectively referred to as the “Gas Bond Resolutions”. All Gas System Revenue Bonds issued pursuant to such Gas Bond Resolutions are hereinafter referred to as the “Gas System Bonds.”

The Water Bonds are being issued pursuant to the Act, the City Charter, other applicable statutes, 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 duly adopted by the City on March 19, 1968; Resolution No. R-26-88 duly adopted by the City on February 9, 1988; Resolution No. R-318-90 duly adopted by the City on October 30, 1990; Resolution No. R-470-92 duly adopted by the City on October 13, 1992; Resolution No. R-474-93 duly adopted by the City on October 26, 1993; Resolution No. R-8-98 duly adopted by the City on January 27, 1998; Resolution No. R-65-01 duly adopted by the City on February 20, 2001; Resolution No. R-151-01 duly adopted by the City on March 20, 2001; Resolution No.

R-482-01 duly adopted by the City on October 30, 2001; Resolution No. R-57-04 duly adopted by the City on March 2, 2004; Resolution No. R-263-05 duly adopted by the City on July 5, 2005; Resolution No. R-346-07 duly adopted by the City on August 28, 2007; Resolution No. R-211-09 duly adopted by the City on June 30, 2009; Resolution No. R-133-10 duly adopted by the City on May 4, 2010; Resolution No. R-285-2011 duly adopted by the City on October 4, 2011; Resolution No. R-337-2011 adopted by the City on December 13, 2011; Resolution No. R-323-2012 adopted by the City on November 13, 2012; Resolution No. R-243-2013 adopted by the City on July 23, 2013; Resolution No. R-214-2014 adopted by the City on June 24, 2014; and Resolution No. R-83-2015 adopted by the City on March 3, 2015. Resolution Nos. 2075, 3633, R-26-88, R-318-90, R-470-92, R-474-93, R-8-98, R-65-01, R-151-01, R-482-01, R-57-04, R-263-05, R-346-07, R-211-09, R-133-10, R-285-2011, R-337-2011, R-323-2012, R-243-2013, R-214-2014 and R-83-2015 are hereinafter sometimes collectively referred to as the “Water Bond Resolutions.” All Water System Revenue Bonds issued pursuant to such Water Bond Resolutions are hereinafter referred to as the “Water System Bonds.”

The Wastewater Bonds are being issued pursuant to the Act, the City Charter, other applicable statutes for the purpose of providing funds to pay for the construction of improvements to and extending of the City’s Wastewater System, and pursuant to Resolution No. R-129-90 adopted by the City on May 15, 1990, as amended and supplemented by Resolution No. R-130-90 adopted May 15, 1990, Resolution No. R-473-93 adopted by the City on October 26, 1992, Resolution No. R-5-98 adopted by the City on January 27, 1998, and Resolution No. R-67-01 adopted by the City on February 20, 2001; Resolution No. R-148-01 adopted by the City on March 20, 2001; Resolution No. R-481-01 adopted by the City on October 30, 2001; Resolution No. R-56-04 adopted by the City on March 2, 2004; Resolution No. R-264-05 adopted by the City on July 5, 2005; Resolution No. R-347-07 adopted by the City on August 28, 2007; Resolution No. R-252-08 adopted by the City on July 29, 2008; Resolution No. R-11-S adopted by the City on December 15, 2009; Resolution No. R-134-2010 adopted by the City on May 4, 2010; Resolution No. R-334-2010 adopted by the City on November 2, 2010; Resolution No. R-338-2011 adopted by the City on December 13, 2011; Resolution No. R-291-2012 adopted by the City on October 16, 2012; Resolution No. R-324-2012 adopted by the City on November 13, 2012; Resolution No. R-212-2014 adopted by the City on June 24, 2014; and Resolution No. R-84-2015 adopted by the City on March 3, 2015. Resolution Nos. R-129-90, R-130-90, R-473-93, R-5-98, R-67-01, R-148-01, R-481-01, R-56-04, R-264-05, R-347-07, R-252-08, R-11-S, R-134-2010, R-334-2010, R-338-2011, R-291-2012, R-324-2012, R-212-2014 and R-84-2015 are hereinafter sometimes collectively referred to as the “Wastewater Bond Resolutions.” All Wastewater System Revenue Bonds issued pursuant to such Wastewater Bond Resolutions are hereinafter referred to as the “Wastewater System Bonds.”

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The Bonds will be issued in fully registered book-entry-only form without coupons, be dated the date of issuance, be issued, or reissued upon transfer, in \$5,000 denominations or multiples thereof, as shall be requested by the purchaser or registered owner thereof, as applicable, and will mature (subject to the right of redemption as hereinafter set forth) and be payable as listed on below:

### ELECTRIC BONDS

<u>Maturity (July 1)</u>	<u>Amount*</u>	<u>Maturity (March 1)</u>	<u>Amount*</u>
2015	\$ 230,000	2016	\$ 185,000
2016	460,000	2017	160,000
2017	465,000	2018	735,000
2018	470,000	2019	770,000
2019	2,395,000	2020	780,000
2020	2,415,000	2021	790,000
2021	2,475,000	2022	800,000
2022	2,515,000	2023	835,000
2023	2,560,000	2024	840,000
2024	2,650,000	2025	875,000
2025	2,730,000	2026	910,000
2026	2,790,000	2027	920,000
2027	2,890,000	2028	1,000,000
2028	2,990,000	2029	985,000
2029	3,080,000	2030	965,000
		2031	1,050,000

### GAS BONDS

### WATER BONDS

<u>Maturity (March 1)</u>	<u>Amount*</u>
2016	\$ 310,000
2017	255,000
2018	1,060,000
2019	1,050,000
2020	1,080,000
2021	1,085,000
2022	1,115,000
2023	1,150,000
2024	1,185,000
2025	1,215,000
2026	1,245,000
2027	1,275,000
2028	1,280,000
2029	1,285,000
2030	1,315,000
2031	2,750,000
2032	2,815,000
2033	2,930,000

### WASTEWATER BONDS

<u>Maturity (April 1)</u>	<u>Amount*</u>	<u>Maturity (April 1)</u>	<u>Amount*</u>
2016	\$ 1,125,000	2030	\$ 1,490,000
2017	1,120,000	2031	1,550,000
2018	3,855,000	2032	1,565,000
2019	5,980,000	2033	1,635,000
2020	6,105,000	2034	1,695,000
2021	6,080,000	2035	1,760,000
2022	6,135,000	2036	1,820,000
2023	6,310,000	2037	1,910,000
2024	3,860,000	2038	13,550,000
2025	3,905,000	2039	14,055,000
2026	1,490,000	2040	14,610,000
2027	1,545,000	2041	15,240,000
2028	1,450,000	2042	15,860,000
2029	1,485,000		

\*Subject to Change.

**Registration and Depository Participation.** The Bonds will be issued by means of a book-entry-only system and no physical distribution of bond certificates will be made to the public. One Bond certificate for each maturity will be issued to the Depository Trust Company, New York, New York (“DTC”), and immobilized in its custody. The book-entry-only system will evidence beneficial ownership interests of the Bonds in the principal amount of \$5,000 and any integral multiple of \$5,000, with transfers of beneficial ownership interest effected on the records of DTC participants

and, if necessary, in turn by DTC pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the bond certificates with DTC, registered in the name of Cede & Co., nominee of DTC. Interest on the Bonds will be payable semiannually and principal of the Bonds will be payable, at maturity or upon redemption, to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments to beneficial owners of the Bonds by Participants of DTC, will be the responsibility of such participants and of the nominees of beneficial owners. Neither the City nor KUB will be responsible or liable for such transfer of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that the book-entry-only system for the Bonds is discontinued and a successor securities depository is not appointed by the Board, Bond Certificates in fully registered form will be delivered to, and registered in the names of, the DTC participants or such other persons as such DTC participants may specify (which may be the indirect participants or beneficial owners), in authorized denominations of \$5,000 or integral multiples thereof. The ownership of Bonds so delivered shall be registered in registration books to be kept by the Registration Agent (named herein) at its principal corporate trust office, and KUB and the Registration Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in such registration books as of the appropriate dates, as the owners thereof for all purposes described herein and in the resolutions authorizing the Bonds.

Security Pledged. The Electric System Bonds, the Gas System Bonds, the Water System Bonds and Wastewater System Bonds will be issued pursuant to and secured by the Electric Bond Resolutions, the Gas Bond Resolutions, the Water Bonds Resolutions and the Wastewater Bond Resolutions, respectively, and will be payable solely from the net revenues of the applicable System, as further described herein.

Rate Covenants. The City's bond resolutions require the Board to fix rates and collect charges for services, facilities and commodities furnished by the Systems so as to provide revenues sufficient to pay, as the same shall become due, the necessary expenses of operating and maintaining the Systems and all other obligations and indebtedness payable out of revenues of the respective Systems.

Purpose. The Bonds are being issued to provide funds to pay the cost of refinancing debt as described in the Preliminary Official Statement of the City relating to the Electric System, the Gas System, Water System and Wastewater System (the "Systems"), and the payment of legal, fiscal, administrative and engineering costs incident thereto and incident to the issuance and sale of the Bonds.

Optional Redemption. The Electric Bonds maturing on and after July 1, 2024 will be subject to optional redemption prior to maturity at the option of the Board on or after July 1, 2023 at the redemption price of par plus accrued interest as provided herein. The Gas Bonds maturing on and after March 1, 2024 will be subject to optional redemption prior to maturity at the option of the Board on or after March 1, 2023 at the redemption price of par plus accrued interest as provided herein. The Water Bonds maturing on and after March 1, 2024 will be subject to optional redemption prior to maturity at the option of the Board on or after March 1, 2023 at the redemption price of par plus accrued interest as provided herein. The Wastewater Bonds maturing on and after April 1, 2024 will be subject to optional redemption prior to maturity at the option of the Board on or after April 1, 2023 at the redemption price of par plus accrued interest as provided herein.

If less than all the Bonds shall be called for redemption, the Board, in its discretion, shall designate the maturity or maturities which will be redeemed. 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-Only System by DTC, or a successor Depository, 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 Bonds are not being held under a Book-Entry-Only 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.



Term Bond Option; Mandatory Redemption. Bidders shall have the option to designate certain consecutive serial maturities of the Bonds as one or more term bonds (“Term Bonds”) bearing a single interest rate. If the successful bidder for the Bonds designates certain consecutive serial maturities of the Bonds to be combined as one or more Term Bonds as allowed herein, then each Term Bond shall be subject to mandatory sinking fund redemption by the Board at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date fixed for redemption at the rate stated in the Term Bonds to be redeemed. Each such mandatory sinking fund redemption shall be made on the date on which a consecutive maturity included as part of a Term Bond is payable in accordance with the proposal of the successful bidder for the Bonds and in the amount of the maturing principal installment for the Bonds listed herein for such principal payment date. Term Bonds to be redeemed within a single maturity shall be selected in the manner provided above for optional redemption of Bonds within a single maturity.

Bidding Instructions. Bidders are requested to name the interest rate or rates the Bonds are to bear in multiples of one-eighth of one percent and/or one-hundredth of one percent (.01%) or one (1) basis point, but no rate specified shall be in excess of five percent (5.00%) per annum for the Bonds. There will be no limitation on the number of rates of interest that may be specified in a single bid for the Bonds, but a single rate shall apply to all Bonds of a single maturity. Bidders must bid not less than ninety-nine and one-quarter percent (99.25%) of par or more than one hundred and twenty-five percent (125%) of par for all of the Bonds.

Electronic bids for the Bonds must be submitted through **BiDCOMP™/PARITY™** and no other provider of electronic bidding services will be accepted. Subscription to i-Deal LLC Dalcomp Division’s **BiDCOMP™** Competitive Bidding System is required in order to submit an electronic bid. Neither the City nor KUB will not confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by **BiDCOMP™/PARITY™** shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in **BiDCOMP™/PARITY™** conflict with the terms of this Detailed Notice of Sale, this Notice shall prevail. Electronic bids made through the facilities of **BiDCOMP™/PARITY™** shall be deemed an offer to purchase in response to the Detailed Notice of Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to KUB. KUB, the Board, the Bond Counsel and the Financial Advisor shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by **PARITY™**. The use of the **BiDCOMP™/PARITY™** facilities is at the sole risk of the prospective bidders. For further information regarding **PARITY™**, potential bidders may contact **BiDCOMP™/PARITY™** at 1359 Broadway - 2<sup>nd</sup> Floor, New York, NY 10018, Telephone: 800-850-7422.

In the event of a system malfunction in the electronic bidding process only, bidders may submit bid(s) prior to the established date and time by FACSIMILE transmission sent to KUB’s Financial Advisor, Cumberland Securities Company, Inc. at 865-988-1863. Any facsimile submission is made at the sole risk of the prospective bidder. KUB and the Financial Advisor shall not be responsible for confirming receipt of any facsimile bid or for any malfunction relating to the transmission and receipt of such bids.

Written sealed bids should be submitted in sealed envelope marked and “Bid for Bonds” to the President & CEO of KUB, at the offices of KUB’s Financial Advisor, 813 S. Northshore Drive, Suite 201A, Knoxville, Tennessee 37919. Written bids must be submitted on the Bid Forms included with the PRELIMINARY OFFICIAL STATEMENT.

KUB reserves the right to reject all bids for the Bonds or any series of the Bonds and to waive any informalities in the bids accepted.

Unless all bids for any series of the Bonds are rejected, each series of the Bonds will be awarded to the bidder(s) whose bid complies with this notice and results in the lowest true interest rate on that series of the Bonds to be calculated as that rate that, when used in computing the present worth of all payments of principal and interest on the Bonds (compounded semi-annually from the date of the Bonds), produces an amount equal to the purchase price of that series of the Bonds exclusive of accrued interest. For purposes of calculating the true interest cost, the principal amount of Term Bonds scheduled for mandatory sinking fund redemption as part of the Term Bond shall be treated as a serial maturity in such year. In the event that two or more bidders offer to purchase a series of the Bonds at the same lowest true interest rate, the President & CEO shall determine in her sole discretion which of the bidders shall be awarded the Bonds.

After receipt of the bids, the Board, or the President and CEO of KUB, as its designee, reserves the right to make adjustments and/or revisions to the Bonds, as described below.

Adjustment and/or Revision. While it is the KUB's intention to sell and issue the approximate par amounts of each respective series of the Bonds as offered herein, there is no guarantee that adjustment and/or revision may not be necessary in order to properly size each series of Bonds. Accordingly, the President and CEO, as the Board's designee, reserves the right, in her sole discretion, to adjust down the original par amount of each series of the bonds by up to twenty-five percent (25.0%). Among other factors the President and CEO as its designee, may (but shall be under no obligation to) consider in sizing the par amounts and individual maturities of the Bonds is the size of individual maturities or sinking fund installments the amount of premium bid and/or other preferences of KUB. KUB also reserves the right to change the dated date of the Bonds. The maximum adjustment will take place only if the maximum bid is received.

Good Faith Deposit. No good faith check will be required to accompany any bid submitted. The successful bidder shall be required to deliver to the KUB's Financial Advisor (wire transfer or certified check) the amount of two percent (2%) of the aggregate principal amount of the Bonds offered for sale which will secure the faithful performance of the terms of the bid. A certified check or wire transfer must be received by the KUB's Financial Advisor no later than the close of business on the day following the competitive sale. A wire transfer may be sent to First Tennessee Bank, ABA Number: 084-000-026 First Tenn Mem, FAO Cumberland Securities Company, Inc., Account No. 183302631, for further credit to Good Faith Trust Account.

The good faith deposit shall be applied (without interest) to the purchase price of the Bonds. If the successful bidder(s) should fail to accept or pay for the Bonds when tendered for delivery and payment, the good faith deposit will be retained by KUB as liquidated damages.

In the event of the failure of KUB to deliver the Bonds to the purchaser in accordance with the terms of this Notice within forty-five (45) days after the date of the sale, the good-faith deposit will be promptly returned to the purchaser unless the purchaser directs otherwise.

Reoffering Prices; Other Information. The successful bidders must, by facsimile transmission or electronic delivery, within one (1) hour after receipt of bids for the Bonds, furnish the following information to KUB to complete the OFFICIAL STATEMENT, in final form:

1. The offering prices for the Bonds (expressed as a price or yield per maturity, exclusive of any accrued interest);
2. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all Bonds are sold at the prices or yields as provided above);
3. The identity of the underwriters if the successful bidder(s) is/are part of a group or syndicate; and
4. Any other material information necessary to complete the OFFICIAL STATEMENT, in final form but not known to KUB.

The successful bidders for the Bonds will be required to provide KUB, when applicable, a certificate acceptable to bond counsel setting forth the initial offering price of the Bonds to the public (not including bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesaler) and certifying that the successful bidder has made a bona fide public offering of those Bonds to the public at the initial offering price and a substantial amount (10%) of each maturity of those Bonds was sold to the public or final purchasers.

Legal Opinion. The approving opinions of Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel along with other certificates including, but not limited to, tax certificates and a continuing disclosure certificates dated as of the date of delivery of the Bonds will be furnished to the purchases at the expense of KUB. As set forth in the PRELIMINARY OFFICIAL STATEMENT, Bond Counsel's opinion with respect to the Bonds will state that interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal law alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in

determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. As set forth in the PRELIMINARY OFFICIAL STATEMENT, the owners of the Bonds, however, may be subject to certain additional taxes or tax consequences arising with respect to ownership of the Bonds, reference is hereby made to the PRELIMINARY OFFICIAL STATEMENT and the form of the opinion contained in Appendix A.

Continuing Disclosure. At the time the Bonds are delivered, KUB will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to KUB by not later than twelve months after each of KUB's fiscal years, (the "Annual Report"), and to provide notice of the occurrence of certain enumerated events, if determined by KUB to be material under applicable federal securities laws. The Annual Report (and audited financial statements, if filed separately) will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through the operation of the Electronic Municipal Market Access system (the "EMMA") and any State Information Depository established in the State of Tennessee (the "SID"). If KUB is unable to provide the Annual Report to the MSRB and the SID by the date required, notice of each failure will be sent to the MSRB and the SID on or before such date. The notices of material events will be filed by KUB either with the MSRB and the SID. The specific nature of the information to be contained in the Annual Report or the notices of material events will be summarized in KUB's *Official Statement* to be prepared and distributed in connection with the sale of the Bonds.

Delivery of Bonds. Delivery of the Bonds is expected within forty-five (45) days. At least five (5) days notice will be given the successful bidder. Delivery will be made in book-entry-only form through the facilities of The Depository Trust Company, New York, New York. Payment for the Bonds must be made in *Federal Funds* or other immediately available funds.

CUSIP Numbers. CUSIP numbers will be assigned to the Bonds at the expense of KUB. KUB will assume no obligation for assignment of such numbers or the correctness of such numbers, and neither failure to record such numbers on Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and make payment for the Bonds.

Official Statements; Other. The Board has deemed the PRELIMINARY OFFICIAL STATEMENT to be final as of its date within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (the "SEC") except for the omission of certain pricing and other information. KUB will furnish the successful bidder(s) at the expense of KUB a reasonable number of copies of *Official Statement* in final form, containing the pricing and other information to be supplied by the successful bidder and to be dated the date of the sale, to be delivered by the successful bidder to the persons to whom such bidder(s) and members of its bidding group initially sell the Bonds. Acceptance of the bid will constitute a contract between KUB and the successful bidder for the provision of such copies within seven business days of the sale date.

Further Information. Additional information, including the *Preliminary Official Statement*, the Detailed Notice of Sale and the Official Bid Form, may be obtained from munihub at ([www.prospectushub.com](http://www.prospectushub.com)) or KUB's Financial Advisor, Cumberland Securities Company, Inc., Knoxville, Tennessee, Telephone: 865-988-2663. Further information regarding *BiDCOMP™/PARITY™* may be obtained from *BiDCOMP™/PARITY™*, 1359 Broadway - 2<sup>nd</sup> Floor, New York, NY 10018, Telephone: 800.850.7422.

CITY OF KNOXVILLE, TENNESSEE  
By and Through  
KNOXVILLE UTILITIES BOARD  
By: Mintha E. Roach  
President & CEO  
Knoxville Utilities Board

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**BID FORM – ELECTRIC BONDS**

Ms. Mintha Roach, President & CEO  
 Knoxville Utilities Board  
 445 Gay Street  
 Knoxville, Tennessee 37902

April 8, 2015

Dear Ms. Roach:

For your legally issued, properly executed \$31,115,000\* Electric System Revenue Refunding Bonds, Series EE-2015 (“Electric Bonds” or “Series EE-2015 Bonds”) of the City of Knoxville, Tennessee, in all respects as more fully outlined in your Notices of Sale, which by reference are made a part hereof, we will pay you a sum of \_\_\_\_\_ (\$\_\_\_\_\_).

The Bonds shall be dated the date of issuance (assume May 1, 2015) and shall be callable in accordance with the DETAILED NOTICE OF SALE. The Bonds shall mature on July 1 and bear interest at the following rates:

<u>Maturity</u> <u>(July 1)</u>	<u>Amount*</u>	<u>Rate</u>
2015	\$ 230,000	_____
2016	460,000	_____
2017	465,000	_____
2018	470,000	_____
2019	2,395,000	_____
2020	2,415,000	_____
2021	2,475,000	_____
2022	2,515,000	_____
2023	2,560,000	_____
2024	2,650,000	_____
2025	2,730,000	_____
2026	2,790,000	_____
2027	2,890,000	_____
2028	2,990,000	_____
2029	3,080,000	_____

We have the option to designate two or more consecutive serial maturities as term bond maturities as indicated:

- Term Bond 1 includes the following maturities: From July 1, 20\_\_ to July 1, 20\_\_; at the rate of \_\_\_\_%.
- Term Bond 2 includes the following maturities: From July 1, 20\_\_ to July 1, 20\_\_; at the rate of \_\_\_\_%.
- Term Bond 3 includes the following maturities: From July 1, 20\_\_ to July 1, 20\_\_; at the rate of \_\_\_\_%.
- Term Bond 4 includes the following maturities: From July 1, 20\_\_ to July 1, 20\_\_; at the rate of \_\_\_\_%.
- Term Bond 5 includes the following maturities: From July 1, 20\_\_ to July 1, 20\_\_; at the rate of \_\_\_\_%.
- Term Bond 6 includes the following maturities: From July 1, 20\_\_ to July 1, 20\_\_; at the rate of \_\_\_\_%.

It is our understanding that the Bonds are offered for sale subject to the final approving opinion of Bass, Berry & Sims PLC, Knoxville, Tennessee, as Bond Counsel, whose opinion together with the executed Electric Bonds will be furnished by KUB without cost to us.

If our bid is accepted, we agree to provide a good faith deposit for 2% of the Electric Bonds on which we have bid by the close of business on the day following the competitive public sale. Should for any reason we fail to comply with the terms of this bid, this good faith deposit shall be forfeited by us as full liquidated damages. Otherwise, this good faith deposit shall be applied to the purchase price of the Electric Bonds on which we have bid.

ACCEPTED this 8<sup>th</sup> day of April, 2015,  
 by the Knoxville Utilities Board.

Very truly yours,

\_\_\_\_\_  
 Mintha Roach, President & CEO

\_\_\_\_\_  
 Mark Walker, Senior Vice President & CFO

\_\_\_\_\_  
 (Name)  
 \_\_\_\_\_  
 (Firm)  
 \_\_\_\_\_  
 (Mailing Address)  
 (\_\_\_\_\_) \_\_\_\_\_

Total interest cost from date of bonds to maturity .....	\$ _____
Less premium bid, if any, or plus discount, if any .....	\$ _____
Net Interest Cost .....	\$ _____
True Interest Rate .....	_____ % (four decimals)

*The above computations of net interest cost and true interest rate are for comparison purposes only and are not to be considered as part of this proposal.*

\*Subject to change.

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**BID FORM – GAS BONDS**

Ms. Mintha Roach, President & CEO  
 Knoxville Utilities Board  
 445 Gay Street  
 Knoxville, Tennessee 37902

April 8, 2015

Dear Ms. Roach:

For your legally issued, properly executed \$12,600,000\* Gas System Revenue Refunding Bonds, Series U-2015 (“Gas Bonds” or “Series U-2015 Bonds”) of the City of Knoxville, Tennessee, in all respects as more fully outlined in your Notices of Sale, which by reference are made a part hereof, we will pay you a sum of \_\_\_\_\_ (\$\_\_\_\_\_).

The Bonds shall be dated the date of issuance (assume May 1, 2015) and shall be callable in accordance with the DETAILED NOTICE OF SALE. The Bonds shall mature on March 1 and bear interest at the following rates:

<u>Maturity (March 1)</u>	<u>Amount*</u>	<u>Rate</u>
2016	\$ 185,000	_____
2017	160,000	_____
2018	735,000	_____
2019	770,000	_____
2020	780,000	_____
2021	790,000	_____
2022	800,000	_____
2023	835,000	_____
2024	840,000	_____
2025	875,000	_____
2026	910,000	_____
2027	920,000	_____
2028	1,000,000	_____
2029	985,000	_____
2030	965,000	_____
2031	1,050,000	_____

We have the option to designate two or more consecutive serial maturities as term bond maturities as indicated:

- Term Bond 1 includes the following maturities: From March 1, 20\_\_ to March 1, 20\_\_ ; at the rate of \_\_\_\_%.
- Term Bond 2 includes the following maturities: From March 1, 20\_\_ to March 1, 20\_\_ ; at the rate of \_\_\_\_%.
- Term Bond 3 includes the following maturities: From March 1, 20\_\_ to March 1, 20\_\_ ; at the rate of \_\_\_\_%.
- Term Bond 4 includes the following maturities: From March 1, 20\_\_ to March 1, 20\_\_ ; at the rate of \_\_\_\_%.
- Term Bond 5 includes the following maturities: From March 1, 20\_\_ to March 1, 20\_\_ ; at the rate of \_\_\_\_%.
- Term Bond 6 includes the following maturities: From March 1, 20\_\_ to March 1, 20\_\_ ; at the rate of \_\_\_\_%.

It is our understanding that the Bonds are offered for sale subject to the final approving opinion of Bass, Berry & Sims PLC, Knoxville, Tennessee, as Bond Counsel, whose opinion together with the executed Gas Bonds will be furnished by KUB without cost to us.

If our bid is accepted, we agree to provide a good faith deposit for 2% of the Gas Bonds on which we have bid by the close of business on the day following the competitive public sale. Should for any reason we fail to comply with the terms of this bid, this good faith deposit shall be forfeited by us as full liquidated damages. Otherwise, this good faith deposit shall be applied to the purchase price of the Gas Bonds on which we have bid.

ACCEPTED this 8<sup>th</sup> day of April, 2015,  
 by the Knoxville Utilities Board.

Very truly yours,

\_\_\_\_\_  
 Mintha Roach, President & CEO

\_\_\_\_\_  
 (Name)  
 \_\_\_\_\_  
 (Firm)  
 \_\_\_\_\_  
 (Mailing Address)  
 ( )

\_\_\_\_\_  
 Mark Walker, Senior Vice President & CFO

Total interest cost from date of bonds to maturity.....	\$ _____
Less premium bid, if any, or plus discount, if any.....	\$ _____
Net Interest Cost .....	\$ _____
True Interest Rate .....	_____ % (four decimals)

*The above computations of net interest cost and true interest rate are for comparison purposes only and are not to be considered as part of this proposal.* \*Subject to change.

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**BID FORM – WATER BONDS**

Ms. Mintha Roach, President & CEO  
 Knoxville Utilities Board  
 445 Gay Street  
 Knoxville, Tennessee 37902

April 7, 2015

Dear Ms. Roach:

For your legally issued, properly executed \$24,400,000\* Water System Revenue Refunding Bonds, Series BB-2015 (“Water Bonds” or “Series BB-2015 Bonds”) of the City of Knoxville, Tennessee, in all respects as more fully outlined in your Notices of Sale, which by reference are made a part hereof, we will pay you a sum of \_\_\_\_\_ (\$\_\_\_\_\_).

The Bonds shall be dated the date of issuance (assume May 1, 2015) and shall be callable in accordance with the DETAILED NOTICE OF SALE. The Bonds shall mature on March 1 and bear interest at the following rates:

<u>Maturity (March 1)</u>	<u>Amount*</u>	<u>Rate</u>	<u>Maturity (March 1)</u>	<u>Amount*</u>	<u>Rate</u>
2016	\$ 310,000	_____	2025	\$ 1,215,000	_____
2017	255,000	_____	2026	1,245,000	_____
2018	1,060,000	_____	2027	1,275,000	_____
2019	1,050,000	_____	2028	1,280,000	_____
2020	1,080,000	_____	2029	1,285,000	_____
2021	1,085,000	_____	2030	1,315,000	_____
2022	1,115,000	_____	2031	2,750,000	_____
2023	1,150,000	_____	2032	2,815,000	_____
2024	1,185,000	_____	2033	2,930,000	_____

We have the option to designate two or more consecutive serial maturities as term bond maturities as indicated:

- Term Bond 1 includes the following maturities: From March 1, 20\_\_ to March 1, 20\_\_; at the rate of \_\_\_\_%.
- Term Bond 2 includes the following maturities: From March 1, 20\_\_ to March 1, 20\_\_; at the rate of \_\_\_\_%.
- Term Bond 3 includes the following maturities: From March 1, 20\_\_ to March 1, 20\_\_; at the rate of \_\_\_\_%.
- Term Bond 4 includes the following maturities: From March 1, 20\_\_ to March 1, 20\_\_; at the rate of \_\_\_\_%.
- Term Bond 5 includes the following maturities: From March 1, 20\_\_ to March 1, 20\_\_; at the rate of \_\_\_\_%.
- Term Bond 6 includes the following maturities: From March 1, 20\_\_ to March 1, 20\_\_; at the rate of \_\_\_\_%.
- Term Bond 7 includes the following maturities: From March 1, 20\_\_ to March 1, 20\_\_; at the rate of \_\_\_\_%.
- Term Bond 8 includes the following maturities: From March 1, 20\_\_ to March 1, 20\_\_; at the rate of \_\_\_\_%.

It is our understanding that the Bonds are offered for sale subject to the final approving opinion of Bass, Berry & Sims PLC, Knoxville, Tennessee, as Bond Counsel, whose opinion together with the executed Water Bonds will be furnished by KUB without cost to us.

If our bid is accepted, we agree to provide a good faith deposit for 2% of the Water Bonds on which we have bid by the close of business on the day following the competitive public sale. Should for any reason we fail to comply with the terms of this bid, this good faith deposit shall be forfeited by us as full liquidated damages. Otherwise, this good faith deposit shall be applied to the purchase price of the Water Bonds on which we have bid.

Very truly yours,

ACCEPTED this 7<sup>th</sup> day of April, 2015,  
 by the Knoxville Utilities Board.

\_\_\_\_\_  
 Mintha Roach, President & CEO

\_\_\_\_\_  
 Mark Walker, Senior Vice President & CFO

\_\_\_\_\_  
 (Name)  
 \_\_\_\_\_  
 (Firm)  
 \_\_\_\_\_  
 (Mailing Address)  
 \_\_\_\_\_  
 ( )

Total interest cost from date of bonds to maturity .....	\$ _____
Less premium bid, if any, or plus discount, if any .....	\$ _____
Net Interest Cost .....	\$ _____
True Interest Rate .....	_____ % (four decimals)

*The above computations of net interest cost and true interest rate are for comparison purposes only and are not to be considered as part of this proposal.*

\*Subject to change.

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**BID FORM – WASTEWATER BONDS**

Ms. Mintha Roach, President & CEO  
 Knoxville Utilities Board  
 445 Gay Street  
 Knoxville, Tennessee 37902

April 7, 2015

Dear Ms. Roach:

For your legally issued, properly executed the \$137,185,000\* Wastewater System Revenue Refunding Bonds, Series 2015A (“Wastewater Bonds” or “Series 2015A Bonds”) of the City of Knoxville, Tennessee, in all respects as more fully outlined in your Notices of Sale, which by reference are made a part hereof, we will pay you a sum of \_\_\_\_\_ (\$\_\_\_\_\_).

The Bonds shall be dated the date of issuance (assume May 1, 2015) and shall be callable in accordance with the DETAILED NOTICE OF SALE. The Bonds shall mature on April 1 and bear interest at the following rates:

<u>Maturity</u> <u>(April 1)</u>	<u>Amount*</u>	<u>Rate</u>	<u>Maturity</u> <u>(April 1)</u>	<u>Amount*</u>	<u>Rate</u>	<u>Maturity</u> <u>(April 1)</u>	<u>Amount*</u>	<u>Rate</u>
2016	\$ 1,125,000	_____	2027	\$1,545,000	_____	2038	\$13,550,000	_____
2017	1,120,000	_____	2028	1,450,000	_____	2039	14,055,000	_____
2018	3,855,000	_____	2029	1,485,000	_____	2040	14,610,000	_____
2019	5,980,000	_____	2030	1,490,000	_____	2041	15,240,000	_____
2020	6,105,000	_____	2031	1,550,000	_____	2042	15,860,000	_____
2021	6,080,000	_____	2032	1,565,000	_____			
2022	6,135,000	_____	2033	1,635,000	_____			
2023	6,310,000	_____	2034	1,695,000	_____			
2024	3,860,000	_____	2035	1,760,000	_____			
2025	3,905,000	_____	2036	1,820,000	_____			
2026	1,490,000	_____	2037	1,910,000	_____			

We have the option to designate two or more consecutive serial maturities as term bond maturities as indicated:

- Term Bond 1 includes the following maturities: From April 1, 20\_\_ to April 1, 20\_\_; at the rate of \_\_\_\_%.
- Term Bond 2 includes the following maturities: From April 1, 20\_\_ to April 1, 20\_\_; at the rate of \_\_\_\_%.
- Term Bond 3 includes the following maturities: From April 1, 20\_\_ to April 1, 20\_\_; at the rate of \_\_\_\_%.
- Term Bond 4 includes the following maturities: From April 1, 20\_\_ to April 1, 20\_\_; at the rate of \_\_\_\_%.
- Term Bond 5 includes the following maturities: From April 1, 20\_\_ to April 1, 20\_\_; at the rate of \_\_\_\_%.
- Term Bond 6 includes the following maturities: From April 1, 20\_\_ to April 1, 20\_\_; at the rate of \_\_\_\_%.
- Term Bond 7 includes the following maturities: From April 1, 20\_\_ to April 1, 20\_\_; at the rate of \_\_\_\_%.
- Term Bond 8 includes the following maturities: From April 1, 20\_\_ to April 1, 20\_\_; at the rate of \_\_\_\_%.

It is our understanding that the Bonds are offered for sale subject to the final approving opinion of Bass, Berry & Sims PLC, Knoxville, Tennessee, as Bond Counsel, whose opinion together with the executed Wastewater Bonds will be furnished by KUB without cost to us.

If our bid is accepted, we agree to provide a good faith deposit for 2% of the Wastewater Bonds on which we have bid by the close of business on the day following the competitive public sale. Should for any reason we fail to comply with the terms of this bid, this good faith deposit shall be forfeited by us as full liquidated damages. Otherwise, this good faith deposit shall be applied to the purchase price of the Wastewater Bonds on which we have bid.

ACCEPTED this 7<sup>th</sup> day of April, 2015,  
 by the Knoxville Utilities Board.

Very truly yours,

\_\_\_\_\_  
 Mintha Roach, President & CEO

\_\_\_\_\_  
 (Name)  
 \_\_\_\_\_  
 (Firm)  
 \_\_\_\_\_  
 (Mailing Address)  
 (\_\_\_\_\_) \_\_\_\_\_

\_\_\_\_\_  
 Mark Walker, Senior Vice President & CFO

Total interest cost from date of bonds to maturity.....	\$ _____
Less premium bid, if any, or plus discount, if any.....	\$ _____
Net Interest Cost.....	\$ _____
True Interest Rate.....	_____ % (four decimals)

*The above computations of net interest cost and true interest rate are for comparison purposes only and are not to be considered as part of this proposal.*

\*Subject to change.