



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE
JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET, SUITE 1600
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7872
FAX (615) 741-5986

May 26, 2016

Honorable Madeline Rogero, Mayor
City of Knoxville
P.O. Box 1631
Knoxville, TN 37901

Dear Mayor Rogero:

This letter and report, and the plan of refunding (the "Plan"), are to be posted on the website of the City of Knoxville (the "City"). Please make these documents available to the public and provide a copy of this report to each member of the Council and present it at the next meeting of the City Council.

This letter acknowledges receipt on May 20, 2016, of the City's request to review the Plan for the issuance of a maximum of \$22,000,000 Water System Revenue Refunding Bonds, Series EE-2016, (the "Refunding Bonds") to advance refund an estimated \$19,875,000 Water System Revenue Bonds, Series U-2009 (the "Refunded Bonds").

Pursuant to the provisions of Tennessee Code Annotated Title 9 Chapter 21, a plan must be submitted to our Office for review. The information presented in the Plan includes the assertions of the City and may not reflect either current market conditions or market conditions at the time of sale.

Balloon Indebtedness

We have determined that the proposed structure of the Refunding Bonds is balloon indebtedness, however, because the proposed debt to be issued is secured solely by a revenue pledge and the City has some amount of long-term revenue indebtedness outstanding that is rated AA+/Aa1 or better, the balloon indebtedness statute is not applicable to this debt issuance.

Financial Professionals

The City has indicated Cumberland Securities Company, Inc. as its municipal advisor. Municipal advisors have a fiduciary responsibility to the City. Underwriters have no fiduciary responsibility to the City. They represent the interests of their firm and are not required to act in the City's best interest without regard to their own or other interests. The Plan was prepared by the City with the assistance of its municipal advisor.

City's Proposed Refunding Objective

The City indicated the purpose of the refunding is for net present value debt service savings.

Compliance with the City's Debt Management Policy

The City provided a copy of its debt management policy, and within forty-five (45) days of issuance of the debt approved in this letter, is required to submit a Report on Debt Obligation that indicates that this debt complies with its debt policy. If the City amends its policy, please submit the amended policy to this office.

Report of the Review of a Plan of Refunding

The enclosed report does not constitute approval or disapproval for the proposed plan or a determination that a refunding is advantageous or necessary nor that any of the outstanding obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity. This letter and the enclosed report do not address the compliance with federal tax regulations and are not to be relied upon for that purpose. The City should discuss these issues with a bond counsel.

This report is effective for a period of one hundred twenty (120) days. If the refunding has not been completed during this time, a supplemental plan of refunding must be submitted to this Office. At that time we will issue a report thereon pursuant to the statutes. In lieu of submitting a supplemental plan, a statement may be submitted to our Office after the 120-day period has elapsed stating that the information contained in the current plan of refunding remains valid. Such statement must be submitted by either the Chief Executive Officer or the Chief Financial Officer of the local government. We will acknowledge receipt of such statement and will issue our letter confirming that this refunding report remains valid for an additional 120-day period. However, with regard to the report currently being issued by this Office, during the initial 120-day period or any subsequent 120-day period no refunding reports will be issued relating to the debt obligations indicated herein as being refunded unless the Chief Executive Officer or the Chief Financial Officer notifies our Office that the plan of refunding which has been submitted is no longer valid.

We recognize that the information provided in the plan submitted to our Office is based on preliminary analysis and estimates, and that actual results will be determined by market conditions at the time of sale of the debt obligations. However, if it is determined prior to the issuance of these obligations that the actual results will be significantly different from the information provided in the plan which has been submitted, and the local government determines to proceed with the issue, our Office should subsequently be notified by either the Chief Executive Officer or the Chief Financial Officer of the local government regarding these differences, and that the local government was aware of the differences and determined to proceed with the issuance of the debt obligations. Notification to our Office will be necessary only if there is an increase or decrease of greater than fifteen percent (15%) in any of the following: (1) the principal amount of the debt obligations issued; (2) the costs of issuance; (3) the cumulative savings or loss with regard to any refunding proposal. We consider this notification

necessary to ensure that this Office and officials of the local government are aware of any significant changes that occur with regard to the issuance of the proposed indebtedness.

Report On Debt Obligation

We are enclosing the Report on Debt Obligation. The form must be completed for all debt issued. Pursuant to T.C.A. § 9-21-151, this form is to be completed and filed with the governing body of the City no later than forty-five days after the issuance of this debt, with a copy (including attachments, if any) filed with the Director of the Office of State and Local Finance by mail to the address on this letterhead or by email to stateandlocalfinance.publicdebtform@cot.tn.gov. No public entity may enter into additional debt if it has failed to file the Report on Debt Obligation. A fillable PDF of Form CT-0253 can be found at <http://www.comptroller.tn.gov/sl/pubdebt.asp>.

If you should have any questions or we may be of assistance, please feel free to call.

Sincerely,



Sandra Thompson
Director of the Office of State & Local Finance

Cc: Mr. Jim Arnette, Director of Local Government Audit, COT
Ms. Mintha Roach, President and CEO, Knoxville Utilities Board
Mr. Joseph Ayres, Cumberland Securities Company, Inc.
Mr. Scott Gibson, Cumberland Securities Company, Inc.
Mr. Mark Mamantov, Bass Berry & Sims

Enclosures: Report of the Director of the Office of State & Local Finance
Report on Debt Obligation

**REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE
CONCERNING THE PROPOSED ISSUANCE
BY THE CITY OF KNOXVILLE, TENNESSEE OF
WATER SYSTEM REVENUE REFUNDING BONDS, SERIES EE-2016**

The City of Knoxville (the "City") submitted a plan of refunding (the "Plan"), as required by T.C.A. § 9-21-903 regarding an issuance of a maximum of \$22,000,000 Water System Revenue Refunding Bonds, Series EE-2016, (the "Refunding Bonds") to advance refund an estimated \$19,875,000 Water System Revenue Bonds, Series U-2009 (the "Refunded Bonds").

The Plan was prepared with the assistance of the City's municipal advisor, Cumberland Securities Company, Inc. An evaluation of the preparation, support, and underlying assumptions of the Plan has not been performed by this Office. This letter and report provide no assurances of the reasonableness of the underlying assumptions. This report must be presented to the governing body prior to the adoption of a refunding bond resolution. The Refunding Bonds may be issued with a structure different to that of the Plan. The City provided a copy of its debt management policy.

Balloon Indebtedness

We have determined that the proposed structure of the Refunding Bonds is balloon indebtedness, however, because the proposed debt to be issued is secured solely by a revenue pledge and the City has some amount of long-term revenue indebtedness outstanding that is rated AA+/Aa1 or better, the balloon indebtedness statute is not applicable to this debt issuance.

City's Proposed Refunding Objective

The City indicated the purpose of the refunding is for net present value debt service savings.

Refunding Analysis

- The results of the refunding are based on the assumption that \$21,950,000 Refunding Bonds will be sold by competitive sale and priced at par.
- The City is transferring \$273,875 from prior issue debt service funds to fund the transaction.
- The estimated net present value savings are \$1,278,063, or approximately 6.43% of the refunded principal of \$19,875,000.
- The refunding generates savings by reducing the average coupon of the Refunded Bonds from 4.33% to an average coupon of 2.43% for the Refunding Bonds.
- The final maturity of the Refunding Bonds does not extend beyond the final maturity of the Refunded Bonds.
- Estimated cost of issuance of the Refunding Bonds is \$329,051 or \$14.99 per \$1,000 of the par amount. See Table 1 for individual costs of issuance.

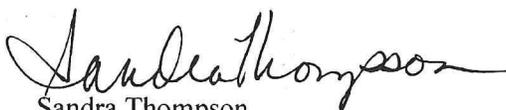
Table 1
Costs of Issuance of Refunding Bonds

	Amount	Price per \$1,000 bond
Underwriter's Discount (TBD by competitive sale)	\$ 189,056.19	\$ 8.61
Municipal Advisor (Cumberland Securities Company, Inc.)	45,000.00	\$ 2.05
Bond Counsel (Bass Berry & Sims)	31,750.00	\$ 1.45
Rating Agency Fees	48,750.00	\$ 2.22
Other Costs	14,495.00	\$ 0.66
Total Cost of Issuance	\$ 329,051.19	\$ 14.99

The City has identified Cumberland Securities Company, Inc. as its municipal advisor. Municipal advisors have a fiduciary responsibility to you, the issuer. Underwriters have no fiduciary responsibility to you. They represent the interests of their firm.

This report of the Office of State and Local Finance does not constitute approval or disapproval by the Office for the Plan or a determination that a refunding is advantageous or necessary nor that any of the refunded obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity. This report is based on information as presented in the Plan by the City. The assumptions included in the City's Plan may not reflect either current market conditions or market conditions at the time of sale.

If all of the Refunded Bonds are not refunded as a part of the Refunding Bonds, and the City wishes to refund them in a subsequent bond issue, then a new plan will have to be submitted to this Office for review.



Sandra Thompson
Director of the Office of State and Local Finance
Date: May 26, 2016



Knoxville Utilities Board

May 20, 2016

Ms. Sandra Thompson
Director of Office of State and Local Finance
Suite 1600, James K. Polk Building
505 Deaderick Street
Nashville, TN. 37243-1402

Re: Knoxville Utilities Board / City of Knoxville, Tennessee

Dear Ms. Thompson:

The Knoxville Utilities Board ("KUB") of the City of Knoxville, Tennessee (the "City") is pleased to enclose for your consideration a report entitled "Plan of Refunding" dated May 20, 2016. This report is being delivered to you to comply with Chapter 34, Title 7 and Chapter 21, Title 9 Tennessee Code Annotated.

Entity Information:

(A) KUB, governed by a Board of Commissioners, on behalf of the City of Knoxville, Tennessee, governed by the City Council, pursuant to the City's Charter, KUB has full legal authority and controls all aspects of the issuance of the proposed refunding debt.

(B) Madeline Rogero, Mayor
P.O. Box 1631 Knoxville, TN 37901

Mintha Roach, KUB CEO
445 South Gay Street Knoxville, TN 37902
Mark Walker, KUB CFO (865) 594-7418
445 South Gay Street Knoxville, TN 37902
E-Mail address: mintha.roach@kub.org and mark.walker@kub.org

(C) Contacts for additional information:
Financial Advisor: Cumberland Securities Company, Inc.
(865-988-2663)
Joe Ayres: joe.ayres@cumberlandsecurities.com and
Scott P. Gibson: scott.gibson@cumberlandsecurities.com

Timing Information:

(A) June 21, 2016 regularly scheduled City Council Meeting

Specific Request for:

- (A) KUB on behalf of the City hereby requests a Report from the Office of State and Local Finance on the enclosed Plan of Refunding pursuant to Chapter 34, Title 7 and Chapter 21, Title 9 Tennessee Code Annotated.

The City is proposing to refinance the following outstanding obligations: Water System Revenue Bonds, Series U-2009, dated November 12, 2009, maturing March 1, 2020 through March 1, 2033 in the principal amount of \$19,875,000 (the "Series U-2009 Bonds").

The enclosed Plan of Refunding outlines the projected structure based upon current market conditions. To maximize flexibility the City's bond resolution will be drafted to authorize the refunding of all or any portion of the above referenced debt. Therefore, the final structure and sizing could vary from the enclosed request based on the final structure of the proposed Bonds.

The City Council is scheduled to meet on Tuesday, June 21, 2016 to discuss the Plan of Refunding and other documents related to this refinancing plan.

If you have any questions or need any additional information with respect to this financing, please do not hesitate to contact me or our Financial Advisor, Mr. Joe Ayres or Mr. Scott P. Gibson at Cumberland Securities Company, Inc. (865-988-2663) at your earliest convenience.

Very truly yours,



Mintha Roach
President and CEO

c: Mayor Madeline Rogero
Mr. Joe Ayres
Mr. Mark Mamantov

Enclosure

Plan of Refunding – Water System

Knoxville Utilities Board / City of Knoxville, Tennessee

A) Identification of Key Professionals (including financial advisors, bond counsel, underwriters, or lenders) who have provided advice or proposals on which the Entity relied to prepare the Plan):

1. Underwriter: Determined at Competitive Public Sale
2. Bond Counsel: Bass, Berry & Sims
3. Financial Advisor: Cumberland Securities Company, Inc.

B) Purpose(s) of Refunding, including parameters:

1. **Cost Savings: include a projection of the savings and amortization schedules for both refunding and refunded debt:**
 - a. See attached Preliminary Refunding Analysis page 1.
2. **Restructuring: provide a comparison of existing and proposed structures, describing why debt is being restructured:**
 - a. N/A
3. **Covenant change: Clearly describe covenant to be eliminated or revised and any change in the structure:**
 - a. N/A
4. **Reduction or elimination of risk: describe risk to be reduced or eliminated:**
 - a. The proposed refunded bonds are fixed rate and will be refunded with fixed rate bonds, therefore, there will be no change in risk.

C) Statement that the proposed refunding complies with the Entity's adopted debt management policy and a description of how the transaction is consistent with the policy, including any savings threshold. If there is no adopted policy or the transaction is not consistent, the Entity shall provide a detailed explanation.

1. KUB adopted a debt management policy on November 17, 2011 and amended the policy on September 20, 2012. The proposed structure does have savings in excess of 3% and does not extend debt past the original life of the issue which is consistent with the KUB debt management policy. Additionally, the proposed debt is traditional fixed rate debt and is the preferred form of debt under KUB's debt management policy.

D) Other Information

1. **Amortization schedules for both (proposed) refunding and (outstanding) debt to be refunded,**
 - a. Proposed refunding debt schedule: See attached Preliminary Refunding Analysis pages 3 and 4.
 - b. Outstanding debt schedule(s): See attached Preliminary Refunding Analysis page 2.

As well as the following:

2. **Refunding Debt:**
 - a. Maximum size to be authorized by the governing body, identifying all outstanding debt that could be included in the refunding:

- i. Maximum size authorized by governing body = \$22,000,000. To refund the Water System Revenue Bonds, Series U-2009, dated November 12, 2009, maturing March 1, 2020 through March 1, 2033 in the principal amount of \$19,875,000 (the "Series U-2009 Bonds").
 - b. Anticipated Size = \$21,950,000
 - c. Anticipated final maturity and weighted average maturity. If the final maturity is extended beyond the fiscal year of final maturity of debt to be refunded or the weighted average maturity is increased, list the projects as required below for refunded debt:
 - i. Final Maturity = 3/1/2033 expected (Same as refunded Debt)
 - ii. Weighted Average Maturity = 10.341 Years (Less Than Refunded Debt)
 - d. Estimated Breakdown of Costs of Issuance: See attached Preliminary Refunding Analysis page 7.
 - e. Estimated Sources and Uses of Funds: See attached Preliminary Refunding Analysis page 5.
- 3. **Refunded Debt: Information must be provided with respect to *each debt issue to be refunded*; (if all currently outstanding debt will not be refunded, identify maturities that are candidates for refunding).**
 - a. **Name of issue, type of debt, original terms, including whether the debt is federally tax-exempt or taxable.**
 - i. Water System Revenue Bonds, Series U-2009, dated November 12, 2009, maturing March 1, 2020 through March 1, 2033 in the principal amount of \$19,875,000 (the "Series U-2009 Bonds"). The Series U-2009 Bonds are tax-exempt, fixed-rate debt, with a final maturity on March 1, 2033.
 - b. **Date of issue and copy of CT-0253 filed.**
 - i. Date of Issue = November 12, 2009. The CT-0253 was filed with the Office of State and Local Finance in connection with the issue of the Series U-2009 Bonds.
 - c. **Date of authorization by the governing body.**
 - i. The Series U-2009 Bonds were authorized by the City's governing body on June 30, 2009.
 - d. **Whether bank-qualified or under other small issuer exception.**
 - i. No
 - e. **Projects funded with proceeds of issue and remaining average life of projects (if final maturity or weighted average maturity of debt is extended).**
 - i. The purpose of the Series U-2009 Bonds being refunded was to provide funds to pay the costs of the construction, renovation, extension and improvements to the System; and to pay costs incident to the issuance and sale of the Series U-2009 Bonds. The average life of the proposed refunding bonds will not be longer than the average remaining life of the assets financed.
 - f. **Derivative product, if any, and copy of Report of Compliance:**
 - 1.) There is no derivative agreement associated with the Series U-2009 Bonds.

Knoxville Utilities Board
of the
City of Knoxville, Tennessee

**Preliminary
Refunding Analysis
Water System**

As of May 20, 2016

Prepared By:

Cumberland Securities Company, Inc.

Independent Financial Advisors

P.O. Box 24508

Knoxville, Tennessee 37933

Telephone: (865) 988-2663

Facsimile: (865) 988-1863



CUMBERLAND SECURITIES

Knoxville Utilities Board
Preliminary Refunding Analysis
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\$21,950,000
 Knoxville Utilities Board
 Water System Revenue Refunding Bonds, Series EE-2016

Estimated Savings Analysis

Date	Principal	Coupon	Interest	Total P+I	Refunded D/S	Estimated Savings
06/30/2017	165,000.00	0.750%	297,726.90	462,726.90	821,625.00	85,023.10
06/30/2018	250,000.00	1.000%	483,747.50	733,747.50	821,625.00	87,877.50
06/30/2019	250,000.00	1.250%	481,247.50	731,247.50	821,625.00	90,377.50
06/30/2020	1,255,000.00	1.400%	478,122.50	1,733,122.50	1,821,625.00	88,502.50
06/30/2021	1,280,000.00	1.500%	460,552.50	1,740,552.50	1,831,625.00	91,072.50
06/30/2022	1,335,000.00	1.600%	441,352.50	1,776,352.50	1,864,625.00	88,272.50
06/30/2023	1,360,000.00	1.750%	419,992.50	1,779,992.50	1,869,625.00	89,632.50
06/30/2024	1,385,000.00	1.900%	396,192.50	1,781,192.50	1,872,625.00	91,432.50
06/30/2025	1,435,000.00	2.000%	369,877.50	1,804,877.50	1,898,625.00	93,747.50
06/30/2026	1,460,000.00	2.150%	341,177.50	1,801,177.50	1,896,625.00	95,447.50
06/30/2027	1,515,000.00	2.250%	309,787.50	1,824,787.50	1,917,625.00	92,837.50
06/30/2028	1,565,000.00	2.350%	275,700.00	1,840,700.00	1,935,625.00	94,925.00
06/30/2029	1,620,000.00	2.500%	238,922.50	1,858,922.50	1,950,625.00	91,702.50
06/30/2030	1,670,000.00	2.650%	198,422.50	1,868,422.50	1,958,687.50	90,265.00
06/30/2031	1,745,000.00	2.750%	154,167.50	1,899,167.50	1,988,562.50	89,395.00
06/30/2032	1,790,000.00	2.850%	106,180.00	1,896,180.00	1,989,187.50	93,007.50
06/30/2033	1,870,000.00	2.950%	55,165.00	1,925,165.00	2,011,625.00	86,460.00
Total	\$21,950,000.00	-	\$5,508,334.40	\$27,458,334.40	\$29,272,187.50	\$1,539,978.10

Net Present Value Benefit	\$1,278,063.04
Net PV Benefit / \$19,875,000 Refunded Principal	6.431%

Dated	7/20/2016
First Coupon Date	3/01/2017
Weighted Average Maturity	10.341 Years
Bond Yield for Arbitrage Purposes	2.4076516%
Average Coupon	2.4268478%
Bond Year Dollars	\$226,974.86
True Interest Cost (TIC)	2.4913462%

\$25,000,000
Knoxville Utilities Board
Water System Revenue Bonds, Series U-2009

Debt Service To Maturity And To Call

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
09/01/2016	-	410,812.50	410,812.50	-	-	410,812.50	410,812.50
03/01/2017	-	410,812.50	410,812.50	-	4.000%	410,812.50	410,812.50
09/01/2017	-	410,812.50	410,812.50	-	-	410,812.50	410,812.50
03/01/2018	-	410,812.50	410,812.50	-	4.000%	410,812.50	410,812.50
09/01/2018	-	410,812.50	410,812.50	-	-	410,812.50	410,812.50
03/01/2019	19,875,000.00	410,812.50	20,285,812.50	-	4.000%	410,812.50	410,812.50
09/01/2019	-	-	-	-	-	410,812.50	410,812.50
03/01/2020	-	-	-	1,000,000.00	4.000%	410,812.50	1,410,812.50
09/01/2020	-	-	-	-	-	390,812.50	390,812.50
03/01/2021	-	-	-	1,050,000.00	4.000%	390,812.50	1,440,812.50
09/01/2021	-	-	-	-	-	369,812.50	369,812.50
03/01/2022	-	-	-	1,125,000.00	4.000%	369,812.50	1,494,812.50
09/01/2022	-	-	-	-	-	347,312.50	347,312.50
03/01/2023	-	-	-	1,175,000.00	4.000%	347,312.50	1,522,312.50
09/01/2023	-	-	-	-	-	323,812.50	323,812.50
03/01/2024	-	-	-	1,225,000.00	4.000%	323,812.50	1,548,812.50
09/01/2024	-	-	-	-	-	299,312.50	299,312.50
03/01/2025	-	-	-	1,300,000.00	4.000%	299,312.50	1,599,312.50
09/01/2025	-	-	-	-	-	273,312.50	273,312.50
03/01/2026	-	-	-	1,350,000.00	4.000%	273,312.50	1,623,312.50
09/01/2026	-	-	-	-	-	246,312.50	246,312.50
03/01/2027	-	-	-	1,425,000.00	4.000%	246,312.50	1,671,312.50
09/01/2027	-	-	-	-	-	217,812.50	217,812.50
03/01/2028	-	-	-	1,500,000.00	4.000%	217,812.50	1,717,812.50
09/01/2028	-	-	-	-	-	187,812.50	187,812.50
03/01/2029	-	-	-	1,575,000.00	4.250%	187,812.50	1,762,812.50
09/01/2029	-	-	-	-	-	154,343.75	154,343.75
03/01/2030	-	-	-	1,650,000.00	4.250%	154,343.75	1,804,343.75
09/01/2030	-	-	-	-	-	119,281.25	119,281.25
03/01/2031	-	-	-	1,750,000.00	4.250%	119,281.25	1,869,281.25
09/01/2031	-	-	-	-	-	82,093.75	82,093.75
03/01/2032	-	-	-	1,825,000.00	4.250%	82,093.75	1,907,093.75
09/01/2032	-	-	-	-	-	43,312.50	43,312.50
03/01/2033	-	-	-	1,925,000.00	4.500%	43,312.50	1,968,312.50
Total	\$19,875,000.00	\$2,464,875.00	\$22,339,875.00	\$19,875,000.00	-	\$9,397,187.50	\$29,272,187.50

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation.....	7/20/2016
Average Life.....	10.917 Years
Average Coupon.....	4.3309793%
Weighted Average Maturity (Par Basis).....	10.917 Years

Refunding Bond Information

Refunding Dated Date.....	7/20/2016
Refunding Delivery Date.....	7/20/2016

Cumberland Securities Company, Inc.
Tennessee Public Finance - SPG

\$21,950,000
Knoxville Utilities Board
Water System Revenue Refunding Bonds, Series EE-2016

Estimated Debt Service

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/20/2016	-	-	-	-	-
03/01/2017	165,000.00	0.750%	297,726.90	462,726.90	-
06/30/2017	-	-	-	-	462,726.90
09/01/2017	-	-	241,873.75	241,873.75	-
03/01/2018	250,000.00	1.000%	241,873.75	491,873.75	-
06/30/2018	-	-	-	-	733,747.50
09/01/2018	-	-	240,623.75	240,623.75	-
03/01/2019	250,000.00	1.250%	240,623.75	490,623.75	-
06/30/2019	-	-	-	-	731,247.50
09/01/2019	-	-	239,061.25	239,061.25	-
03/01/2020	1,255,000.00	1.400%	239,061.25	1,494,061.25	-
06/30/2020	-	-	-	-	1,733,122.50
09/01/2020	-	-	230,276.25	230,276.25	-
03/01/2021	1,280,000.00	1.500%	230,276.25	1,510,276.25	-
06/30/2021	-	-	-	-	1,740,552.50
09/01/2021	-	-	220,676.25	220,676.25	-
03/01/2022	1,335,000.00	1.600%	220,676.25	1,555,676.25	-
06/30/2022	-	-	-	-	1,776,352.50
09/01/2022	-	-	209,996.25	209,996.25	-
03/01/2023	1,360,000.00	1.750%	209,996.25	1,569,996.25	-
06/30/2023	-	-	-	-	1,779,992.50
09/01/2023	-	-	198,096.25	198,096.25	-
03/01/2024	1,385,000.00	1.900%	198,096.25	1,583,096.25	-
06/30/2024	-	-	-	-	1,781,192.50
09/01/2024	-	-	184,938.75	184,938.75	-
03/01/2025	1,435,000.00	2.000%	184,938.75	1,619,938.75	-
06/30/2025	-	-	-	-	1,804,877.50
09/01/2025	-	-	170,588.75	170,588.75	-
03/01/2026	1,460,000.00	2.150%	170,588.75	1,630,588.75	-
06/30/2026	-	-	-	-	1,801,177.50
09/01/2026	-	-	154,893.75	154,893.75	-
03/01/2027	1,515,000.00	2.250%	154,893.75	1,669,893.75	-
06/30/2027	-	-	-	-	1,824,787.50
09/01/2027	-	-	137,850.00	137,850.00	-
03/01/2028	1,565,000.00	2.350%	137,850.00	1,702,850.00	-
06/30/2028	-	-	-	-	1,840,700.00
09/01/2028	-	-	119,461.25	119,461.25	-
03/01/2029	1,620,000.00	2.500%	119,461.25	1,739,461.25	-
06/30/2029	-	-	-	-	1,858,922.50
09/01/2029	-	-	99,211.25	99,211.25	-
03/01/2030	1,670,000.00	2.650%	99,211.25	1,769,211.25	-
06/30/2030	-	-	-	-	1,868,422.50
09/01/2030	-	-	77,083.75	77,083.75	-
03/01/2031	1,745,000.00	2.750%	77,083.75	1,822,083.75	-
06/30/2031	-	-	-	-	1,899,167.50
09/01/2031	-	-	53,090.00	53,090.00	-

\$21,950,000
 Knoxville Utilities Board
 Water System Revenue Refunding Bonds, Series EE-2016

Estimated Debt Service

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
03/01/2032	1,790,000.00	2.850%	53,090.00	1,843,090.00	-
06/30/2032	-	-	-	-	1,896,180.00
09/01/2032	-	-	27,582.50	27,582.50	-
03/01/2033	1,870,000.00	2.950%	27,582.50	1,897,582.50	-
06/30/2033	-	-	-	-	1,925,165.00
Total	\$21,950,000.00	-	\$5,508,334.40	\$27,458,334.40	-

Date And Term Structure

Dated.....	7/20/2016
First Coupon Date.....	3/01/2017
Frequency of Interest Payments.....	2 Per Year
First Serial Maturity Date.....	3/01/2017

Yield Statistics

Average Coupon.....	2.4268478%
Weighted Average Maturity.....	10.341 Years
Bond Year Dollars.....	\$226,974.86
Bond Yield for Arbitrage Purposes.....	2.4076516%
True Interest Cost (TIC).....	2.4913462%

\$21,950,000

City of Knoxville, Tennessee / Knoxville Utilities Board
 Water System Revenue Refunding Bonds, Series EE-2016

Estimated Sources & Uses

Dated 07/20/2016 | Delivered 07/20/2016

Estimated Sources Of Funds

Par Amount of Bonds.....	\$21,950,000.00
Transfers from Prior Issue Debt Service Funds.....	273,875.00
Estimated Total Sources.....	\$22,223,875.00

Estimated Uses Of Funds

Estimated Total Underwriter's Discount (Final Discount determined when bids are calculated*).....	189,056.19
Estimated Costs of Issuance.....	139,995.00
Estimated Deposit to Net Cash Escrow Fund.....	21,894,823.81
Estimated Total Uses.....	\$22,223,875.00

* Bids are award based on the lowest True Interest Cost (TIC).

True Interest Cost is a method of computing the interest expense to the issuer of bonds, true interest cost is defined as the rate, compounded semi-annually, necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the new issue of bonds. Purchase price is affected by the amount of underwriter's discount the buyer utilizes.

\$21,950,000
Knoxville Utilities Board
Water System Revenue Refunding Bonds, Series EE-2016

Estimated Escrow Fund Cashflow

Date	Principal	Rate	Interest	Receipts	Disbursements	Cash Balance
07/20/2016	-	-	-	0.81	-	0.81
09/01/2016	390,626.00	0.180%	20,186.58	410,812.58	410,812.50	0.89
03/01/2017	324,011.00	0.390%	86,800.92	410,811.92	410,812.50	0.31
09/01/2017	324,787.00	0.540%	86,025.43	410,812.43	410,812.50	0.24
03/01/2018	325,664.00	0.670%	85,148.51	410,812.51	410,812.50	0.25
09/01/2018	326,755.00	0.750%	84,057.54	410,812.54	410,812.50	0.29
03/01/2019	20,202,980.00	0.820%	82,832.21	20,285,812.21	20,285,812.50	-
Total	\$21,894,823.00	-	\$445,051.19	\$22,339,875.00	\$22,339,875.00	-

Investment Parameters

Investment Model [PV, GIC, or Securities].....	Securities
Default investment yield target.....	Bond Yield
Cash Deposit.....	0.81
Cost of Investments Purchased with Bond Proceeds.....	21,894,823.00
Total Cost of Investments.....	\$21,894,823.81
Target Cost of Investments at bond yield.....	\$21,055,974.89
Actual positive or (negative) arbitrage.....	(838,848.92)
Yield to Receipt.....	0.8146983%
Yield for Arbitrage Purposes.....	2.4076516%
State and Local Government Series (SLGS) rates for.....	4/18/2016

\$21,950,000
Knoxville Utilities Board
Water System Revenue Refunding Bonds, Series EE-2016

Estimated Detail Costs Of Issuance

Dated 07/20/2016 | Delivered 07/20/2016

ESTIMATED COSTS OF ISSUANCE DETAIL

Financial Advisor.....	\$45,000.00
Accounting Fees.....	\$2,500.00
Bond Counsel.....	\$31,750.00
Paying Agent and Escrow Agent Fees.....	\$1,200.00
Rating Agency Fee - Moody's.....	\$24,500.00
Rating Agency Fee - S&P.....	\$24,250.00
POS/Official Statement.....	\$4,900.00
Advertising.....	\$1,400.00
Miscellaneous.....	\$4,495.00
ESTIMATED TOTAL.....	\$139,995.00

Issuer's No. _____
(To be filled out by State)

REPORT ON DEBT OBLIGATION
(Pursuant to Chapter 402, Public Acts of 1989)

1. Issuer:

Name Knoxville Utilities Board

Address Attn: President & CEO
445 Gay Street
Knoxville, Tennessee 37902

2. Debt Obligation:

<input checked="" type="checkbox"/>	a. Bond
<input type="checkbox"/>	b. CON
<input type="checkbox"/>	c. BAN
<input type="checkbox"/>	d. GAN
<input type="checkbox"/>	e. Lease/Lease Purchase
<input type="checkbox"/>	f. Loan Agreement

5. Face Amount of Debt Obligation: \$25,000,000

6. Type of Sale:

<input checked="" type="checkbox"/>	a. Competitive Public Sale
<input type="checkbox"/>	b. Negotiated
<input type="checkbox"/>	c. Loan Program _____ specify

3. Security for Debt Obligation:

<input type="checkbox"/>	a. General Obligation
<input type="checkbox"/>	b. General Obligation Revenue and Tax
<input checked="" type="checkbox"/>	c. Revenue
<input type="checkbox"/>	d. Annual Appropriations

7. Tax Status

a. Tax Exempt b. Taxable

8. Dated Date: November 12, 2009

9. Issue Date (Closing Date): November 12, 2009

4. Purpose of Issue

	Percent of Issue:
<input type="checkbox"/>	a. General Government _____
<input type="checkbox"/>	b. Education _____
<input type="checkbox"/>	c. Highways and Streets _____
<input type="checkbox"/>	d. Public Safety _____
<input type="checkbox"/>	e. Solid Waste Disposal _____
<input type="checkbox"/>	f. Industrial Park _____
<input type="checkbox"/>	g. Manufacturing Facilities _____
<input type="checkbox"/>	h. Health Facilities _____
<input type="checkbox"/>	i. Airports _____
<input checked="" type="checkbox"/>	j. Utilities _____
<input checked="" type="checkbox"/>	i. Water <u>100%</u>
<input type="checkbox"/>	ii. Sewer _____
<input type="checkbox"/>	iii. Electric _____
<input type="checkbox"/>	iv. Gas _____
<input type="checkbox"/>	k. Refunding or Renewal _____
<input type="checkbox"/>	l. Other _____ specify

10. Rating:

a. Moody's "Aa3"

b. Standard & Poor's "AA+"

c. Unrated _____

11. Interest Cost:

4.0567351%

<input checked="" type="checkbox"/>	a. TIC
<input type="checkbox"/>	b. NIC
<input type="checkbox"/>	c. Variable
<input type="checkbox"/>	d. Other

12. Recurring Costs:

a. Remarketing Agent Fees \$ _____

b. Liquidity Fees \$ _____

c. Credit Enhancement Fees \$ _____

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13. Maturity Dates, Amounts and Interest Rates

Year	Amount	Interest Rate
2014	\$750,000	3.00%
2015	800,000	3.00%
2016	825,000	4.00%
2017	875,000	4.00%
2018	925,000	4.00%
2019	950,000	4.00%
2020	1,000,000	4.00%
2021	1,050,000	4.00%
2022	1,125,000	4.00%
2023	1,175,000	4.00%

Year	Amount	Interest Rate
2024	\$1,225,000	4.00%
2025	1,300,000	4.00%
2026	1,350,000	4.00%
2027	1,425,000	4.00%
2028	1,500,000	4.00%
2029	1,575,000	4.25%
2030	1,650,000	4.25%
2031	1,750,000	4.25%
2032	1,825,000	4.25%
2033	1,925,000	4.50%

If additional space is needed, attach additional sheet.

14. Itemized Description of the Cost of Issuance

		Name of Firm
a. Financial Advisor Fees*	\$40,000	Morgan Keegan & Company, Inc.
b. Legal Fees		
i. Bond Counsel	\$29,750	Bass, Berry & Sims PLC
ii. Issuer's Counsel		
iii. Trustee's Counsel		
iv. Verification Fee		
c. Paying Agent Fees and Registration Fees	\$500	Regions Bank
d. Trustee Fees		
e. Remarketing Agent Fees		
f. Liquidity Fees		
g. Rating Agency Fees	\$33,300	Moody's, Standard & Poor's
h. Credit Enhancement Fees		
i. Underwriter's Discount(%)	\$58,411	Prager, Sealy & Co., LLC, New York, New York
i. Take Down		
ii. Management Fee		
iii. Risk Premium		
iv. Underwriter's Counsel		
v. Other Expenses		
j. Printing and Advertising Fees	\$6,400	Knoxville News-Sentinel, i-deal, Print Shop, CUSIP
k. Issuer Fees		
l. Real Estate Fees		
m. Other Costs	\$5,000	structuring, postage, Fed Ex, document production, etc.
n. Total Costs	\$173,361	

* If other costs are included, please itemize.

Note: Please enclose a copy of the DISCLOSURE DOCUMENT or OFFICIAL STATEMENT if one was developed.

15 Mirita Roach
 Authorized Representative
 President & CEO
 Title
 November 12, 2009
 Date

/s/ Joseph K. Ayres
 Preparer
 Managing Director
 Title
 Morgan Keegan & Company, Inc.
 Firm
 November 12, 2009
 Date

SEND TO: Comptroller of the Treasury, Director-Division of Local Finance, Suite 1700, 505 Deaderick Street, James K. Polk State Office Building, Nashville, Tennessee 37243-0274