

Knoxville Utilities Board

Electric, Water and Wastewater System Revenue Bonds

- The KUB Board of Commissioners adopted Resolution No. 1393 on May 16, 2019 requesting City Council authorize the issuance of not to exceed \$17,000,000 in electric system revenue bonds, \$26,000,000 in water system revenue bonds, and \$20,000,000 in wastewater system revenue bonds.
- State law requires City Council authorization for any KUB debt with a final maturity in excess of five (5) years.
- The proceeds of the bonds will be used to fund capital improvements and extensions to KUB's electric, water, and wastewater systems. The bonds will help fund each system's Century II capital infrastructure replacement programs for key assets (i.e. poles, underground electric cable, substation transformers, water main and treatment plant projects, and wastewater main and treatment plant projects). All KUB utility system assets are owned and maintained by KUB. The proceeds will also be used to cover all costs related to the issuance of the bonds.
- Debt, in the form of long-term revenue bonds, is a key component of KUB's long-term funding plans for its Century II programs, as it helps spread the cost of KUB's investments in its utility systems' infrastructure over both current and future KUB customers who will benefit from the capital investments.
- The bonds will be secured solely by the revenues of the systems. The City will have no obligation for the repayment of the bonds.
- If approved, the bonds will be sold through a public, competitive sale. The bonds will be awarded to the bidder whose bid results in the lowest true interest cost to KUB for each respective series of bonds.
- The final maturity date of each series of bonds will not exceed 2049.
- KUB currently has \$323 million in outstanding electric system revenue bonds. Those bonds are rated AA/Aa2 by Standard & Poor's and Moody's respectively.
- KUB currently has \$192 million in outstanding water system revenue bonds. Those bonds are rated AAA/Aa1 by Standard & Poor's and Moody's.
- KUB currently has \$512 million in outstanding wastewater system revenue bonds. Those bonds are rated AA+/Aa2 by Standard & Poor's and Moody's respectively.