NEW ISSUE
BOOK-ENTRY-ONLY

Rating: S&P: "AA+"

PRELIMINARY OFFICIAL STATEMENT

$22,190,000*

WEST KNOX UTILITY DISTRICT OF KNOX COUNTY, TENNESSEE

Water and Sewer Revenue Refunding Bonds, Series 2026

OFFERED FOR SALE NOT SOONER THAN

Monday, November 9, 2026 at 11:15 A.M. E.S.T.
Through the Facilities of ***PARITY***®

Cumberland Securities Company, Inc.
Municipal Advisor

November 3, 2026

* Preliminary, subject to change.

This *Preliminary Official Statement* and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the *Official Statement* is delivered in final form. Under no circumstances shall this *Preliminary Official Statement* constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 3, 2026

NEW ISSUE Rating: S&P:"AA+"

Book-Entry-Only (See "MISCELLANEOUS – RATING" herein.)

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the District, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. Under existing law and subject to certain exceptions, the Bonds and the income therefrom will be exempt from state, county and municipal taxation in the State of Tennessee. See "LEGAL MATTERS - Tax Matters" herein.

$22,190,000*

WEST KNOX UTILITY DISTRICT OF KNOX COUNTY, TENNESSEE

Water and Sewer Revenue Refunding Bonds, Series 2026

Dated: Date of Issuance (December 1, 2026). Due: June 1, as shown on the inside cover

The West Knox Utility District of Knox County, Tennessee (the "District") is issuing its $22,190,000* Water and Sewer Revenue Refunding Bonds, Series 2026 (the "Bonds") pursuant to the provisions of Title 7, Chapter 82, *Tennessee Code Annotated*, as supplemented and amended (the "District Act"), and other applicable provisions of law and pursuant to a resolution adopted by the Board of Commissioners of the District (the "Governing Body") on June 11, 1997, as amended and restated in its entirety by a resolution adopted by the Governing Body on August 27, 2009, as amended and supplemented by resolutions adopted by the Governing Body on October 28, 2010, December 9, 2015, November 17, 2016, May 23, 2019, January 26, 2022, September 17, 2026 and October 5, 2026 (collectively, the "Resolution").

The Bonds will be issued in fully registered form, in denominations of $5,000 and authorized integral multiples thereof. The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest with respect to the Bonds shall be payable to Cede & Co., which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. See Appendix E affixed hereto for more information on the Book-Entry-Only System.

Interest on the Bonds will be payable on June 1, 2027 and semiannually thereafter on each June 1 and December 1 to the owners thereof as shown on the books and records of Regions Bank, Nashville, Tennessee, the registration and paying agent (the "Registration Agent").

The Bonds shall be subject to optional redemption prior to maturity on and after June 1, 2033 at the redemption price of par plus accrued interest, as described herein.

The Bonds shall be payable from the Net Revenues, as defined herein, derived from the operation of the water and sewer system of the District (the "System"), on a parity and equality of lien with the District's Outstanding Parity Obligations, as defined herein. The District has reserved the right to issue other Parity Obligations in the future on parity with the Bonds. See the section herein entitled "SECURITY AND SOURCE OF PAYMENT" for additional information.

NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TENNESSEE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE DISTRICT, IS PLEDGED TO THE PAYMENT OF THE BONDS.

The Bonds are being issued for the purpose of providing funds for refinancing all or a portion of the Outstanding Bonds, as described herein, and to finance the costs of issuing the Bonds. See the section herein entitled "REFUNDING PLAN" for additional information.

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire *Preliminary Official Statement* to obtain information essential to make an informed investment decision.

The Bonds are offered when, as and if issued by the District, subject to the approval of the legality thereof by Bass, Berry & Sims PLC, Knoxville, Tennessee, bond counsel, whose opinion will be delivered with the Bonds. Certain legal matters in connection with the Bonds are subject to the approval of Owings, Coleman & Coalson, Knoxville, Tennessee, as counsel to the District. It is expected that the Bonds will be available for delivery through the facilities of DTC, New York, New York, on or before December 1, 2026.

Cumberland Securities Company, Inc.

Municipal Advisor

November __, 2026

* Preliminary, subject to change.

$22,190,000*

WEST KNOX UTILITY DISTRICT
OF KNOX COUNTY, TENNESSEE
Water and Sewer Revenue Refunding Bonds, Series 2026

MATURITY SCHEDULE

Due (June 1)	Amount*	Interest Rate	Yield	CUSIPs**
2027	$2,355,000			
2028	1,925,000			
2029	2,020,000			
2030	2,120,000			
2031	2,225,000			
2032	2,335,000			
2033	$2,450,000			
2034	2,580,000			
2035	2,680,000			
2036	750,000			
2037	750,000			

**Copyright, American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Issuer makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

* Preliminary, subject to change.

This *Preliminary Official Statement* speaks only as of its date, and the information contained herein is subject to change.

This *Preliminary Official Statement* may contain forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this *Preliminary Official Statement*, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this *Preliminary Official Statement*. The Issuer disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This *Preliminary Official Statement* and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the Bonds, the Resolution, the Disclosure Certificate (as defined herein), and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Resolution, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents and laws, and references herein to the Bonds are qualified in their entirety to the forms thereof included in the Resolution.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts. This *Preliminary Official Statement* does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations other than those contained in this *Preliminary Official Statement*, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Issuer or the Underwriter. Except where otherwise indicated, all information contained in this *Preliminary Official Statement* has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Preliminary Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

WEST KNOX UTILITY DISTRICT OF
KNOX COUNTY, TENNESSEE

OFFICIALS

Ruth Ann Milsaps	*President*
Nathan Butler	*Vice-President*
Charles Marth	*Secretary*

MANAGEMENT

Jim Reese	*General Manager*
Tracy Nuchols	*Assistant Manager*
Erika Yhuliana Lopez	*Comptroller*

ISSUER COUNSEL

Owings, Coleman & Coalson
Knoxville, Tennessee

UNDERWRITER

_____
_____

REGISTRATION AND PAYING AGENT

Regions Bank
Nashville, Tennessee

BOND COUNSEL

Bass, Berry & Sims PLC
Knoxville, Tennessee

MUNICIPAL ADVISOR

Cumberland Securities Company, Inc.
Knoxville, Tennessee

TABLE OF CONTENTS

SUMMARY STATEMENT ..... **i**
SUMMARY NOTICE OF SALE ..... **iii**
DETAILED NOTICE OF SALE ..... **v**
EXHIBIT A ..... **xv**
EXHIBIT B ..... **xvii**
BID FORM ..... **xix**
SECURITIES OFFERED
Authorization 1
Refunding Plan 2
General Terms 2
Registration Agent 2
Redemption Provisions 3
SECURITY AND SOURCE OF PAYMENT
General 6
Pledge of Net Revenues 6
Rate Covenant 7
No Reserve Fund 7
Flow of Funds 8
Statutory Mortgage Lien 8
Additional Bonds 8
Estimated Sources and Uses of Funds 8
Disposition of Bond Proceeds 8
LEGAL MATTERS
Litigation 10
Tax Matters 10
Federal 10
State Taxes 12
Changes in Federal and State Tax Law 12
Closing Certificates 13
Approval of Legal Proceedings 13
MISCELLANEOUS
Rating 14
Competitive Public Sale 14
Municipal Advisor; Related Parties; Other 14
Debt Record 15
Additional Debt 16
Authority Loan Agreements 16
Risk Factors 18
Continuing Disclosure 19
Five-Year History of Filing *19*
Content of Annual Report *19*
Reporting of Significant Events *20*
Termination of Reporting Obligation *22*
Amendment; Waiver *22*
Default *22*
Bondholder Risk 22
Additional Information 25
CERTIFICATION **26**

APPENDIX A: FORM OF LEGAL OPINION

APPENDIX B: SUPPLEMENTAL INFORMATION STATEMENT

District Information

Location B-1
Organization B-1
Powers B-1
Governing Body B-1
The Board of Commissioners B-2
Administrative Personnel B-3
Employees B-4
Regulation B-4

The System

Introduction B-7
Waterworks System B-7
Sewer System B-8
Major Water and Sewer Customers B-10
Rates B-10
Customer Statistics and Rates B-11
Historical System Growth B-11

Operating and Financial History of the System

Capital Improvement Plan B-12
Future Rate Increases B-12
Billings and Collections B-12
Competition B-12
Pension Plans B-13
Possible Annexation by City of Knoxville B-13
Summary of Bonded Indebtedness B-16
Bonded Debt Service Requirements – Senior Lien Debt Service B-17
Five-Year Summary of Revenues, Expenditures and Changes in Retained Earnings B-18
Historical Debt Service Coverage B-19

Knox County and City of Knoxville

Location B-20
General B-20
Socioeconomic Data B-21
Transportation B-22
Education B-25
Medical Facilities B-28
Science and Energy B-30
Power Production B-41
TVA's Generating Assets B-43
Trade Area B-51
Business Climate and Industrial Investment B-51
Manufacturing and Commerce B-53
Recreation and Tourism B-58
Recent Developments B-60
Knox County B-62
University of Tennessee B-62

APPENDIX C: SUMMARY OF THE BOND RESOLUTION

APPENDIX D: GENERAL PURPOSE FINANCIAL STATEMENTS

APPENDIX E: BOOK-ENTRY-ONLY SYSTEM

SUMMARY STATEMENT

The information set forth below is provided for convenient reference and does not purport to be complete and is qualified in its entirety by the information and financial statements appearing elsewhere in this *Preliminary Official Statement*. This Summary Statement shall not be reproduced, distributed or otherwise used except in conjunction with the remainder of this *Preliminary Official Statement*.

The Issuer .....West Knox Utility District of Knox County, Tennessee (the "District" or "Issuer"). See APPENDIX B contained herein.

Securities Offered.....$22,190,000* Water and Sewer Revenue Refunding Bonds, Series 2026 (the "Bonds") of the District will be dated the date of issuance (December 1, 2026) and maturing June 1, 2027 through June 1, 2037, inclusive. See the section entitled "SECURITIES OFFERED" for additional information.

Security.....The Bonds shall be payable from the Net Revenues (as defined herein), derived from the operation of the water and sewer system of the District (the "System"), on a parity and equality of lien with the District's outstanding (i) indebtedness pursuant to a Loan Agreement (V-B-1) between the District and the Authority, dated August 28, 2009, to the extent not refunded by the proposed Series V-H-1 Loan Agreement, as described herein, (ii) Taxable Water and Sewer Revenue Bonds, Series 2010 (Federally Taxable – Build America Bonds – Direct Subsidy), dated November 30, 2010 maturing June 1, 2045, to the extent not refunded by the Bonds, (iii) Water and Sewer Revenue Refunding and Improvement Bonds, Series 2016, dated December 22, 2016, to the extent not refunded by the Bonds, (iv) indebtedness pursuant to a Loan Agreement (V-E-1) between the District and the Authority, dated December 1, 2016, to the extent not refunded by the proposed Series V-H-1 Loan Agreement, (v) Water and Sewer Revenue Bonds, Series 2018, dated November 11, 2018, (vi) Water and Sewer Revenue Bonds, Series 2019, dated June 28, 2019, (vii) indebtedness pursuant to a Loan Agreement (V-F-1) between the District and the Authority, dated June 1, 2019, to the extent not refunded by the proposed Series V-H-1 Loan Agreement, as described herein, and (viii) Water and Sewer Revenue Refunding Bonds, Series 2022, dated March 31, 2022 (collectively, the "Outstanding Parity Obligations"). The District has reserved the right to issue other Parity Obligations in the future on parity with the Bonds. See the section herein entitled "SECURITY AND SOURCE OF PAYMENT" for additional information.

Purpose .....The Bonds are being issued for the purpose of providing funds for refinancing all or a portion of the Outstanding Bonds, as described herein, and to finance the costs of issuing the Bonds.

Redemption.....The Bonds maturing on and after June 1, 2034 will be subject to redemption prior to maturity at the option of the District on or after June 1, 2033 at the redemption price of par plus accrued interest as provided herein.

Rating.....S&P: "AA+".See the section entitled "MISCELLANEOUS-Rating" for more information.

Tax Matters.....In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the District, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "LEGAL MATTERS – Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "LEGAL MATTERS -Tax Matters" herein.)

* Preliminary, subject to change.

Registration and Paying Agent ..... Regions Bank, Nashville, Tennessee.

Bond Counsel ..... Bass, Berry & Sims PLC, Knoxville, Tennessee.

Municipal Advisor..... Cumberland Securities Company, Inc., Knoxville, Tennessee.

General..... The Bonds will be issued pursuant to Chapter 34, Title 7; Chapter 21, Title 9; and Chapter 82, Title 7, *Tennessee Code Annotated*, as amended. See the sections entitled SECURITIES OFFERED, herein. The Bonds will be issued with CUSIP numbers through the facilities of The Depository Trust Company, New York, New York.

Disclosure ..... In accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as amended, the Issuer will provide the Municipal Securities Rulemaking Board ("MSRB") through the operation of the Electronic Municipal Market Access system ("EMMA") and the State Information Depository ("SID") established in Tennessee, if any, annual financial statements and other pertinent credit information, including the Annual Comprehensive Financial Reports of the District for the System. For additional information, see the section entitled "MISCELLANEOUS - Continuing Disclosure".

Other Information.....The information in the *Preliminary Official Statement* is deemed "final" within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof except for the omission of certain pricing and other information allowed to be omitted pursuant to Rule 15c2-12. For more information concerning the District or the *Preliminary Official Statement*, contact Jim Reese, General Manager, P.O. Box 51370, Knoxville, Tennessee 37950, Telephone: 865-690-2521 or the District's Municipal Advisor, Cumberland Securities Company, Inc., Telephone: 865-988-2663. Additional information regarding BiDCOMP™/PARITY® may be obtained from PARITY®, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: (800) 850.7422.

NET POSITION
Summary of Changes In Net Position

	For the Fiscal Year Ended June 30				
	2021	**2022**	**2023**	**2024***	**2025***
Beginning Net Position	$108,335,922	$112,899,753	$120,345,212	$124,305,858	$133,814,588
Revenues	31,113,215	31,237,771	32,648,909	34,835,378	39,064,830
Expenditures	23,967,283	24,785,301	26,250,214	27,917,612	30,910,255
Non-Operating Revenue (Expense)	(3,806,387)	(4,445,510)	(4,912,545)	(3,828,406)	(3,323,409)
Contributions	1,224,286	5,438,499	2,518,425	6,419,370	9,845,660
Change in Net Position	4,563,831	7,445,459	4,004,575	9,508,730	14,676,826
Prior Period Adjustments	-	-	-	-	-
Ending Net Position	**$112,899,753**	**$120,345,212**	**$124,349,787**	**$133,814,588**	**$148,491,414**

*During 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. As a result of adopting GASB Statement No. 101, the District has restated its financial statements for the year ending June 30, 2024. The cumulative effect of applying this standard has been reported as a restatement of beginning net position as of July 1, 2023.
Source: Financial Statements with Report of Certified Public Accountants.

SUMMARY NOTICE OF SALE

$22,190,000*

WEST KNOX UTILITY DISTRICT
OF KNOX COUNTY, TENNESSEE
Water and Sewer Revenue Refunding Bonds, Series 2026

NOTICE IS HEREBY GIVEN that the President of the West Knox Utility District of Knox County, Tennessee (the "District") will receive electronic or written sealed bids until **11:15 a.m. E.S.T. on Monday, November 9, 2026** for the purchase of all, but not less than all, of the District's $22,190,000* Water and Sewer Revenue Refunding Bonds, Series 2026 (the "Bonds"). Prior to accepting bids, the President of the District, 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) and/or the ***BiDCOMP™/PARITY™*** System not later than 9:00 a.m., Eastern Standard 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) and/or the ***BiDCOMP™/PARITY™*** System.

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. The District 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 the Detailed Notice of Sale, such Notice shall prevail.

The Bonds will be issued in book-entry-only form (except as otherwise described in the Detailed Notice of Sale) and dated the date of issuance (December 1, 2026). The Bonds will mature on June 1 in the years 2027 through 2037, inclusive, with term bonds optional, with interest payable on June 1 and December 1 of each year, commencing June 1, 2027, and will be subject to redemption prior to maturity on or after June 1, 2033. Bidders must bid not less than one hundred percent (100.00%) of par or more than one hundred and twenty-five percent (125%) of par for the Bonds. The approving opinion for the Bonds will be furnished at the expense of the District by Bass, Berry & Sims PLC, Bond Counsel, Knoxville, Tennessee. **No rate or rates bid for the Bonds shall be less than four percent (4.00%) or exceed five percent (5.00%) per annum. Additionally, each maturity must have a minimum reoffering price of at least ninety-eight percent (98.0%) of par.** Unless bids are rejected, the Bonds will be awarded by the President of the District on the sale date to the bidder whose bid results in the lowest true interest rate on the 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, written bids delivered to the District. The District, Bond Counsel and the Municipal 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 or from the District's Municipal Advisor,

* Preliminary, subject to change.

Cumberland Securities Company, Inc., Telephone: 865-988-2663. Further information regarding ***PARITY***® may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone: 212-849-5000.

WEST KNOX UTILITY DISTRICT OF KNOX
COUNTY, TENNESSEE
By: Ruth Ann Milsaps, President

DETAILED NOTICE OF SALE

$22,190,000*

WEST KNOX UTILITY DISTRICT
OF KNOX COUNTY, TENNESSEE
Water and Sewer Revenue Refunding Bonds, Series 2026

NOTICE IS HEREBY GIVEN that the President of the West Knox Utility District of Knox County, Tennessee (the "District") will receive electronic or written sealed bids until **11:15 a.m. E.S.T. on Monday, November 9, 2026** for the purchase of all, but not less than all, of the District's $22,190,000* Water and Sewer Revenue Refunding Bonds, Series 2026 (the "Bonds"). Prior to accepting bids, the President of the District, 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) and/or the ***BiDCOMP™/PARITY™*** System not later than 9:00 a.m., Eastern Standard 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) and/or the ***BiDCOMP™/PARITY™*** System.

Description of the Bonds. The Bonds will be issued in fully registered book-entry-only form (except as otherwise described herein) without coupons, be dated the date of issuance, bear interest payable each June 1 and December 1, commencing June 1, 2027, 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 follows:

YEAR (JUNE 1)	Amount*	YEAR (JUNE 1)	Amount*
2027	$2,355,000	2033	$2,450,000
2028	1,925,000	2034	2,580,000
2029	2,020,000	2035	2,680,000
2030	2,120,000	2036	750,000
2031	2,225,000	2037	750,000
2032	2,335,000		

Registration and Depository Participation. The Bonds will be issued by means of a book-entry-only system (the "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

* Preliminary, subject to change.

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. The District will not 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 the District 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 Bonds shall be payable from the Net Revenues (as defined herein), derived from the operation of the water and sewer system of the District (the "System"), on a parity and equality of lien with the District's outstanding (i) indebtedness pursuant to a Loan Agreement (V-B-1) between the District and the Authority, dated August 28, 2009, to the extent not refunded by the proposed Series V-H-1 Loan Agreement, as described herein, (ii) Taxable Water and Sewer Revenue Bonds, Series 2010 (Federally Taxable – Build America Bonds – Direct Subsidy), dated November 30, 2010 maturing June 1, 2045, to the extent not refunded by the Bonds, (iii) Water and Sewer Revenue Refunding and Improvement Bonds, Series 2016, dated December 22, 2016, to the extent not refunded by the Bonds, (iv) indebtedness pursuant to a Loan Agreement (V-E-1) between the District and the Authority, dated December 1, 2016, to the extent not refunded by the proposed Series V-H-1 Loan Agreement, (v) Water and Sewer Revenue Bonds, Series 2018, dated November 11, 2018, (vi) Water and Sewer Revenue Bonds, Series 2019, dated June 28, 2019, (vii) indebtedness pursuant to a Loan Agreement (V-F-1) between the District and the Authority, dated June 1, 2019, to the extent not refunded by the proposed Series V-H-1 Loan Agreement, as described herein, and (viii) Water and Sewer Revenue Refunding Bonds, Series 2022, dated March 31, 2022 (collectively, the "Outstanding Parity Obligations"). The District has reserved the right to issue other Parity Obligations in the future on parity with the Bonds. See the section herein entitled "SECURITY AND SOURCE OF PAYMENT" for additional information.

Municipal Bond Insurance. The District has provided information to prospective bond insurance companies in order to qualify the Bonds under their respective optional bidding programs. If the successful bidder for the Bonds desires to purchase a municipal bond insurance policy insuring payment of all or a portion of the debt service payable on the Bonds, the successful bidder does so at its own risk and expense and the obligation of the successful bidder to pay for such series Bonds shall not be conditioned on the issuance of a municipal bond insurance policy. The District will cooperate with the successful bidder in obtaining such insurance, but the District will not enter into any additional agreements with a bond insurer. Without limiting the generality of the foregoing, the successful bidder will be responsible for all costs, expenses and charges associated with the issuance of such insurance, including but not limited to the premium for the insurance policy, and excluding only the fees of the rating agency that will be paid by the District.

Purpose. The Bonds are being issued for the purpose of providing funds for refinancing all or a portion of the Outstanding Bonds, as described herein, and to finance the costs of issuing the Bonds.

Optional Redemption. The Bonds maturing on and after June 1, 2034 will be subject to redemption prior to maturity at the option of the District on or after June 1, 2033 at the redemption price of par plus accrued interest as provided herein.

If less than all the Bonds shall be called for redemption, the Governing Body, 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 a successful bidder for the Bonds designates certain consecutive serial maturities of such 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 District 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 bid 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.

Bidding Instructions. The District will receive electronic or written bids for the purchase of all, but not less than all, of the Bonds**. Bidders for the Bonds are required to bid as to each maturity of the Bonds an interest rate of not less than four percent (4.00%) or more than five percent (5.00%) per annum. Additionally, each maturity must have a minimum reoffering price of at least ninety-eight percent (98.0%) of par. A single interest rate shall apply to each single maturity of the Bonds. Bidders must bid not less than one hundred percent (100.00%) of par or no more than one hundred and twenty-five percent (125%) of par in aggregate.**

Electronic bids must be submitted through ***PARITY***® via BiDCOMP Competitive Bidding System 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. The District will not confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. For the purposes of the bidding process, the time as maintained by ***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 ***PARITY***® conflict with the terms of this Detailed Notice of Sale, this Notice shall prevail. An electronic bid made through the facilities of ***PARITY***® shall be deemed an offer to purchase in response to this Detailed Notice of Sale and shall be binding upon the bidder as if made by a signed, written bid delivered to the District. The District 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 ***PARITY***® facilities are at the sole risk of the prospective bidders.

For further information regarding ***PARITY***®, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, NY 10018, Telephone: 212-849-5000.

In the event of a system malfunction in the electronic bidding process bidders may submit bids prior to the established date and time by FACSIMILE transmission sent to the District's Municipal Advisor, Cumberland Securities Company, Inc. at 865-988-1863. Any facsimile submission is made at the sole risk of the prospective bidder. The District and the Municipal 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.

Any written bids should be submitted by facsimile to the District's Municipal Advisor at 865-988-1863. Written bids must be submitted on the Bid Forms included with the *Preliminary Official Statement.*

The District reserves the right to reject all bids for the Bonds and to waive any informalities in the bids accepted.

Unless all bids for the Bonds are rejected, the Bonds will be awarded by the President to the bidder whose bid complies with this notice and results in the lowest true interest rate on 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 the Bonds. 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 the Bonds at the same lowest true interest rate, the President shall determine in her sole discretion which of the bidders shall be awarded the Bonds.

After receipt of the bids, the District reserves the right to make adjustments and/or revisions to the Bonds, as described below.

Bidder Certification Regarding Non-Engagement in a Boycott of Israel. By submitting a bid, each bidder shall be deemed to have certified to the District that, to the extent that the award of the Bonds would constitute a "contract with a company to acquire or dispose of service", as described by Tenn. Code Ann. Section 12-4-119, neither the bidder, nor any of its wholly owned subsidiaries, majority-owned subsidiaries, parent companies or affiliates, are currently engaged in nor will they engage in a boycott of Israel through the issue date of the Bonds, as described by Section 12-4-119. For purposes of Section 12-4-119, "boycott of Israel" shall mean engaging in refusals to deal, terminating business activities, or other commercial actions that are intended to limit commercial relations with Israel, or companies doing business in or with Israel or authorized by, licensed by, or organized under the laws of the State of Israel to do business, or persons or entities doing business in Israel, when such actions are taken (i) in compliance with, or adherence to, calls for a boycott of Israel, or (ii) in a manner that discriminates on the basis of nationality, national origin, religion, or other unreasonable basis, and is not based on a valid business reason. The winning bidder shall be required to include a written certification to such effect as a condition to the issuance of the Bonds. The provisions of this paragraph shall not apply, and a bidder shall not be required to provide a written certification as provided above, if the bidder's compensation as a result of the purchase of a series of the Bonds is less than $250,000.

Bidder Certification Regarding Compliance with Iran Divestment Act. Pursuant to Tennessee Code Annotated Section 12-12-111 and to the extent applicable to the activities contemplated herein, by submission of a bid for the Bonds, each bidder and each person signing on behalf of any bidder certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each bidder is not on the list created pursuant to Tennessee Code Annotated Section 12-12-106 (the "Iran Divestment Act List"). Such Iran Divestment Act List (i) provides a listing of persons determined to be engaging in investment activities in Iran, as described in Tennessee Code Section 12-12-105, and (ii) can be found online on the State's website:

https://www.tn.gov/content/dam/tn/generalservices/documents/cpo/library/2026/List_of_persons_pursuant_to_Tenn._Code_Ann._12-12-106_Iran_Divestment_Act_02-20-2026.pdf.

Tennessee Code Annotated Section 12-12-105 provides that "a person engages in investment activities in Iran if: (1) [t]he person provides goods or services of twenty million dollars ($20,000,000) or more in the energy sector of Iran, including a person that provides oil or liquefied natural gas tankers, or products used to construct or maintain pipelines used to transport oil or liquefied natural gas, for the energy sector of Iran; or (2) [t]he person is a financial institution that extends twenty million dollars ($20,000,000) or more in credit to another person, for forty-five (45) days or more, if that person will use the credit to provide goods or services in the energy sector in Iran and is identified on a list, created pursuant to Tennessee Code Annotated Section 12-12-106, as a person engaging in investment activities in Iran as described in this section."

If in any case the bidder cannot make the foregoing certification, in accordance with Tennessee Code Annotated Section 12-12-111 and to the extent applicable to the activities herein, the bidder shall so state and shall furnish with the bid a signed statement which sets forth in detail the reasons therefor. The District may award the bid to a bidder who cannot make the certification above, on a case-by-case basis, if: (1) the investment activities in Iran were made before July 1, 2016, the investment activities in Iran have not been expanded or renewed on or after July 1, 2016, and the person has adopted, publicized, and is implementing a formal plan to cease the investment activities in Iran and to refrain from engaging in any new investments in Iran; or (2) the District makes a determination that the goods or services are necessary for the District to perform its functions and that, absent such an exemption, the District would be unable to obtain the goods or services for which the contract is offered. Such determination shall be made in writing and shall be a public document.

Adjustment and/or Revision. While it is the District's intention to sell and issue the approximate par amounts of the Bonds as offered herein, there is no guarantee that adjustment and/or revision may not be necessary in order to properly size the Bonds or if the refundings fail to save the District the funds necessary to complete the refundings. Accordingly, the President reserves the right, in her sole discretion, to adjust down the original par amount of the Bonds by up to twenty-five percent (25%). The principal factor to be considered in making any adjustments is the amount of premium bid for particular maturities. Among other factors the President 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 and/or other preferences of the District. Additionally, the President reserves the right to change the dated date of the Bonds.

In the event of any such adjustment and/or revision with respect to the Bonds, no rebidding will be permitted, and the portion of such premium or discount (as may have been bid for the Bonds) shall be adjusted in the same proportion as the amount of such revision in par amount of the Bonds bears to the original par amount of such Bonds offered for sale.

The successful bidder for the Bonds will be tentatively notified by not later than 5:00 p.m. (Eastern Standard Time), on the sale date of the exact revisions and/or adjustments required, if any.

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 District's Municipal Advisor (by wire transfer) the amount of up to 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 wire transfer must be received by the District's Municipal Advisor no later than the close of business on the day following the competitive sale. The wire instructions will be sent to the winning bidder after all bids are received.

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

In the event of the failure of the District 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.

Undertakings of the Successful Bidder. The successful bidder for the Bonds shall make a bona fide public offering of the Bonds and shall, within 30 minutes after being notified of the award of the Bonds, advise the District in writing (via facsimile transmission or electronic mail) of the initial public offering prices of the Bonds (the "Initial Reoffering Prices"). The successful bidder must, by facsimile transmission or delivery received by the District within 24 hours after award, furnish the following information to the District to complete the *Official Statement* in final form, as described below:

A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all the Bonds are sold at the prices or yields at which the successful bidder advised the District that the Bonds were initially offered to the public).
B. The identity of the other underwriters if the successful bidder is part of a group or syndicate.
C. Any other material information that the District determines is necessary to complete the *Official Statement* in final form.

After the award of the Bonds, the District will prepare copies of the final *Official Statement* and will include therein such additional information concerning the reoffering of the Bonds as the successful bidder may reasonably request; provided, however, that the District will not include in the final *Official Statement* a "NRO" ("not reoffered") designation with respect to any maturity of the Bonds. The successful bidder will be responsible to the District in all aspects for the accuracy and completeness of information provided by such successful bidders with respect to such reoffering.

The District expects the successful bidder to deliver copies of such *Official Statement* in final form (the "Final Official Statement") to persons to whom such bidder initially sells the Bonds and the Municipal Securities Rulemaking Board ("MSRB") via the MSRB's Electronic Municipal Market Access System ("EMMA"). The successful bidder will be required to acknowledge receipt of the Final Official Statement, to certify that each has made delivery of the Final Official Statement to the MSRB, to acknowledge that the District expects the successful bidder to deliver copies of such Final Official Statement to persons to whom such bidder initially sells the Bonds and to certify that the Bonds will only be offered pursuant to the Final Official Statement and only in states where the offer is legal.

Method for Establishment of Issue Price

a. The successful bidder shall assist the District in establishing the issue price of the Bonds as more fully described herein. All actions to be taken by the District under this Detailed Notice of Bond Sale to establish the issue price of the Bonds may be taken on behalf of the District by the Municipal Advisor, and any notice or report to be provided to the District may be provided to the Municipal Advisor.

b. The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "Competitive Sale Requirements") because:

    1. the District shall disseminate this Detailed Notice of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

2. all bidders shall have an equal opportunity to bid;

3. the District expects to receive bids for the Bonds from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

4. the District anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Detailed Notice of Bond Sale.

Any bid submitted pursuant to this Detailed Notice of Bond Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

c. In the event that the Competitive Sale Requirements are not satisfied as to the Bonds, the District shall so advise the successful bidder. In such event, the District intends to treat (i) the first price at which 10% of a maturity of the Bonds (the "10% Test") is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the "Hold-the-Offering-Price Rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the District promptly after the award of the Bonds if any maturities of the Bonds satisfy the 10% Test as of the date and time of the award of the Bonds. The Hold-the-Offering-Price Rule shall apply to all maturities that do not satisfy the 10% Test as of the sale date. Bids will not be subject to cancellation in the event that the District determines to apply the Hold-the-Offering-Price Rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the Bonds.

d. By submitting a bid, in the event of application of the Hold-the-Offering-Price Rule, the successful bidder for the Bonds shall be deemed to have (i) confirmed that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "Initial Offering Price"), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the sale date and ending on the earlier of the following:

1. the close of the fifth (5th) business day after the sale date; or

2. the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

In the event of application of the Hold-the-Offering-Price Rule to any maturity of the Bonds, any successful bidder will advise the District promptly after the close of the fifth (5^{th}) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

e. By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to

the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (1) to report the prices at which it sells to the public any unsold Bonds of each maturity allocated to it to which the Hold-the-Offering-Price Rule applies until the close of the fifth (5^{th}) business day after the sale date and (2) comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the successful bidder and as set forth in the related pricing wires,

(B) to promptly notify the successful bidder of the Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public, and

(C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the successful bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity to which the Hold-the-Offering-Price Rule applies allocated to it until the close of the fifth (5^{th}) business day after the sale date and (B) comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the successful bidder or the underwriter and as set forth in the related pricing wires.

f. The District acknowledges that, in making the representations set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with requirements for establishing issue price of the Bonds, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds.

g. Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public shall not constitute sales to the public for purposes of this Detailed Notice of Bond Sale. Further, for purposes of this Detailed Notice of Bond Sale:

1. "public" means any person other than an underwriter or a related party;

2. "underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public);

3. a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

4. "sale date" means the date that the Bonds are awarded by the District to the successful bidder.

Issue Price Certificate. The winning bidder will be required to provide the District, at closing, with an issue price certificate consistent with the foregoing and meeting the requirements of bond counsel. The form of the issue price certificate is attached to this Detailed Notice of Sale as Exhibit A if the Competitive Sale Requirements are met, and the form of the issue price certificate is attached to this Detailed Notice of Sale as Exhibit B if the Competitive Sale Requirements are not met.

Legal Opinion. The approving opinion of Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel along with other certificates including, but not limited to, a tax certificate and a continuing disclosure certificate dated as of the date of delivery of the Bonds will be furnished to the purchaser at the expense of the District. As set forth in the *Preliminary Official Statement*, Bond Counsel's opinion with respect to the Bonds will state that interest on the Bonds is excludable from gross income for federal income tax purposes; is not an item of tax preference for purposes of the federal alternative minimum tax. 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, the District 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 relating to the District by not later than twelve months after each of the District's fiscal years (the "Annual Report"), and to provide notice of the occurrence of certain enumerated events. 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 the District 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 the District with the MSRB and the SID. The specific nature of the information to be contained in the Annual Report or the notices of events are summarized in the *Preliminary Official Statement*.

Delivery of Bonds. Delivery of the Bonds is expected within forty-five (45) days. At least five (5) days' notice will be given to the successful bidder of such delivery. 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 the District. The District 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 District has deemed the *Preliminary Official Statement* to be final as of its date within the meaning of Rule 15c2-12 of the U.S. Securities and Exchange Commission (the "SEC") except for the omission of certain pricing and other information. The District will furnish the successful bidder at the expense of the District a reasonable number of copies of the *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 each such bidder and members of its bidding group initially sell the Bonds within seven (7) business days. Acceptance of a bid of the Bonds will constitute a contract between the District 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*, this Detailed Notice of Sale and the Official Bid Form, may be obtained from the District's Municipal Advisor, Cumberland Securities Company, Inc., Telephone: 865-988-2663. Further information regarding ***PARITY***® may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone: 212-849-5000.

WEST KNOX UTILITY DISTRICT
OF KNOX COUNTY, TENNESSEE
By: Ruth Ann Milsaps
President

EXHIBIT A

WEST KNOX UTILITY DISTRICT
OF KNOX COUNTY, TENNESSEE
[$_____ WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2026]

ISSUE PRICE CERTIFICATE
(if Competitive Sale Requirements are met)

The undersigned, on behalf of [NAME OF UNDERWRITER] ("[SHORT NAME OF UNDERWRITER]"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") of the West Knox Utility District of Knox County, Tennessee (the "Issuer").

1. ***Reasonably Expected Initial Offering Price***.

   (a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

   (b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

   (c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. ***Defined Terms***.

   (a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

   (b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

   (c) *Related party* means an entity that shares with another entity (1) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (2) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (3) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interest by one entity of the other).

   (d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is November 9, 2026.

   (e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial

sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bass, Berry & Sims PLC in connection with rendering its opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____

[NAME OF UNDERWRITER]

By: _____

Name: _____

Title: _____

EXHIBIT B

WEST KNOX UTILITY DISTRICT
OF KNOX COUNTY, TENNESSEE
[$_____ WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 2026]

ISSUE PRICE CERTIFICATE
(if Competitive Sale Requirements are not met)

The undersigned, on behalf of [NAME OF UNDERWRITER] ("[SHORT NAME OF UNDERWRITER]") [and the other members of the underwriting syndicate (together, the "Underwriting Group")], hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds") of the West Knox Utility District of Knox County, Tennessee (the "Issuer").

1. ***Sale of the General Rule Maturities***. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities***.

   (a) [SHORT NAME OF UNDERWRITER] offered the Hold-The-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

   (b) As set forth in the [Detailed Notice of Sale and bid award], [SHORT NAME OF UNDERWRITER] agreed in writing on or prior to the Sale Date that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "Hold-the-Offering-Price Rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the Hold-The-Offering-Price Rule. Pursuant to such agreement, no Underwriter (as defined below) offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms***.

   (a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "General Rule Maturities."

   (b) *Hold-The-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule B hereto as the "Hold-The-Offering-Price Maturities."

   (c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which [SHORT NAME OF UNDERWRITER] sold at least 10% of such Hold-The-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-The-Offering-Price Maturity.

(d) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(e) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

(f) *Related party* means an entity that shares with another entity (1) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (2) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (3) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interest by one entity of the other).

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is November 9, 2026.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bass, Berry & Sims PLC in connection with rendering its opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated:_____

[NAME OF UNDERWRITER]

By:_____

BID FORM

Ruth Ann Milsaps, President
P.O. Box 51370
Knoxville, Tennessee 37950

November 9, 2026

Dear Ms. Milsaps:

For your legally issued, properly executed $22,190,000* Water and Sewer Revenue Refunding Bonds, Series 2026 (the "Bonds") of West Knox Utility District of Knox County, Tennessee, in all respects as more fully outlined in your Notice of Sale, which by reference are made a part hereof, we will pay you a sum of _____ ($_____).

The Bonds shall be dated the date of issuance (December 1, 2026) and shall be callable in accordance with the *Detailed Notice Of Sale*. The Bonds shall mature on June 1 and bear interest at the following rates:

Maturity (Jun 1)	Amount*	Rate	Maturity (Jun 1)	Amount*	Rate
2027	$2,355,000	___	2033	$2,450,000	___
2028	1,925,000	___	2034	2,580,000	___
2029	2,020,000	___	2035	2,680,000	___
2030	2,120,000	___	2036	750,000	___
2031	2,225,000	___	2037	750,000	___
2032	2,335,000	___			

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

Term Bond 1: Maturities from June 1, 20_____ through June 1, 20_____ @ _____%.
Term Bond 2: Maturities from June 1, 20_____ through June 1, 20_____ @ _____%.
Term Bond 3: Maturities from June 1, 20_____ through June 1, 20_____ @ _____%.

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

If our bid is accepted, we agree to provide a good faith deposit of up to 2% of the 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 Bonds on which we have bid.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds. [If the bidder cannot confirm an established industry reputation for underwriting new issuances of municipal bonds, the preceding sentence should be crossed out.]

Accepted for and on behalf of the
West Knox Utility District of Knox County, Tennessee
this 9th day of November, 2026.

_____
Ruth Ann Milsaps, President

Respectfully submitted,

_____

Total interest cost from
December 1, 2026 to final maturity $_____
Less: Premium /plus discount, if any $_____
Net Interest Cost $_____
True Interest Rate _____%

The 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.

* Preliminary, subject to change.

$22,190,000*
WEST KNOX UTILITY DISTRICT
OF KNOX COUNTY, TENNESSEE
Water and Sewer Revenue Refunding Bonds, Series 2026

SECURITIES OFFERED

AUTHORIZATION

This *Preliminary Official Statement*, which includes the Appendices affixed hereto, is furnished in connection with the offering by West Knox Utility District of Knox County, Tennessee (the "District" or "Issuer") of its $22,190,000* Water and Sewer Revenue Refunding Bonds, Series 2026 (the "Bonds").

The Bonds are authorized to be issued pursuant to the provisions of Title 7, Chapter 82, *Tennessee Code Annotated*, as supplemented and amended (the "District Act"), and other applicable provisions of law and pursuant to a resolution adopted by the Board of Commissioners of the District (the "Governing Body") on June 11, 1997, as amended and restated in its entirety by a resolution adopted by the Governing Body on August 27, 2009, as amended and supplemented by resolutions adopted by the Governing Body on October 28, 2010, December 9, 2015, November 17, 2016, May 23, 2019, January 26, 2022, September 17, 2026 and October 5, 2026 (collectively, the "Resolution").

A summary of the Resolution is provided in Appendix C affixed hereto. Any reference to the Resolution is qualified by the entire, actual content of the Resolution, which may be obtained from Ruth Ann Milsaps, District President, P.O. Box 51370, Knoxville, Tennessee 37950, Telephone: 865-690-2521 or the District's Municipal Advisor, Cumberland Securities Company, Inc., Telephone: 865-988-2663. All capitalized terms used herein but not defined herein shall have the meanings set forth in Appendix C hereto.

The Bonds shall be signed by the signature of the District's President and shall be attested by the signature of the District's Secretary. No Bond shall be valid until it has been authorized by the manual signature of an authorized officer or employee of the Registration Agent and the date of authentication noted thereon.

The Bonds are being issued for the purpose of providing funds for refinancing all or a portion of the Outstanding Bonds, as described below, and to finance the costs of issuing the Bonds.

{The remainder of this page left blank intentionally.}

* Preliminary, subject to change.

REFUNDING PLAN

The District is proposing to refinance all or a portion of the (i) Taxable Water and Sewer Revenue Bonds, Series 2010 (Federally Taxable – Build America Bonds – Direct Subsidy), dated November 30, 2010; maturing June 1, 2045 and (ii) Water and Sewer Revenue Refunding and Improvement Bonds, Series 2016, dated December 22, 2016; maturing June 1, 2027 and June 1, 2041 (collectively, the "Outstanding Bonds"). The Outstanding Bonds will be called for redemption on December 1, 2026, at the redemption price of par plus accrued interest.

As required by Title 9, Chapter 21, Part 9 of *Tennessee Code Annotated* as supplemented and revised, a plan of refunding (the "Plan") for the Outstanding Bonds was submitted to the Director of the Division of Local Government Finance for review, and a report was received thereon.

GENERAL TERMS

Payment Terms. The Bonds will be dated as of the date of their delivery and will bear interest from their date, payable on June 1, 2027, and semiannually thereafter on each June 1 and December 1 (the "Interest Payment Dates"), at the rates shown on the inside cover page (calculated on the basis of a 360-day year consisting of twelve 30-day months).

Interest on the Bonds will be paid on the Interest Payment Date to the persons appearing on the record books of the Registration Agent as the registered owners of the Bonds as of the close of business on the record date for the Interest Payment Date, which shall be the fifteenth day of the month preceding the Interest Payment Date. Principal on the Bonds will be payable, subject to redemption as described herein, on June 1 in the years and amounts shown on the inside cover page. Payments will be effected through The Depository Trust Company, New York, New York ("DTC"). See Appendix E affixed hereto for a discussion of DTC and the Book-Entry-Only System.

Denominations. The Bonds are issuable only as fully registered bonds in denominations of $5,000 and integral multiples thereof.

Transfer, Registration and Exchange. So long as DTC or its nominee is the registered owner of the Bonds, transfers, registration of transfers and exchanges of beneficial ownership interests in the Bonds will be available only through DTC participants. See Appendix E affixed hereto for a discussion of DTC and the Book-Entry-Only System.

REGISTRATION AGENT

The Registration Agent, Regions Bank, Nashville, Tennessee, will make all interest payments with respect to the Bonds on each Interest Payment Date directly to Cede & Co., as nominee of DTC, the registered owner 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 owner at its address shown on said bond registration records, without, except for final

payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the District in respect of such Bonds to the extent of the payments so made. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable.

Any interest on any Bonds 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 by the District to the persons in whose names the 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: the District shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bonds and the date of the proposed payment, and at the same time the District 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. 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 the District of such Special Record Date and, in the name and at the expense of the District, 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 the Resolution or in the 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 the District to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Bonds when due.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

REDEMPTION PROVISIONS

Optional Redemption. Bonds maturing June 1, 2034, and thereafter, shall be subject to optional redemption prior to maturity at the option of the Issuer on June 1, 2033 and thereafter, as a whole or in part, at any time, at the redemption price of par plus accrued interest to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the District in its discretion. If less than all the principal amount of the Bonds of a 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 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 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.

Mandatory Redemption. The bidders have the option of creating term bonds pursuant to the Detailed Notice of Sale. If term bonds are created, then the following provisions will apply. Subject to any credit described below, the District shall redeem Bonds maturing June 1, 20__, and June 1, 20__ on the redemption dates set forth below, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. Specific Bonds to be so redeemed shall be selected in the manner described above relating to optional redemption.

The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

Maturity	Redemption Date	Principal Amount of Bonds Redeemed

*Final Maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the Issuer may (i) deliver to the Registration Agent for cancellation Bonds of the maturity to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this section) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation. 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 the Issuer on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this section shall be accordingly reduced. The Issuer 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.

Notice of Redemption. Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the District 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 Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bonds 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 Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the District 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 as and when directed by the District pursuant to written instructions from an authorized representative of the District (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) 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 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.

Selection of Bonds for Redemption. If less than all of a series of Bonds are called for optional redemption, the District will select the maturity or maturities of the Bonds to be redeemed. If less than all Bonds of any maturity are to be redeemed, the Bonds to be redeemed will be selected (1) by DTC pursuant to its rules and procedures or (2) if a Book-Entry-Only System is no longer in effect, by the Registration Agent by lot. If the Bonds are to be redeemed in part, they may be redeemed only in integral multiples of $5,000 and each $5,000 portion of the principal will be counted as one Bond of such series for such purpose. If a portion of a Bond is called for redemption, a new Bond in principal amount equal to the unredeemed portion thereof shall be issued to the Owner thereof on surrender thereof.

Effect of Call for Redemption. On or before the date on which the Bonds or portions thereof are to be redeemed, the District will deposit with a trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers in trust or escrow (the "Agent") money or Defeasance Obligations, or a combination of both, that will be sufficient to pay on the redemption date the redemption price of and interest accruing on the Bonds to be redeemed on such redemption date.

If notice is properly given, the Bonds or portions thereof so called for redemption shall be due and payable at the redemption price provided therefor, plus accrued interest to such date, and if moneys sufficient to pay the redemption price of the Bonds or portions thereof to be redeemed plus accrued interest thereon to the date of redemption are held by the Agent in trust for the Owners of Bonds to be redeemed, (1) interest on such Bonds or portions thereof shall cease to accrue from and after such date, (2) such Bonds or portions thereof shall cease to be entitled to any benefits or security under the Resolution or to be deemed Outstanding and (3) Owners of such Bonds or portions thereof shall have no right in respect thereof except to receipt of payment of the redemption price thereof, plus accrued interest to the date fixed for redemption, out of the moneys and/or Defeasance Obligations so deposited.

SECURITY AND SOURCE OF PAYMENT

GENERAL

NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TENNESSEE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE DISTRICT, IS PLEDGED TO THE PAYMENT OF THE BONDS. The Bonds shall be payable from the Net Revenues (as defined herein) derived from the operation of the water and sewer system of the District (the "System"), on a parity and equality of lien with the District's outstanding (i) indebtedness pursuant to a Loan Agreement (V-B-1) between the District and the Authority, dated August 28, 2009, to the extent not refunded by the proposed Series V-H-1 Loan Agreement, as described herein (ii) Taxable Water and Sewer Revenue Bonds, Series 2010 (Federally Taxable – Build America Bonds – Direct Subsidy), dated November 30, 2010 maturing June 1, 2045, to the extent not refunded by the Bonds, (iii) Water and Sewer Revenue Refunding and Improvement Bonds, Series 2016, dated December 22, 2016, to the extent not refunded by the Bonds (iv) indebtedness pursuant to a Loan Agreement (V-E-1) between the District and the Authority, dated December 1, 2016, to the extent not refunded by the proposed Series V-H-1 Loan Agreement (v) Water and Sewer Revenue Bonds, Series 2018, dated November 11, 2018, (vi) Water and Sewer Revenue Bonds, Series 2019, dated June 28, 2019, (vii) indebtedness pursuant to a Loan Agreement (V-F-1) between the District and the Authority, dated June 1, 2019, to the extent not refunded by the proposed Series V-H-1 Loan Agreement, as described herein, and (viii) Water and Sewer Revenue Refunding Bonds, Series 2022, dated March 31, 2022 (collectively, the "Outstanding Parity Obligations"). The District has reserved the right to issue other Parity Obligations in the future on parity with the Bonds.

PLEDGE OF NET REVENUES

Under the terms of the Resolution, the Bonds are secured by a pledge of and lien on the Net Revenues. See Appendix B for information regarding the District, the District's service area, the System and the District's debt service obligations payable from Net Revenues.

"Net Revenues" means Revenues, excluding any profits or losses on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets, less Current Expenses.

"Revenues" means all revenues, rentals, earnings and income of the District from whatever source, determined in accordance with generally accepted accounting principles, including all revenues derived from the operation of the System; proceeds from the sale of property; proceeds of insurance and condemnation awards and compensation for damages, to the extent not applied to the payment of the cost of repairs, replacements and improvements; and all amounts realized from the investment of money in the accounts and funds of the System, including money in any accounts and funds created by the resolution, and resolutions authorizing any Parity Obligations or obligations subordinate to the Obligations (excluding any investment earnings from construction or improvement funds created for the deposit of bond proceeds pending use, to the extent such income is applied to the purposes for which the bonds were issued, and funds created to refund any Refunded Loan Agreements payable from Revenues of the System); provided, however, (i) at the

election of the District, Revenues shall not include any rates, fees, rentals or other charges or other income received by the District from the operation of an Acquired System and any bonds or other obligations issued in connection with such Acquired System shall not be payable from or secured by Net Revenues or be deemed to be Parity Obligations, and (ii) Revenues shall not include any payments to the District with respect to which an adjustment to the Debt Service Requirement has been made pursuant to the Resolution.

"Current Expenses" means expenses incurred by the District in the operation of the System, determined in accordance with generally accepted accounting principles, including the reasonable and necessary costs of operating, maintaining, repairing and insuring the System, the cost of acquiring water, salaries and wages, cost of material and supplies, and insurance premiums, but shall exclude depreciation, amortization and interest on any bonds, notes or other obligations of the District; provided that any payments made by the District to purchase water for delivery after the end of the then-current Fiscal Year shall be accounted for and charged to Current Expenses in accordance with generally accepted accounting principles, and any debt service incurred for the purpose of purchasing water for delivery after the end of the then-current Fiscal Year shall be treated as a Current Expense if so directed by the authorizing resolution.

RATE COVENANT

Pursuant to the Resolution, the District will at all times prescribe, fix, maintain, and collect rates, fees, and other charges for the services and facilities furnished by the System fully sufficient at all times: (1) for 100% of the Current Expenses and for the accumulation in the Revenue Fund of a reasonable reserve therefor, in an amount, if any, as shall be determined from time to time by the District; and (2) such that Net Revenues in each Fiscal Year: (A) will equal at least 120% of the Debt Service Requirement on the Obligations, and 100% of the Debt Service Requirement on any subordinate lien obligations or other obligations then outstanding for such Fiscal Year; (B) will enable the District to make all required payments, if any, into the Reserve Fund, on any Reserve Fund Credit Facility Agreement and any required payments under any Reimbursement Agreement; (C) will enable the District to accumulate an amount, which, in the judgment of the District, is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the System, necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the System; and (D) will remedy all deficiencies in required payments into any of the funds and accounts mentioned in the Resolution from prior Fiscal Years.

See the section entitled “DISTRICT INFORMATION – REGULATION” in Appendix B for information regarding state and local rate regulation.

NO RESERVE FUND

There will not be a reserve fund securing payment of the Bonds. Pursuant to the Resolution, the District may establish a reserve fund securing payment for other Obligations of the District, but such reserve fund will not be available for payment of the Bonds.

FLOW OF FUNDS

Pursuant to the Resolution, the District has agreed to deposit all Revenues derived from the operation of the System into the Revenue Fund, as defined in the Resolution. From the Revenue Fund, the District is required to pay the Current Expenses of the System, fund the various accounts established by the Resolution and pay all other payments required by the Resolution. See Appendix C for a description of the flow of funds.

STATUTORY MORTGAGE LIEN

A statutory mortgage lien is created and granted by the District Act on the System in favor of the owners of the Bonds, the Outstanding Parity Obligations and any Parity Obligations hereafter issued on a parity therewith, and the System shall remain subject to such statutory mortgage lien until the payment in full of the principal of and interest on all said indebtedness.

ADDITIONAL BONDS

The District may, from time to time, issue Parity Obligations under the terms of the Resolution. Such Parity Obligations will have a lien on the Net Revenues of the System on a parity and equality of lien with the Bonds and all Outstanding Parity Obligations. See Appendix C for the conditions under which Parity Obligations may be issued. The District may not issue bonds payable from or secured by a lien on the Net Revenues senior to that securing the payment of the Bonds and the Parity Obligations.

ESTIMATED SOURCES AND USES OF FUNDS

Sources
- Par Amount
- Net Original Issue Premium
- District Contribution
- Total Sources

Uses
- Deposit to Refunding Escrow Fund
- Costs of Issuance[(1)]
- Total Uses

(1) Includes underwriting discount, Municipal Advisory and legal fees and expenses, and miscellaneous costs of issuance.

DISPOSITION OF BOND PROCEEDS

The proceeds of the sale of the Bonds shall be applied as follows:

(a) an amount, of the Bond proceeds which together with other legally available funds of the District and earnings on such proceeds and funds, will be sufficient to pay principal, accrued interest and redemption premium, as appropriate, on the Outstanding Bonds shall be applied to the refunding thereof by depositing such

funds with an escrow agent to be applied to pay debt service on the Outstanding Bonds until the redemption date thereof.

(b) the remainder of the proceeds of the sale of the Bonds shall be used to pay costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds.

{The remainder of this page left blank intentionally.}

LEGAL MATTERS

LITIGATION

There are not now pending, nor to the knowledge of the District are there threatened, any legal proceedings restraining, enjoining, or adversely affecting the issuance or delivery of the Bonds, the fixing or collecting of rates and charges for the services of the System, to the pledge of the Net Revenues, the proceedings and authority under which the Bonds are to be issued, which affect in any way the validity of the Bonds or which in any manner affect or call into question the right of the District to operate the System.

The District, like other similar public bodies, is subject to a variety of lawsuits and proceedings arising in the ordinary conduct of its affairs. After reviewing the current status of all pending and threatened litigation involving the System with Owings, Coleman & Coalson, as District Counsel, the District believes that, while the outcome of such litigation and proceedings cannot be predicted, the final resolution of these pending and threatened lawsuits, proceedings and claims against the District and its officials in such capacity are not expected to have a material adverse effect upon the financial position or results of operations of the System after taking into consideration the District's insurance and self-insurance arrangements.

TAX MATTERS

Federal

General. Bass, Berry & Sims PLC, Knoxville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the District and assuming compliance by the District with certain covenants, is that interest on the Bonds:

- is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and

- is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

The Code imposes requirements on the Bonds that the District must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the District does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The District has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also section "CHANGES IN FEDERAL AND STATE TAX LAW" below.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under State, local or foreign tax law.

Bond Premium. If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with bond premium, even though the Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

Original Issue Discount. A Bond will have "original issue discount" if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Bond Counsel's opinion is that any original issue discount on these Bonds as it accrues is excluded from a bondholder's federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in these Bonds will be increased. If a bondholder owns one of these Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a

"payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

State Taxes

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bonds during the period the Bonds are 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 the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

CHANGES IN FEDERAL AND STATE TAX LAW

From time to time, there are presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the District will execute in a form satisfactory to Bond Counsel, certain closing certificates including the following: (i) a certificate as to the *Preliminary Official Statement*, in final form, signed by the District's President and Secretary acting in their official capacity to the effect that to the best of their knowledge and belief, and after reasonable investigation, (a) neither the *Preliminary Official Statement*, in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, misleading, (b) since the date of the *Preliminary Official Statement*, in final form, no event has occurred which should have been set forth in such a memo or supplement, (c) there has been no material adverse change in the operation or the affairs of the District since the date of the *Preliminary Official Statement,* in final form, and having attached thereto a copy of the *Preliminary Official Statement*, in final form, and (d) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Bonds, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) certificates as to the delivery and payment, signed by the District's President and Secretary acting in their official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the District's President and Secretary acting in their official capacities certifying as to the due execution of the Bonds; and, (iv) a Continuing Disclosure Certificate regarding certain covenants of the District concerning the preparation and distribution of certain annual financial information and notification of certain events.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and the validity of the Bonds are subject to the approval of Bass, Berry & Sims PLC, Knoxville, Tennessee, Bond Counsel. Bass, Berry & Sims PLC has not prepared the Preliminary Official St*atement* or the *Official Statement*, in final form, or verified their accuracy, completeness or fairness. Accordingly, Bass, Berry & Sims PLC expresses no opinion of any kind concerning the *Preliminary Official Statement* or *Official Statement*, in final form, except for the information in the section entitled "LEGAL MATTERS – Tax Matters". The opinion of Bass, Berry & Sims PLC, in its capacity as Bond Counsel, will be limited to matters relating to authorization and validity of the Bonds and to the tax-exemption of interest on the Bonds under present federal income tax laws, both as described above. This legal opinion will be delivered with the Bonds and the form of the opinion is included in Appendix A. For additional information, see the sections entitled "MISCELLANEOUS – Additional Information" and "- Continuing Disclosure." Certain legal matters will be passed upon for the District by its counsel, Owings, Coleman & Coalson.

{The remainder of this page left blank intentionally.}

MISCELLANEOUS

RATING

S&P Global Ratings ("S&P") has given the Bonds the rating of "AA+".

There is no assurance that such rating will continue for any given period of time or that the rating may not be suspended, lowered or withdrawn entirely by S&P, if circumstances so warrant. Due to the ongoing uncertainty regarding the economy and debt of the United States of America, including, without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for, and ratings, liquidity, and market value of outstanding obligations, including the Bonds. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds.

The rating reflects only the views of S&P and any explanation of the significance of such rating should be obtained from S&P.

COMPETITIVE PUBLIC SALE

The Bonds will be offered for sale at competitive public bidding on November 9, 2026. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that was dated November 3, 2026.

The successful bidder for the Bonds was an account led by _____, _____, _____ (the "Underwriters") who contracted with the District, subject to the conditions set forth in the Official Notice of Sale and Bid Form to purchase the Bonds at a purchase price of $_____ (consisting of the par amount of the Bonds, plus an original issue premium of $_____, less an underwriter's discount of $_____) or ____% of par.

MUNICIPAL ADVISOR; RELATED PARTIES; OTHER

Municipal Advisor. Cumberland Securities Company, Inc., Knoxville, Tennessee, has served as Municipal Advisor (the "Municipal Advisor") to the District for purposes of assisting with the development and implementation of a bond structure in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged by the District to compile, create, or interpret any information in the *Preliminary Official Statement* and *Official Statement* relating to the District, including without limitation any of the District's financial and operating data, whether historical or projected. Any information contained in the *Preliminary Official Statement* and *Official Statement* concerning the District, any of its affiliated or contractors and any outside parties has not been independently verified by the Municipal Advisor, and inclusion of such

information is not, and should not be construed as, a representation by the Municipal Advisor as to its accuracy or completeness or otherwise. The Municipal Advisor is not a public accounting firm and has not been engaged by the District to review or audit any information in the *Preliminary Official Statement* and *Official Statement* in accordance with accounting standards. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds.

Regions Bank. Regions Bank (the "Bank") is a wholly-owned subsidiary of Regions Financial Corporation. The Bank provides, among other services, commercial banking, investments and corporate trust services to private parties and to State and local jurisdictions, including serving as registration, paying agent, filing agent or escrow agent related to debt offerings. The Bank will receive compensation for its role in serving as Registration Agent for the Bonds. In instances where the Bank serves the District in other normal commercial banking capacities, it will be compensated separately for such services.

Official Statements. Certain information relative to the location, economy and finances of the Issuer is found in the *Preliminary Official Statement*, in final form and the *Official Statement*, in final form. Except where otherwise indicated, all information contained in this *Preliminary Official Statement* has been provided by the District. The information set forth herein has been obtained by the District from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Municipal Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Preliminary Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the District, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

Bond Counsel. Bond Counsel's fee for services rendered to the District with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. From time to time, Bass, Berry & Sims PLC has represented the Bank on legal matters unrelated to the District and may do so again in the future.

Other. Among other services, Cumberland Securities Company, Inc. and the Bank may also assist local jurisdictions in the investment of idle funds and may serve in various other capacities, including Cumberland Securities Company's role as serving as the District's Dissemination Agent. If the District chooses to use one or more of these other services provided by Cumberland Securities Company, Inc. and/or the Bank, then Cumberland Securities Company, Inc. and/or the Bank may be entitled to separate compensation for the performance of such services.

DEBT RECORD

There is no record of default or non-payment of any legal obligations of the District.

{The remainder of this page left blank intentionally.}

ADDITIONAL DEBT

The District has authorized, simultaneously with the Bonds, the not-to-exceed $51,250,000 Local Government Public Improvement Revenue Bonds, Series V-H-1, by the Public Building Authority of Sevier County, Tennessee (the "Authority"), to be loaned to the District via a Loan Agreement (V-H-1), dated December 1, 2026. The Series V-H-1 Loan Agreement will be on a parity and equality of lien with the Bonds and the Outstanding Parity Obligations. The Series V-H-1 Loan Agreement is being entered into solely to currently refund all outstanding variable indebtedness of the District, and no portion of the proceeds thereof will be applied to new money projects. Additionally, the District has ongoing projects that may or may not require additional debt in the future.

Authority Loan Agreements

As hereinabove provided the District has entered into various Loan Agreements with the Authority. The Loan Agreements were funded with proceeds of the Authority's Bonds.

The Authority Bonds were limited obligations of the Authority, payable solely from money to be received from the District pursuant to the terms of the Loan Agreements. The District's repayment terms and obligations under the Loan Agreements match the Authority's repayment terms and obligations with respect to the Authority's Bonds.

Certain events with respect to the District, the Authority Loan Agreements and the Authority's Bonds constitute an "event of default" under certain Authority agreements. Such events of default include:

(a) failure to pay principal, interest and the purchase price of the Authority Bonds, when due;

(b) failure to observe or perform any covenant or agreement contained in certain Authority agreements, other than referred to in the foregoing subsection (a), for thirty (30) days after written notice thereof has been given to it;

(c) Moody's, S&P or Fitch shall have downgraded the District's long-term unenhanced rating of any indebtedness of the District to which the Net Revenues of the District are pledged to below Baa3 (or its equivalent) or BBB- (or its equivalent), or suspended or withdrawn its rating of the same;

(d) any representation or warranty of the District made in certain Authority agreements, any certificate, report, financial statement or other instrument furnished in connection with certain Authority agreements proves to have been untrue or incomplete in any material respect when made;

(e) an "Event of Default" shall have occurred under the Authority Loan Agreements;

(f) (i) the District fails to pay when due and payable, after giving effect to any applicable grace period, the principal of or interest on any indebtedness, including but not limited to payments due under interest rate swap agreements, to which the Net Revenues are pledged; or (ii) any other default or event of default occurs under the documents evidencing or securing indebtedness to which the Net Revenues are pledged and as a result thereof such indebtedness has been declared immediately due and payable in full;

(g) the District fails to pay when due and payable (i) the principal of or interest on any indebtedness the outstanding principal amount of which as of the date of such failure is in excess of $2,500,000, or (ii) any payments under an interest rate swap agreement provided the aggregate amount thereof then due and payable is in excess of $2,500,000;

(h) the occurrence of a final, non-appealable judgment against the District requiring payment by the District of more than $2,500,000 (and not relating to indebtedness described in subsections (f) or (g) above which shall be governed by such subsections) if such judgment is not satisfied within a period of 60 days from the date on which such judgment became final and non-appealable;

(i) the State of Tennessee or any other governmental authority having jurisdiction over the District imposes a debt moratorium, debt restructuring, or other event that results in a restriction on repayment when due and payable of the principal of or interest on the Authority Bonds;

(j) the District shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(k) an involuntary case or other proceeding shall be commenced against the District seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 90 days; or an order for relief shall be entered against the District under the federal bankruptcy laws as now or hereafter in effect; or

(l) the District shall contest the validity or enforceability of any provision of certain Authority agreements.

The Authority bond purchaser's remedies following an "Event of Default" described above include the following:

(1) If an Event of Default occurs and is continuing, the Authority bond purchaser may, in its sole discretion, but shall not be obligated to, require the acceleration of payment of all Authority Bonds and interest accrued thereon and/or charge interest on the Authority Bonds or on any amounts due hereunder at a default rate.

(2) Notwithstanding the foregoing remedy in (1) above, the Authority bond purchaser is required to give the Authority and the District at least 180 days prior written notice of an acceleration if such acceleration is the result of an Event of Default specified above under (b), (d) or (e); provided, however, that the foregoing limitation does not apply with respect to any other Event of Default specified above notwithstanding that such other Event of Default may also constitute an Event of Default specified in (b), (d) or (e).

(3) Notwithstanding the foregoing remedy in (1) above, the Authority bond purchaser's acceleration remedy for an Event of Default stated under (f)(i) and (g)(i) above shall only apply and be available to the Authority bond purchaser from and after the earlier of (A) the date the failure to pay referenced in (f)(i) and (g)(i), as applicable, shall have continued for a period of thirty (30) days or (B) the date the indebtedness is declared immediately due and payable in full as a result of such failure to pay.

Risk Factors

The Authority Bonds are currently supported by a letter of credit or have been purchased directly by financial institutions. The Authority Bonds are subject to mandatory tender and purchase by the District unless the (i) letter of credit is renewed or (ii) the Authority bond purchaser agrees to (a) hold the Authority Bonds for an additional period or (b) is able to be remarketed to a new holder. Below is a table of the of the current stated expiration dates of each of the Authority's Bonds.

Dated Date	Series	Type	Stated Expiration
08/28/2009	Revenue V-B-1	Letter of Credit	06/01/2028
12/01/2016	Revenue V-E-1	Direct Purchase	12/23/2026
06/01/2019	Revenue V-F-1	Direct Purchase	06/01/2028

The Authority Bonds expose the District to certain risks, including:

- "Interest rate risk" – the risk that the interest rate on the variable rate bonds will increase;

- "Bank renewal risk" – the risk that ownership of the Authority Bonds will not be able to be renewed or replaced on reasonable terms at the end of the Authority bond purchaser's holding period; and

- "Acceleration risk" – the risk that certain defaults with respect to Authority Bonds and under certain Authority agreements may lead to an acceleration of the Authority Bonds.

The Authority Bonds bear interest at a variable rate. The interest rate is subject to market rate fluctuations, and the maximum interest rate is not capped except by applicable usury laws. Additionally, such rates are subject to increase if the corporate tax rate changes, if interest on the Authority Bonds becomes taxable for purposes of federal income taxation, if there are certain changes in law that increase the Authority bond purchaser's costs of holding the Authority Bonds, and if there is an event of default under the Authority Loan Agreements or certain other agreements.

To manage bank renewal risk, the District will seek to extend the holding period or find a new holder as far in advance as is reasonable. There is no assurance, however, that the District will be able to extend the holding period or obtain bank facilities for the Authority Bonds on reasonable terms in the future.

CONTINUING DISCLOSURE

The District will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under 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 the District by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2026 (the "Annual Report"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the District. The District will provide notice in a timely manner to the MSRB of a failure by the District to provide the annual financial information on or before the date specified in the continuing disclosure agreement. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the District with the Municipal Securities Rulemaking Board ("MSRB") at www.emma.msrb.org and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Act Rule 15c2-12(b), as it may be amended from time to time (the "Rule 15c2-12"). The District is in compliance with the undertakings required under the Rule.

Five-Year History of Filing. For the past five years, the District has complied in all material respects with its existing continuing disclosure agreements in accordance with Rule 15c2-12.

Content of Annual Report. The District's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the District for the fiscal year, prepared in accordance with generally accepted accounting principles; provided, however, if the District's audited financial statements are not available by the time the Annual Report is required to be filed,

audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information included in APPENDIX B entitled "SUPPLEMENTAL INFORMATION STATEMENT."

1. The Ten Largest Customers of the District;

2. Water and Sewer Rates of the District;

3. Summary of Bonded Indebtedness as of the end of such fiscal year;

4. Summary of Bonded Debt Service Requirements as of the end of such fiscal year;

5. Summary of Revenues, Expenditures and Changes in Retained Earnings for the fiscal year; and

6. Historical Debt Service Coverage on Bonds - as of the end of such fiscal year.

Any or all of the items listed above may be incorporated by reference from other documents, including *Official Statements* in final form for debt issues of the District, which have been submitted to each of the MSRB or the U.S. Securities and Exchange Commission. If the document incorporated by reference is an *Official Statement, in final form, it will be available from the MSRB. The District shall clearly identify each such other docum*ent so incorporated by reference.

Reporting of Significant Events. The District will file notice regarding material events with the MSRB and the SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the District shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any.

2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the District shall determine the materiality of such event as soon as possible after learning of its occurrence.

3. The following are the Listed Events:

    a. Principal and interest payment delinquencies;

    b. Non-payment related defaults, if material;

    c. Unscheduled draws on debt service reserves reflecting financial difficulties;

    d. Unscheduled draws on credit enhancements reflecting financial difficulties;

e. Substitution of credit or liquidity providers, or their failure to perform;

f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

g. Modifications to rights of Bondholders, if material;

h. Bond calls, if material, and tender offers;

i. Defeasances;

j. Release, substitution, or sale of property securing repayment of the securities, if material;

k. Rating changes;

l. Bankruptcy, insolvency, receivership or similar event of the obligated person;

m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

n. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

o. Incurrence of a financial obligation (which includes a debt obligation, or a derivative instrument entered into connection with, or pledged as security or as a source of payment for, an existing or planned debt obligation, or a guarantee of debt obligation or derivative instrument) of the District, if material, or agreement as to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and

p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation (as described above) of the District, any of which reflect financial difficulties.

Termination of Reporting Obligation. The District's obligations under the Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Amendment; Waiver. Notwithstanding any other provision of the Disclosure Certificate, the District may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Default. In the event of a failure of the District to comply with any provision of the Disclosure Certificate, any Bondholder or any beneficial owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an event of default, if any, under the Resolution, and the sole remedy under the Disclosure Certificate in the event of any failure of the District to comply with the Disclosure Certificate shall be an action to compel performance.

BONDHOLDER RISK

General. The purchase of the Bonds is subject to a number of investment considerations. The following is a discussion of certain investment considerations, which, among others, could

affect the ability of the District to pay the principal of and interest and premium, if any, on the Bonds and which could also affect the marketability of, or the market price for, the Bonds. Such discussion is not, and is not intended to be, a comprehensive compilation of all possible investment considerations nor a substitute for an independent evaluation of the information presented in this Official Statement, including the Appendices attached hereto. Each prospective purchaser of any Bond should read this Official Statement, including the Appendices attached hereto, in its entirety and consult such prospective purchaser's own investment or legal advisor for a more complete explanation of the matters that should be considered when purchasing an investment such as the Bonds.

Climate Change. Planning for climate change in the State and its impact on the District's operation is an unknown challenge. The State's climate is exceedingly variable and projections of future conditions range significantly. While projections in the State indicate rising average temperatures, precipitation projections are much less clear and often contradictory. Other potential impacts of climate change include changes in the length, intensity, and frequency of droughts and floods. Additionally, severe weather and natural disasters, generally, including tornadoes and other storm events, can affect the District and its residents in a number of ways, including by damaging District property, causing the temporary or permanent displacement of District residents and interrupting District services. The District cannot predict the impact of climate change or the timing, extent or severity of any adverse weather event or natural disaster and any potential effect on the District's operations or finances.

Cyber-Security. Computer networks and data transmission and collection are vital to the efficient operations of the District. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in operations and the services provided by the District, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties and the services provided, and cause a loss of confidence in the District's operations, which could materially affect the District and its operations. To mitigate against such risks, the District has instituted various policies and procedures to protect its respective information technology infrastructures, including cybersecurity training requirements for District employees. The District also maintains insurance against cybersecurity incidents.

Future Legislation. From time to time, the Tennessee General Assembly considers bills purporting to limit property taxes. If enacted into law, such bills would have no impact on the security for the payment of the Bonds. However, such laws could impact the District's ability to raise revenue for operating and capital requirements. See also "LEGAL MATTERS – Tax Matters – Changes in Federal and State Tax Law" for the potential impact of changes in tax law on the Bonds.

Enforceability of Remedies. The remedies available to the holders or beneficial owners of the Bonds upon any event of default under the Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay.

The enforceability of remedies or rights with respect to the Bonds may be limited by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

Under existing law, municipalities must obtain the consent of state governments in order to avail themselves of federal bankruptcy protection under Title 11 of the United States Code. There is currently no law in the State granting such consent. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency, moratorium, or other similar laws affecting the rights of creditors generally or as to the availability of any particular remedy.

Secondary Market Prices. No assurance can be given that a secondary market for any of the Bonds will be available and no assurance can be given that the initial offering prices for the Bonds will continue for any period of time.

The Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Bonds in the event a holder or beneficial owner thereof determines to solicit purchasers of the Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Bonds may be sold. Such price may be lower than that paid by the current holder or beneficial owner of the Bonds, depending on existing market conditions and other factors.

FORWARD LOOKING STATEMENTS

The statements contained in this *Preliminary Official Statement* and *Official Statement*, and in any other information provided that are not purely historic, are forward-looking statements, including statements regarding the expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this *Preliminary Official Statement* and *Official Statement* are based on information available on the date hereof, and assumes no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and

uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business and policy decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this *Preliminary Official Statement* and *Official Statement* would prove to be accurate.

ADDITIONAL INFORMATION

Use of the words "shall," "must," or "will" in the *Preliminary Official Statement* and *Official Statement* in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in the *Preliminary Official Statement* and *Official Statement* involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither the *Preliminary Official Statement* and *Official Statement* nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

The references, excerpts and summaries contained herein of certain provisions of the laws of the State of Tennessee, and any documents referred to herein, do not purport to be complete statements of the provisions of such laws or documents, and reference should be made to the complete provisions thereof for a full and complete statement of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights of the holders thereof.

The *Preliminary Official Statement* and *Official Statement*, in final form, and any advertisement of the Bonds, is not to be construed as a contract or agreement between the District and the purchasers of any of the Bonds. Any statements or information printed in the *Preliminary Official Statement* or the *Official Statement*, in final form, involving matters of opinions or of estimates, whether or not expressly so identified, is intended merely as such and not as representation of fact.

CERTIFICATION

On behalf of the District, we hereby certify that to the best of our knowledge and belief, the information contained herein as of this date is true and correct in all material respects, and does not contain an untrue statement of material fact or omit to state a material fact required to be stated where necessary to make the statement made, in light of the circumstance under which they were made, not misleading.

WEST KNOX UTILITY DISTRICT OF KNOX COUNTY, TENNESSEE

/s/ _____
President
Board of Commissioners

ATTEST:

/s/ _____
Secretary
Board of Commissioners

APPENDIX A

FORM OF LEGAL OPINION

LAW OFFICES OF
BASS, BERRY & SIMS PLC
900 SOUTH GAY STREET, SUITE 1700
KNOXVILLE, TENNESSEE 37902

Ladies and Gentlemen:

We have acted as bond counsel to West Knox Utility District of Knox County, Tennessee (the "Issuer") in connection with the issuance of $_____ Water and Sewer Revenue Refunding Bonds, Series 2026 (the "Bonds") dated _____, 2026. We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding obligations of the Issuer.

2. The resolution of the Board of Commissioners of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the Issuer.

3. The Bonds shall be payable solely from and secured by a pledge of revenues to be derived from the operation of the complete water and sewer system of the Issuer, subject to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring said system, on parity and equality of lien with the Issuer's outstanding [indebtedness pursuant to a Loan Agreement between the District and the Public Building Authority of Sevier County, Tennessee (the "Sevier PBA"), dated August 1, 2009], [the Taxable Water and Sewer Revenue Bonds, Series 2010 (Federally Taxable — Build America Bonds — Direct Subsidy), dated November 30, 2010], [Water and Sewer Revenue Refunding and Improvement Bonds, Series 2016, dated December 22, 2016], [indebtedness pursuant to a Loan Agreement between the District and the Sevier PBA, dated December 1, 2016], the Water and Sewer Revenue Bonds, Series 2018, dated November 11, 2018, the Water and Sewer Revenue Bonds, Series 2019, dated June 28, 2019, [indebtedness pursuant to a Loan Agreement between the District and the Sevier PBA, dated June 1, 2019], and the Water and Sewer Revenue Refunding Bonds, Series 2022, dated March 31, 2022 and any bonds hereafter issued on a parity therewith. We express no opinion as to the sufficiency of such revenues for the payment of principal of and interest on the Bonds.

4. Interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. Failure to comply with certain of such requirements could cause interest on the Bonds to be so includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are 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 the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

The rights of the owners of the Bonds and the enforceability of the Bonds and the resolutions authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors, and by equity principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds. Further, we express no opinion herein regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

52171591.1

APPENDIX B

SUPPLEMENTAL INFORMATION STATEMENT

DISTRICT INFORMATION

LOCATION

The area presently served by the West Knox Utility District (the "District") is located in the northwest portion of Knox County in East Tennessee between the cities of Knoxville and Oak Ridge. The District's service area of 72 square miles is bordered on the east by the City of Knoxville, on the south by Interstate Highways 40 and 75 and on the north and west by Anderson and Loudon Counties, respectively. The north and west boundaries of the District are formed by Melton Hill Lake, which was created by the impoundment of the Clinch River by the Melton Hill Dam.

ORGANIZATION

The District was incorporated as a municipal corporation and the current boundaries established on October 18, 1954 by Order of the County Executive (formerly County Judge) of Knox County, Tennessee pursuant to provisions of the District Act, which provides that such an incorporated municipal corporation shall exist in perpetuity and possess the powers set forth in the District Act; however, such Order has been and may be from time to time amended.

The District Act provides that, as long as the District continues to furnish any of the services which it is authorized to furnish, it shall continue to be the sole public corporation having the power to furnish such services within the boundaries of the District, and no other person, firm, or corporation shall furnish or attempt to furnish any of such services in the District, unless and until it shall have been established that the public convenience and necessity require other or additional services.

POWERS

The District Act provides that the District is empowered, among other things, to conduct, operate and maintain a system or systems for the furnishing of water, sewer and sewage disposal services. To carry out such purposes, the District has the power and authority to acquire, construct, reconstruct, improve, better, extend, consolidate, maintain and operate such system or systems within or without the District, and to purchase from, furnish, deliver and sell to any municipality, the State, any public institution and the public, generally, any of its services. The District has the power of eminent domain and has the power to issue its negotiable bonds for the purpose of construction, acquiring, reconstructing, improving, bettering or extending any of its facilities or system or systems and to pledge to the payment of such negotiable bonds all or any part of the revenues derived from the operation of such facilities, system or systems or combination thereof. The District has no power to levy or collect taxes.

GOVERNING BODY

All corporate powers of the District are vested in and exercised by the Board of Commissioners (the "Board"). The Board consists of three members, all three of which are residents of the District. Each member is appointed by the County Mayor of Knox County and

serves staggered four-year terms. Not later than thirty days prior to the expiration of the term of office of any incumbent commissioner, the Board, or its remaining members, select three nominees to fill such office, in full accordance with any residential requirements that may apply to the office vacated, or to be vacated, and under the seal of the Board certifies such list of nominees in order of preference, to the County Mayor of Knox County. Within twenty-one days of such certification, the County Mayor may enter an order, either appointing one of the nominees or rejecting the entire list, or may refrain from taking any action, in which event the first name on the list of nominees is deemed appointed by operation of law. Upon rejection of the entire list of nominees by the County Mayor, the Board continues to submit new non-identical lists of three nominees to the County Mayor within thirty days of each such rejection until such procedure results in the vacancy being filled.

To qualify to serve as a commissioner a person must reside within the boundaries of the utility district or be a customer of the utility district. In addition, they should be correctly appointed to the office and take an oath of office.

Pursuant to the District Act, the Board acts by a majority of its members and must meet at least once each quarter. The Board is authorized by the District Act, among other things, to exercise by vote, ordinance or resolution all of the general and specific powers of the District, to make all necessary rules, regulations and bylaws for the management and conduct of the affairs of the District and to issue bonds of the District by resolution of the Board.

The commissioners are insured by the District's group medical insurance coverage, which is authorized by the District Act. The District Act also authorizes each commissioner to receive per diem payments for not more than twelve meetings of the Board in any calendar year at rates not greater than three hundred fifty dollars per meeting.

THE BOARD OF COMMISSIONERS

The following is a list of the current members of the Board of Commissioners:

Name and Occupation	**First Appointed Commissioner**	**Current Term Expires**
Ruth Ann Milsaps, - President Milsaps Bus Lines/Retired Knoxville, Tennessee	March 2005	Dec 31, 2028
Nathan Butler, DVM – Vice President Butler Veterinary Services, PLLC Knoxville, Tennessee	February 2018	Dec. 31, 2029
Charles Marth, Secretary Financial Analyst – UT- Battelle, LLC Oak Ridge, Tennessee	January 2024	Dec.31, 2027

[balance of page left blank]

ADMINISTRATIVE PERSONNEL

The General Manager of the District serves under an employment contract and is responsible for the appointment and selection of personnel of the District. Jim Reese has served as the General Manager of the District since March 27, 2025. Mr. Reese began his career with the District in 2018 and previously served as Assistant General Manager from 2024 to 2025 and Engineer from 2018 to 2024. Mr. Reese is a licensed professional engineer in the State of Tennessee and holds both a Master of Science and Bachelor of Science in Civil Engineering from the University of Tennessee. He has over 30 years of experience in utility operations, capital program management, regulatory compliance, hydraulic modeling, and infrastructure planning. He is actively involved in the water and wastewater profession through participation in organizations such as the American Water Works Association and Clean Water Professionals of Kentucky/Tennessee. His community and professional involvement include service with the Knox County Utility Management Federation, the Pellissippi State College Quality Technology Program Advisory Board, and mentorship and professional development activities within the region.

The Assistant General Manager of the District serves under the direction of the General Manager and provides administrative, managerial, and operational support in the day-to-day operations of the District. Tracy Nuchols has served as Assistant General Manager since July 24, 2025. He began his career with the District in 1983 and has over 40 years of experience in water and wastewater utility operations, regulatory compliance, asset management, and infrastructure security. He is a licensed wastewater operator in the State of Tennessee (Grade IV Wastewater Operator and Grade II Collection System) and holds KY/TN WEA Level II Voluntary Pretreatment certification. His experience includes leadership roles in treatment plant operations, pump station management, CMOM program development, environmental compliance, and utility-wide asset and technology integration. Mr. Nuchols has also served in multiple senior roles within the District, including Asset/IT/Security Manager, Asset/Environmental Compliance Manager, CMOM Director, and Wastewater Plant and Pump Station Superintendent, supporting system reliability, regulatory compliance, infrastructure planning, and operational performance.

The supervisory personnel responsible for the operation of the District include the following:

Name and Position	**Year Employed**
Erika Yhuliana Lopez – Comptroller, CCFO	2016
Jacob Swafford, Superintendent of Water Plants State of Tennessee, Water Operators License, Class IV	2014
Gary Chesney, Superintendent of Wastewater Plant State of Tennessee, Wastewater Operators License, Class IV	1999
Doug Alderman, Superintendent of Water State of Tennessee,	

Distribution License, Class II	1992
Eric Butler, Superintendent of Wastewater State of Tennessee, Collection License, Class II and Distribution License Class II	2015
Nick Duncan, Superintendent Electrical and Controls Systems State of Tennessee, Electrician License, LLE	2013
Will Viar, Superintendent Meeter Reading Department	2019
Trisha Bradford, Office Manager – Billing, CRS, Collections	2002
Christopher Kraft - Fleet Superintendent	2024

EMPLOYEES

The District has 104 full-time employees. The turnover in the District's workforce has averaged less than ten employees per year over the last five years. The tenure of District employees presently averages approximately 11 years.

At the present time, no employees of the District are represented by unions. Officials of the District are unaware of any attempts by any union to organize employees of the District, and the District characterizes its relationship with its employees as satisfactory.

REGULATION

State and Local Regulation. The District is required by law to establish and maintain a set of rules and regulations regarding an adjustment of all complaints which may be made to the District concerning the availability of utility services to persons in need thereof, the quality of service performed, the adjustment of bills and all other complaints of any nature, with provisions relating to the manner of resolution of individual complaints, the types of complaints which may be resolved by salaried employees of the District, and those which may be resolved only by the Board. Such rules must be posted or otherwise available in the offices of the District for inspection by customers and members of the public. The District Act provides that the District may not contractually bind itself to issue bonds that would require a rate increase until the users of the system are given notice thereof. The District has complied with this requirement with respect to all current water and sewer user rates by publishing notice of same on all customers' bills. Pursuant to the District Act, rates charged, and services provided by the District may be reviewed by the Tennessee Board of Utility Regulation.

Upon the filing with the TBOUR of a petition signed by at least ten percent of the users within the authorized area of the District, TBOUR has authority to review the rates and services of the District (see the discussion under "DISTRICT INFORMATION" - Regulation - Tennessee Board of Utility Regulation). In addition, the District is required to have its books and records audited annually by a certified public accountant, a public accountant, or by the Division of Local

Government Audit of the Comptroller of the Treasury of the State. The Comptroller of the Treasury of the State, through the Division of Local Government Audit, makes a determination as to whether the annual audit of the District has been prepared in accordance with generally accepted governmental auditing standards and whether the audits meet the minimum standards prescribed by the Comptroller. The Comptroller has promulgated rules and regulations to assure that the books and records of utility district are kept in accordance with generally accepted accounting procedures and that audit standards prescribed by the Comptroller are met. The District must file a copy of the audit with the State Comptroller and with the County Mayor of Knox County.

Rate Regulation. The District is required by the District Act to charge such rates as shall be sufficient to pay operation and maintenance expenses and to pay principal of and interest on all bonds or notes secured by revenues of the System. The Board determines the rates paid by the District's customers. The District is required to publish within ninety days after the close of its fiscal year a statement showing the financial condition of the District and the earnings of the District. Any water and/or sewer user customer of the District may file with the Board a protest concerning the rates within thirty (30) days of the publication of the statement. The Board must then give notice of a hearing to determine the validity of the protest and whether the published rates are reasonable. After the Board makes its determination, the customer may seek review of the Board's action and the Review Board, as discussed below, with the right of judicial review by common law writ of certiorari to a court within the county of the District's principal office.

Tennessee Board of Utility Regulation. In 1987, the State legislature established a utility management review board (UMRB) (the "Review Board") to advise utility district boards of commissioners throughout the State on utility management. The Review Board consists of nine (9) members, consisting of the State Commissioner of Environment, the State Comptroller of the Treasury, and seven (7) members appointed by the Governor, three (3) of whom shall be experienced utility district managers, three (3) of whom shall be experienced utility district commissioners. In July 2023, the UMRB was changed to the Tennessee Board of Utility Regulation (TBOUR), created by Tennessee Code Annotated 7-82-701, and is given the responsibility of ensuring the financial integrity of publicly owned gas, water, and wastewater systems. TBOUR is composed of eleven board members appointed for three-year terms. The Board members are comprised of two Comptroller's designees, a TDEC designee, a Senate Speaker appointee, a House Speaker appointee, and six Governor's appointees. TBOUR is given the power, among other things, to review any decision of any utility district relating to rate changes upon petition of any customer of the district, to compel the adoption of and adherence to rules and regulations for the adjustment of customer complaints, hear customer protests of rates or appeal from a hearing before the Board of Commissioners of the District, to oversee operations of "financially distressed utility districts", including the power to compel rate increases sufficient to be in compliance with State law and all covenants with bondholders and compel consolidation with another utility. A "financially distressed utility district" is a district (i) which has failed to charge rates sufficient to pay the costs of operation and maintenance of the system, including depreciation and reserves therefore, as well as to pay all bonds and interest thereon secured by the revenues of the system, including reserves therefore, for a period of two (2) consecutive years, or (ii) which is in default on any outstanding indebtedness, or (iii) which has a retained earnings deficit. TBOUR may not take any action that would adversely impair the obligations of contract or the payment of outstanding bonds of the District. Any party to a proceeding before TBOUR may appeal to a local court seeking review of any action taken.

Licenses, Permits, and Approvals. In the opinions of the General Manager and Counsel to the District, the District has received all licenses, permits, and approvals necessary for the operation of the System.

[balance of page left blank]

THE SYSTEM

INTRODUCTION

The District provides services consisting of (i) the treatment and distribution of water to its customers through its Waterworks System and (ii) the collection, processing, and disposal of sewage through its Sewer System. The District provides no other services to its customers.

WATERWORKS SYSTEM

Physical Plant. The District's Waterworks System was placed in operation in 1957, initially serving approximately 735 customers. The District's Frank J. Daugherty Treatment Plant was originally constructed in 1964 and expanded in 1968 to a capacity of 2.48 million gallons per day. The Daugherty Plant has expanded again in 2013 to produce 8 million gallons per day using membrane technology. In 1976, the District constructed its Williams Bend Treatment Plant. This plant has a treatment capacity of ten million gallons per day. The District currently supplies an average of approximately 6.9 million gallons per day of potable water. At present, the total treatment capacity of the system is 18 million gallons per day.

The District's Waterworks system consists of about 439.5 miles of lines.

Number of Customers of the Waterworks System. The following table presents the number of customers served by the Waterworks System during each fiscal year, categorized by unit type for the same periods.

Waterworks System Number of Customers
(Fiscal Year Ended June 30)

Year	Residential	Commercial	Multi-Meter	Total
2017	24,067	878	62	25,007
2018	24,781	1,129	40	25,950
2019	24,203	1,018	40	25,261
2020	25,029	1,025	40	26,094
2021	25,966	1,045	41	27,052
2022	26,677	1,070	40	27,787
2023	27,244	1,098	39	28,381
2024	28,220	1,133	40	29,393
2025	29,086	1,150	41	30,277
2026	29,856	1,151	41	31,048

Source: Audited Financial Statements and the District.

Source of Water; Water Treatment and Distribution Facilities. The District obtains water from Melton Hill Lake below Bull Run Creek in Anderson County, Tennessee, for its intake at the Frank J. Daugherty Treatment Plant. Power to the plant is supplied by Clinton Utilities Board.

The District obtains water from Melton Hill Lake below Beaver Creek in Knox County, Tennessee for its intake at the Williams Bend Treatment Plant. Power to the Plant is supplied by Lenoir City Utility Board.

SEWER SYSTEM

Physical Plant. The Sewer System serves portions of three major drainage areas in the District: the Hickory Creek Area in the Hardin Valley Community, the Beaver Creek area in the Karns Community, and the Ten Mile Creek area in the Middlebrook Pike/Cedar Bluff Community.

The Hickory Creek area within the District contains a 6 MGD wastewater treatment plant (WWTP) that is discharged to Melton Hill Lake (Clinch River main channel). The WWTP became operational in January of 2020. The State of Tennessee issued NPDES permit for the new WWTP has discharge limits essentially equivalent to advanced secondary treatment. These limits reinforce the decision to move the discharge location since the previous discharge location would most likely have received advanced tertiary limits with stringent nutrient removal requirements. The need for this facility is exemplified by increased growth in the system demand for sewer service in both the sewered and unsewered areas of the system; the existing hydraulic loading to the previous WWTP very often exceeded the rated hydraulic capacity of the facility. With the new WWTP plant startup, the Karns WWTP was decommissioned.

The Beaver Creek area lying within the District is served by the centralized Karns Transfer pump station that conveys the Hickory Creek area WWTP flow. This pump station was placed in service in 2020 to replace the decommissioned Karns WWTP.

The Ten Mile Creek area lying within the District is served by a centralized pump station. This pumps station is of sufficient capacity to send the area's flows to the District's Beaver Creek area. Before the station's commissioning in 2018, excess flows were sent to the neighboring First Utility District at a cost of $3.88 per thousand gallons of metered sewage flow. This connection is no longer available or needed as the District's new centralized pump station is capable of handling the excess flows. Due to topography, a portion of the area's customer flow is still sent to the neighboring Knoxville Utility Board's system at a rate of $6.30 per thousand gallons of water sold to the customers.

The District also serves a full-service truck stop with adjacent commercial and residential areas located in the northeast quadrant of the Watt Road interchange of Interstate Highways 40 and 75 in the Hickory Creek Drainage Basin. The sewage from this area has been pumped to the District's Hickory Creek Area WWTP since 2023 when a new pump station and force main were commissioned. Previously, the sewage flows from this area were sent to First Utility District for treatment and disposal and pursuant to an agreement between the two Districts. The District also provides water to this area.

In the opinion of Counsel to the District, under both the District Act and the Bond

Resolution, the District is obligated to prescribe and collect rates, fees, tolls or charges sufficient to insure that its System shall be and always remain self-supporting and such as will always produce revenues at least sufficient to provide for all expenses of operating and maintenance of the System, including reserves therefore, and to pay when due all bonds and interest thereon for the payment of which such revenues are or shall have been pledged, charged or otherwise encumbered, including reserves therefore.

The District's collection system consists of about 345 miles of lines.

Number of Customers of the Sewer System. The following table presents the number of customers served by the sewer System during each fiscal year, categorized by unit type for the same periods.

Sewer System Number of Customers
(Fiscal Year Ended June 30)

Year	Residential	Commercial	Multi-Meter	Total
2017	18,501	613	59	19,173
2018	19,132	645	58	19,835
2019	19,774	671	40	20,485
2020	20,534	675	40	21,249
2021	21,320	656	40	22,016
2022	22,002	668	40	22,710
2023	22,474	679	39	23,192
2024	23,355	702	40	24,097
2025	24,161	712	41	24,914
2026	24,814	729	41	25,584

Source: Audited Financial Statements and the District.

[balance of page left blank]

MAJOR WATER AND SEWER CUSTOMERS

The following is a list of the ten major water and sewer customers of the District for the fiscal year ended June 30, 2026.

	Customer	Type of Business	Sales (1)	% of Total Sales
1.	Parkwest Hospital	Medical Center	$ 478,008	1.58 %
2.	Goldelm at The Metropolitan	Rental Real Estate	472,858	1.56 %
3.	Woodlands West Apartments	Rental Real Estate	319,110	1.05 %
4.	Country Club Apartments	Rental Real Estate	265,286	0.87 %
5.	Holiday Inn - Cedar Bluff	Hospitality	245,775	0.81 %
6.	Covenant Health	Medical	236,244	0.78 %
7.	Knox County Board of Education	Schools	234,913	0.77 %
8.	Brendon Park Apartments	Rental Real Estate	141,946	0.47 %
9.	Webb School of Knoxville	Schools	110,121	0.36 %
10.	Hampton Inn - Cedar Bluff	Hospitality	85,240	0.28 %
	TOTAL		**$ 2,589,500**	**8.53 %**

(1) Sales include only water & wastewater revenues.

RATES

The District's current rate schedule (in effect as of July 1, 2026) is as follows:

Water Rate Schedule

• Residential	$ 16.15
• Commercial	Based on Meter Size
• Hotel/Motel (per space)	$ 6.11
	$ 4.44 per 1,000 gallons

Wastewater Rate Schedule

• Residential	$ 27.77
	$7.74 per 1,000 gallons
• All over 13,000 gallons	No Charge
• Commercial	Based on Meter Size
• Hotel/Motel (per space)	$ 16.92
	$ 7.74 per 1,000 gallons

Future Rate increases: The District is expecting a few small increases in sewer rates in future years that will fund the debt service requirements for the Wastewater treatment plant in Hardin Valley and other debt related to plants and systems assets. Any increases will be dependent on the District's annual rate study results.

CUSTOMER STATISTICS AND RATES

Last Ten Fiscal Years

Fiscal Year	Customer Billing Units		Water		Wastewater	
	Water	Wastewater	Minimum Bill	Rates per 1,000 Gallons	Minimum Bill	Rates per 1,000 Gallons
2026	35,306	29,842	$ 16.15	$ 4.44	$ 27.77	$ 7.74
2025	34,286	28,923	16.15	4.24	27.77	7.64
2024	32,651	27,355	14.00	4.00	26.77	7.64
2023	31,639	26,450	14.00	4.00	26.77	7.64
2022	31,085	26,007	13.65	3.75	24.27	7.54
2021	30,489	25,454	13.05	3.71	23.27	7.54
2020	29,535	24,690	13.05	3.71	23.27	7.54
2019	28,832	23,378	13.05	3.46	23.27	6.79
2018	29,170	23,162	13.05	3.46	23.27	6.79
2017	28,335	22,484	13.05	3.46	22.27	6.34

Source: Audited Financial Statements and the District.

HISTORICAL SYSTEM GROWTH

Year	Number of Water Customers	Number of Sewer Customers	Number of Customers in Water Billing Units	Number of Customers in Sewer Billing Units
2022	27,787	22,710	31,085	26,007
2023	28,381	23,192	31,639	26,450
2024	29,393	24,097	32,651	27,355
2025	29,086	24,161	34,286	28,923
2026	29,856	24,814	35,306	29,842

Source: Audited Financial Statements and the District.

[balance of page left blank]

OPERATING AND FINANCIAL HISTORY OF THE SYSTEM

CAPITAL IMPROVEMENT PLAN

Each fiscal year, the District adopts a capital improvement plan ("CIP") to address infrastructure needs. A new CIP is approved prior to the start of each fiscal year and covers a five-year period. Each CIP lists specific projects, estimated costs and proposed funding sources.

FUTURE RATE INCREASES

Effective July 1, 2026, the Governing Body of the District approved a rise in residential and commercial water volumetric rates, amounting to an additional $0.10 per thousand gallons of usage for both residential and commercial consumers.

There are no adjustments to wastewater (sewer) rates as part of this rate action.

In addition, commercial customers in the 4-inch and 6-inch meter size classes will experience an increase in the monthly customer charge of $79.00 per month.

Over the past years, the District has implemented several rate adjustments to support critical infrastructure upgrades, system reliability, and long-term asset replacement planning. These continued adjustments are necessary to ensure the financial sustainability of operations, address inflationary pressures, and maintain the District’s commitment to providing reliable water and wastewater services.

BILLINGS AND COLLECTIONS

The District reads meters monthly and handles its own billing. As of June 30, 2025, the District had seven (7) employees dedicated exclusively to billing and customer service.

The District bills customers monthly with a single invoice that includes water and sewer charges. Payments by customers are to be allocated first to delinquent fees and then to the current charge for water and/or sewer service.

COMPETITION

The District has no competition in its service area.

The District Act provides that as long as the District continues to furnish any of the services which it is authorized to furnish, it shall continue to be the sole public corporation having the power to furnish such services within the boundaries of the District, and no other person, firm, or corporation shall furnish or attempt to furnish any of such services within said boundaries. The District Act provides certain limited exceptions to the exclusive service right. The District Act provides that the exclusive right to serve may be lost if it can be established that the public convenience and necessity requires other or additional services. The District's right to serve also is subject to prior rights of a municipality to serve newly annexed territories pursuant to Section

6-51-101 et. seq., Tennessee Code Annotated. The District Act further grants to municipalities the prior right to serve areas outside their boundaries if the areas are not within the boundaries of a utility district authorized to provide the service or are not already being served by a utility district.

PENSION PLANS

The District maintains a single-employer defined benefit pension plan (the "DB Plan") for eligible employees hired prior to January 1, 2018. Effective January 1, 2018, the District's Board of Commissioners froze the DB Plan to new participants. Employees hired after December 31, 2017 are required to participate in the District's defined contribution retirement plan.

The District's defined contribution retirement plan provides retirement benefits for eligible full-time employees. Employees are eligible after completing the applicable probationary period and attaining age eighteen (18). The Plan requires a mandatory employee contribution of 3% of annual compensation, and the District makes a mandatory non-elective employer contribution of 12% of annual compensation. Participants are immediately vested in employee contributions and related investment earnings and vest in employer contributions at 25% per year, becoming fully vested after four years of credited service.

The District also maintains a 457(b) Deferred Compensation Plan for eligible employees. For additional information regarding the District's retirement plans, see Note 7 to the Annual Comprehensive Financial Report.

For more information, see the notes to the Annual Comprehensive Financial Report

POSSIBLE ANNEXATION BY CITY OF KNOXVILLE

Present State law (Tennessee Code Annotated, Section 6-51-111) provides as follows:

(a) Upon referendum approval of an annexation resolution as provided in this part, an annexing municipality and any affected instrumentality of the state, including, but not limited to, a utility district, sanitary district, school district, or other public service district, shall attempt to reach agreement in writing for allocation and conveyance to the annexing municipality of any or all public functions, rights, duties, property, assets and liabilities of such state instrumentality that justice and reason may require in the circumstances. Any and all agreements entered into before March 8, 1955, relating to annexation shall be preserved. The annexing municipality, if and to the extent that it may choose, shall have the exclusive right to perform or provide municipal and utility functions and services in any territory that it annexes, notwithstanding § 7-82-301 or any other statute, subject, however, to § 6-51-112(c) with respect to electric cooperatives.

(b) Subject to such exclusive right, any such matters upon which the respective parties are not in agreement in writing within sixty (60) days after the operative date of such annexation shall be settled by arbitration with the laws of arbitration of this state effective at the time of submission to the arbitrators, and § 29-5-101(2) shall not apply to any arbitration arising under this part and § 6-51-301. The award so

rendered shall be transmitted to the chancery court of the county in which the annexing municipality is situated, and thereupon shall be subject to review in accordance with §§ 29-5-113 — 29-5-115 and 29-5-118.

(c) (1) If the annexed territory is then being provided with a utility service by a state instrumentality that has outstanding bonds or other obligations payable from the revenues derived from the sale of such utility service, the agreement or arbitration award referred to in subsections (a) and (b) shall also provide that:

(A) The municipality will operate the utility property in such territory and account for the revenues therefrom in such manner as not to impair the obligations of contract with reference to such bonds or other obligations; or

(B) The municipality will assume the operation of the entire utility system of such state instrumentality and the payment of such bonds or other obligations in accordance with their terms.

(2) Such agreement or arbitration award shall fully preserve and protect the contract rights vested in the holders of such outstanding bonds or other obligations.

(d) (1) Notwithstanding any law to the contrary, if a private individual or business entity provides utility service within the boundaries of a municipality under the terms of a privilege, franchise, license, or agreement granted or entered into by the municipality, and if the municipality annexes territory that includes the service area of a utility district, then such private individual or business entity and the utility district shall attempt to reach agreement in writing for allocation and conveyance to such private individual or business entity of any or all public functions, rights, duties, property, assets, and liabilities of such utility district that justice and reason may require in the circumstances. If an agreement is not reached, then notwithstanding the change of municipal boundaries, the service area of the utility district shall remain unchanged, and such private individual or business entity shall not provide utility service in the service area of the utility district.

(2) Nothing in subdivision (d)(1) shall be construed to diminish the authority of any municipality to annex.

(e) If at the time of annexation, the annexed territory is being provided with utility service by a municipal utility system or other state instrumentality, including but not limited to, a utility district, the annexing municipality shall, by delivering written notice of its election to the municipal utility system or other state instrumentality, have the right to purchase all or any part of the utility system of the municipal utility system or other state instrumentality then providing utility service to the area being annexed that the annexing municipality has elected to serve under this section. The purchase price shall be a price agreed upon by the parties for the properties comprising the utility system, or part thereof, that is being acquired and payment of such purchase price shall be on terms agreed to by the parties. In the event the parties cannot agree on a purchase price, then a final determination of the

fair market value of the properties being acquired and all other outstanding issues related to the provision of utility services in the annexed area shall be made using the arbitration provisions of subsection (b); provided, that the arbitrator or arbitrators shall be a person or persons experienced and qualified to value public utility properties and any such arbitrator or arbitrators shall be agreed upon by the parties. If the parties cannot agree, the selection of an arbitrator shall be as otherwise provided by the laws of arbitration of this state. Such method and determination shall be the sole means by which the annexing municipality may acquire the facilities of a municipal utility or other state instrumentality located in the annexed territory.

(f) Notwithstanding a municipality's exclusive right to perform or provide municipal and utility functions and services in a territory as described in this section, a municipal water system may enter into an agreement with a water utility district, an investor-owned water utility, a county water system, a county water authority, or a county water and wastewater system treatment authority to permit that other entity to operate within the municipal water system's territory. A municipal water system shall establish a method by which the system's ratepayers may petition the system to consider entering into an agreement pursuant to this subsection (f).

In 1988, the voters of Knox County approved a new charter form of government for Knox County. That Charter vested in the County government, in addition to the traditional powers of County government, full powers of a municipality and public corporation. The new charter government went into effect on September 1, 1990. Knox County is only the second county in Tennessee to establish such a home-rule government (the home-rule charter government having taken effect in Shelby County, Tennessee, in 1986). While much of the property lying within the District receives all or most services that could be provided by the City of Knoxville upon annexation, it is not likely that annexation will occur where the property owners within a given proposed annexed area oppose such annexation. Nevertheless, the possibility of annexation within the District remains.

[balance of page left blank]

THE WEST KNOX UTILITY DISTRICT OF KNOX COUNTY, TENNESSEE

SUMMARY OF BONDED INDEBTEDNESS

PURPOSE	DUE DATE	INTEREST RATE(S)	Unaudited OUTSTANDING AS OF 6/30/26 [1]
$35,000,000 Water and Sewer Revenue Bonds, Series 2010 (Federally Taxable Build America Bonds)	June 2045	Fixed	$ 17,325,000
$35,425,000 Local Government Public Improvement Revenue Bonds, Series V-B-1	June 2045	Variable[2]	17,865,000
$27,015,000 Water & Sewer Revenue Refunding & Improvement Bonds, Series 2016	June 2046	Fixed[3]	22,860,000
$25,000,000 Local Government Public Improvement Revenue Bonds, Series V-E-1	June 2046	Variable[2]	19,245,000
$8,535,000 Water & Sewer Revenue Bonds, Series 2018	June 2048	Fixed	7,500,000
$20,000,000 Water & Sewer Revenue Bonds, Series 2019	June 2049	Fixed	17,815,000
$15,000,000 Local Government Public Improvement Revenue Bonds, Series V-F-1	June 2054	Variable[2]	13,570,000
$25,435,000 Water & Sewer Revenue Refunding Bonds, Series 2022	June 2045	Fixed	24,305,000
TOTAL BONDED DEBT AS OF JUNE 30, 2026 (Unaudited)			$ 140,485,000
DEBT ISSUED POST JUNE 30, 2026			
$22,190,000 Water and Sewer Revenue Refunding Bonds, Series 2026	June 2037	Fixed	22,190,000
$51,180,000 Local Government Public Improvement Revenue Bonds, Series V-H-1	June 2052	Variable[2]	51,180,000
Less: Debt Refunded			(73,775,000)
TOTAL BONDED DEBT			$ 140,080,000

NOTES:

[1] For more information, see the notes to the Financial Statements in the FINANCIAL STATEMENTS included herein.

[2] The District budgets to account for interest rate risk.

[3] A portion of the Series 2016 Bonds is being refunded by the Series 2026 Bonds on December 1, 2026. $17,090,000 will remain outstanding on the Series 2016 Bonds, with a final maturity in 2046.

THE WEST KNOX UTILITY DISTRICT OF KNOX COUNTY, TENNESSEE

BONDED DEBT SERVICE REQUIREMENTS

SENIOR LIEN DEBT SERVICE

F.Y. Ended	Unaudited As of June 30, 2026 Existing Senior Revenue Debt [1]				Less: Refunded Revenue Debt [5]			Water and Sewer Revenue Refunding Bonds, Series 2026			Percent 2026 Principal Repaid	Loan Agreement (Revenue Program V), Series V-H-1			Percent V-H-1 Principal Repaid	Total Debt Service Requirements			Percent Principal Repaid
6/30	Principal	Interest [2]	Net Treasury Rebate [3]	TOTAL	Principal	Interest	TOTAL	Principal	Interest [4]	TOTAL		Principal	Interest [2]	TOTAL		Principal	Net Interest	TOTAL	
2027	$ 4,205,000	$ 6,330,150	$ (400,268)	$ 10,134,882	$ (3,115,000)	$ (2,568,116)	$ (5,683,116)	$ 2,355,000	$ 520,950	$ 2,875,950	10.61%	$ 415,000	$ 1,279,500	$ 1,694,500	0.81%	$ 3,860,000	$ 5,162,216	$ 9,022,216	2.76%
2028	4,375,000	6,124,600	(400,268)	10,099,332	(2,655,000)	(3,479,232)	(6,134,232)	1,925,000	924,150	2,849,150	19.29%	725,000	2,538,250	3,263,250	2.23%	4,370,000	5,707,500	10,077,500	5.88%
2029	4,545,000	5,922,550	(400,268)	10,067,282	(2,695,000)	(3,346,482)	(6,041,482)	2,020,000	827,900	2,847,900	28.39%	675,000	2,502,000	3,177,000	3.55%	4,545,000	5,505,700	10,050,700	9.12%
2030	4,720,000	5,714,000	(400,268)	10,033,732	(2,760,000)	(3,211,732)	(5,971,732)	2,120,000	726,900	2,846,900	37.95%	645,000	2,468,250	3,113,250	4.81%	4,725,000	5,297,150	10,022,150	12.49%
2031	4,950,000	5,501,931	(400,268)	10,051,663	(2,935,000)	(3,073,732)	(6,008,732)	2,225,000	620,900	2,845,900	47.97%	700,000	2,436,000	3,136,000	6.17%	4,940,000	5,084,831	10,024,831	16.02%
2032	5,140,000	5,277,350	(400,268)	10,017,082	(2,980,000)	(2,926,982)	(5,906,982)	2,335,000	509,650	2,844,650	58.49%	645,000	2,401,000	3,046,000	7.43%	5,140,000	4,860,750	10,000,750	19.69%
2033	5,335,000	5,048,512	(400,268)	9,983,244	(3,065,000)	(2,777,982)	(5,842,982)	2,450,000	392,900	2,842,900	69.54%	625,000	2,368,750	2,993,750	8.66%	5,345,000	4,631,913	9,976,913	23.50%
2034	5,530,000	4,816,438	(400,268)	9,946,169	(3,185,000)	(2,624,732)	(5,809,732)	2,580,000	270,400	2,850,400	81.16%	625,000	2,337,500	2,962,500	9.88%	5,550,000	4,399,338	9,949,338	27.47%
2035	5,770,000	4,574,763	(400,268)	9,944,494	(3,320,000)	(2,465,482)	(5,785,482)	2,680,000	167,200	2,847,200	93.24%	610,000	2,306,250	2,916,250	11.07%	5,740,000	4,182,463	9,922,463	31.56%
2036	5,970,000	4,321,425	(400,268)	9,891,157	(925,000)	(2,299,482)	(3,224,482)	750,000	60,000	810,000	96.62%	150,000	2,275,750	2,425,750	11.36%	5,945,000	3,957,425	9,902,425	35.81%
2037	6,150,000	4,114,800	(400,268)	9,864,532	(1,935,000)	(2,253,232)	(4,188,232)	750,000	30,000	780,000	100.00%	1,150,000	2,268,250	3,418,250	13.61%	6,115,000	3,759,550	9,874,550	40.17%
2038	6,370,000	3,889,600	(400,268)	9,859,332	(2,005,000)	(2,156,482)	(4,161,482)	-	-	-	100.00%	1,940,000	2,210,750	4,150,750	17.40%	6,305,000	3,543,600	9,848,600	44.67%
2039	6,790,000	3,655,050	(400,268)	10,044,782	(2,295,000)	(2,056,232)	(4,351,232)	-	-	-	100.00%	2,015,000	2,113,750	4,128,750	21.34%	6,510,000	3,312,300	9,822,300	49.32%
2040	7,025,000	3,402,000	(400,268)	10,026,732	(2,400,000)	(1,941,482)	(4,341,482)	-	-	-	100.00%	2,105,000	2,013,000	4,118,000	25.45%	6,730,000	3,073,250	9,803,250	54.13%
2041	7,530,000	3,139,650	(400,268)	10,269,382	(5,645,000)	(1,821,482)	(7,466,482)	-	-	-	100.00%	5,060,000	1,907,750	6,967,750	35.34%	6,945,000	2,825,650	9,770,650	59.08%
2042	7,855,000	2,734,100	(327,492)	10,261,608	(3,810,000)	(1,549,008)	(5,359,008)	-	-	-	100.00%	3,195,000	1,654,750	4,849,750	41.58%	7,240,000	2,512,350	9,752,350	64.25%
2043	8,175,000	2,332,400	(251,828)	10,255,572	(4,065,000)	(1,368,672)	(5,433,672)	-	-	-	100.00%	3,385,000	1,495,000	4,880,000	48.19%	7,495,000	2,206,900	9,701,900	69.60%
2044	8,605,000	1,912,050	(171,543)	10,345,507	(4,310,000)	(1,176,207)	(5,486,207)	-	-	-	100.00%	3,460,000	1,325,750	4,785,750	54.95%	7,755,000	1,890,050	9,645,050	75.14%
2045	8,930,000	1,470,950	(87,793)	10,313,157	(4,615,000)	(971,957)	(5,586,957)	-	-	-	100.00%	3,055,000	1,152,750	4,207,750	60.92%	7,370,000	1,563,950	8,933,950	80.40%
2046	9,305,000	1,010,500	-	10,315,500	(5,890,000)	(753,000)	(6,643,000)	-	-	-	100.00%	4,000,000	1,000,000	5,000,000	68.74%	7,415,000	1,257,500	8,672,500	85.69%
2047	1,750,000	589,400	-	2,339,400	(275,000)	(458,500)	(733,500)	-	-	-	100.00%	3,500,000	800,000	4,300,000	75.58%	4,975,000	930,900	5,905,900	89.25%
2048	1,790,000	526,650	-	2,316,650	(275,000)	(444,750)	(719,750)	-	-	-	100.00%	3,000,000	625,000	3,625,000	81.44%	4,515,000	706,900	5,221,900	92.47%
2049	1,550,000	462,500	-	2,012,500	(500,000)	(431,000)	(931,000)	-	-	-	100.00%	2,500,000	475,000	2,975,000	86.32%	3,550,000	506,500	4,056,500	95.00%
2050	1,505,000	406,000	-	1,911,000	(1,505,000)	(406,000)	(1,911,000)	-	-	-	100.00%	3,000,000	350,000	3,350,000	92.18%	3,000,000	350,000	3,350,000	97.14%
2051	1,565,000	330,750	-	1,895,750	(1,565,000)	(330,750)	(1,895,750)	-	-	-	100.00%	2,500,000	200,000	2,700,000	97.07%	2,500,000	200,000	2,700,000	98.93%
2052	1,620,000	252,500	-	1,872,500	(1,620,000)	(252,500)	(1,872,500)	-	-	-	100.00%	1,500,000	75,000	1,575,000	100.00%	1,500,000	75,000	1,575,000	100.00%
2053	1,685,000	171,500	-	1,856,500	(1,685,000)	(171,500)	(1,856,500)	-	-	-	100.00%	-	-	-	100.00%	-	-	-	100.00%
2054	1,745,000	87,250	-	1,832,250	(1,745,000)	(87,250)	(1,832,250)	-	-	-	100.00%	-	-	-	100.00%	-	-	-	100.00%
	$ 140,485,000	$ 84,119,369	$ (6,842,679)	$ 217,761,690	$(73,775,000)	$(47,403,955)	$(121,178,955)	$ 22,190,000	$ 5,050,950	$ 27,240,950		$ 51,180,000	$ 42,580,000	$ 93,760,000		$ 140,080,000	$ 77,503,685	$ 217,583,685	

NOTES:

1 For more information, see the notes to the Financial Statements in the FINANCIAL STATEMENTS included herein.

2 The District budgets to account for interest rate risk. Debt Service on variable rate bonds is calculated at 5.00%, a budget rate.

3 The Net Treasury Rebate consists of monies payable from the U.S. Treasury which are subject to reduction due to sequestration. The Net Treasury Rebate provided herein contemplates a reduction in the amount of 6.9%. The current reduction is 5.7%. It is unclear at this time whether the percentage reduced will decrease or increase due to sequestration. The Series 2026 Bonds will refinance the Series 2010 Bonds and eliminate this risk.

4 Estimated Interest Rates. Estimated Average Coupon of 4.49%.

5 The outstanding Local Government Public Improvement Revenue Bonds, Series V-B-1, Series V-E-1, and Series V-F-1 will be refunded by the Local Government Public Improvement Revenue Bonds, Series V-H-1.

THE WEST KNOX UTILITY DISTRICT OF KNOX COUNTY, TENNESSEE

Five Year Summary of Revenues, Expenditures and
Changes In Retained Earnings
For the Fiscal Year Ended June 30

	2021	2022	2023	2024*	2025*
Revenues:					
Water Revenue	$ 10,748,092	$ 11,300,941	$ 12,288,730	$ 12,785,861	$ 14,712,585
Wastewater Revenue	16,159,287	16,985,622	18,270,556	18,989,971	20,097,753
Connection Fees	3,417,500	2,179,684	1,186,351	2,054,478	2,971,316
Low Pressure Pump Fees	-			115,085	121,064
Customer Forfeited Discounts	310,671	297,445	324,845	286,355	325,056
Service Fees	162,207	179,070	204,763	145,245	226,590
Wastewater Inspection Fees	23,910	20,375	10,925	26,165	51,220
Miscellaneous Revenue	291,548	274,634	362,739	432,218	559,246
Total Operating Revenues	$ 31,113,215	$ 31,237,771	$ 32,648,909	$ 34,835,378	$ 39,064,830
Operating Expenses:					
Purification and Supply	$ 1,364,413	$ 1,558,296	$ 1,842,004	$ 1,842,694	$ 2,023,391
Collection and Treatment	5,353,888	5,349,306	4,924,109	5,119,021	5,760,224
Treatment and Distribution	3,927,958	3,885,100	4,781,387	5,277,589	6,506,784
CMOM Program	1,142,385	1,364,990	1,556,725	1,910,944	2,241,330
Shop and General Maintenance	342,125	453,514	502,507	485,540	557,210
Customer Accounting and Collection	431,720	426,850	449,788	499,777	530,760
Administrative and General	3,213,556	3,288,992	3,557,871	3,985,582	4,122,523
Depreciation	8,191,238	8,458,253	8,635,823	8,796,465	9,168,033
Total Operating Expenses	$ 23,967,283	$ 24,785,301	$ 26,250,214	$ 27,917,612	$ 30,910,255
Operating Earnings	$ 7,145,932	$ 6,452,470	$ 6,398,695	$ 6,917,766	$ 8,154,575
Other Income (Expenses):					
Interest Income	$ 169,735	$ (507,170)	$ 537,554	$ 1,868,015	$ 2,283,815
Interest Expense	(4,968,442)	(5,140,744)	(5,734,643)	(6,031,571)	(5,645,356)
Debt Issuance Expense	-	-	-	-	-
Gain (Loss) on Sale of Assets	(8,087)	9,493	14,304	335,150	38,132
Derivative - Interest Rate Swap (1)	1,000,407	1,192,911	270,240	-	-
Non-Operating Revenues (Expenses)	$ (3,806,387)	$ (4,445,510)	$ (4,912,545)	$ (3,828,406)	$ (3,323,409)
Increase in Net Assets before Capital Contributions	$ 3,339,545	$ 2,006,960	$ 1,486,150	$ 3,089,360	$ 4,831,166
Capital Contributions:					
Developer Contributions - Cash	$ 108,644	$ 185,837	$ 611,045	$ 174,175	$ -
Developer Contributions	1,115,642	5,252,662	1,907,380	6,245,195	9,845,660
Water Tap Fees in Excess of Cost	-	-	-	-	-
Sewer Tap Fees in Excess of Cost	-	-	-	-	-
Total Other Income (Expenses)	$ 1,224,286	$ 5,438,499	$ 2,518,425	$ 6,419,370	$ 9,845,660
Change in Net Position	$ 4,563,831	$ 7,445,459	$ 4,004,575	$ 9,508,730	$ 14,676,826
Net Position, Beginning of Year	$ 108,335,922	$ 112,899,753	$ 120,345,212	$ 124,349,787	$ 133,814,588
Prior Period Adjustment	-	-	-	(43,929)	-
Net Position, End of Year	**$ 112,899,753**	**$ 120,345,212**	**$ 124,349,787**	**$ 133,814,588**	**$ 148,491,414**

Source: Annual Financial Reports for the District.

NOTES:

(1) Related to Revenue Series II-D-2 Loan Agreement Interest Rate Swap. This was a non-cash account change. Please see in the District's June 30, 2015 audited Annual Financial Report for more information.

*During 2025, the District adopted GASB Statement No. 101, Compensated Absences. As a result of adopting GASB Statement No. 101, the District has restated its financial statements for the year ending June 30, 2024. The cumulative effect of applying this standard has been reported as a restatement of beginning net position as of July 1, 2023.

THE WEST KNOX UTILITY DISTRICT OF KNOX COUNTY, TENNESSEE

HISTORICAL DEBT SERVICE COVERAGE ON BONDS

For the Fiscal Year Ended June 30

	2021	2022	2023	2024	2025
Gross Revenue (1)	$ 31,391,594	$ 30,916,438	$ 33,797,508	$ 36,877,568	$ 41,348,645
Operating Expenses (2)	15,776,045	16,327,048	17,614,391	19,121,147	21,742,222
Income Available For Debt Service	15,615,549	14,589,390	16,183,117	17,756,421	19,606,423
Actual Debt Service Requirements (3)	7,562,033	8,502,110	9,549,297	10,098,980	9,479,716
Bond Coverage	2.06 X	1.72 X	1.69 X	1.76 X	2.07 X
Maximum Estimated Debt Service Requirements on Outstanding and Proposed Senior Bonds (FY 2028)	10,077,500	10,077,500	10,077,500	10,077,500	10,077,500
Maximum Senior Bond Coverage	1.55 X	1.45 X	1.61 X	1.76 X	1.95 X

Source: Annual Financial Reports for the District.

(1) Includes operating revenues, interest income received and cash capital contributions.

(2) Does not include depreciation expense.

(3) Interest includes interest paid, paying agent's fees and service charges net of capitalized construction period interest.

KNOX COUNTY AND CITY OF KNOXVILLE

LOCATION

Knox County (the "County") is located in the eastern portion of the State of Tennessee. Founded in 1791 where the French Broad and Holston Rivers converge to form the Tennessee River, the County is located in a broad valley between the Cumberland Mountains to the northwest and the Great Smoky Mountains to the southeast. The County is the hub of the areas of East Tennessee, Southeast Kentucky, Southwest Virginia and Western North Carolina. This area encompasses over two million people. To the north, Union and Grainger Counties border the County. Jefferson and Sevier Counties make up the County's eastern border, while the County's southern border is provided by Blount and Loudon Counties. To the immediate west of the County lies Anderson County. The total land area of the County is approximately 528 square miles.

The U.S. Census Bureau's 2020 census demographic population data reported that 478,971 citizens reside within the County, which ranks it as the third largest county in Tennessee.

The City of Knoxville (the "City") serves as the County seat and is the largest city in East Tennessee and within the County. Also, Knoxville is the third largest city in the state and is about 50 miles west of the North Carolina state line. The City has a land area of approximately 104 square miles within its corporate limits and is located on the Tennessee River near the geographic center of East Tennessee, a highly industrialized section of the state.

The City's 2020 population was reported at 190,740. Farragut, the only other municipality in the County, has an estimated population of 23,506.

GENERAL

In 2004, Knoxville was designated a Metropolitan Statistical Area (the "MSA") with a population of 879,773 according to the 2020 U.S. Census. The MSA includes Knox (Knoxville and Farragut), Anderson (Oak Ridge and Clinton), Blount (Maryville and Alcoa), Campbell (LaFollette), Grainger (Rutledge), Loudon (Loudon), Morgan (Wartburg), Roane (Harriman) and Union (Maynardville) Counties.

The City is also part of the Knoxville-Sevierville-Harriman Combined Statistical Area (the "CSA"). The CSA's population is 1,156,861 according to the 2020 U.S. Census. The CSA includes Roane, Anderson, Blount, Knox, Loudon, Union, Grainger, Hamblen, Jefferson, Campbell, Cocke, and Sevier Counties.

[balance of page left blank]

The following table shows past and current population figures for the City and County:

Population Growth

	1980	1990	2000	2010	2020	2025*
Knoxville	175,045	165,121	173,890	178,874	190,740	202,021
Knox County	319,694	335,749	382,032	432,226	478,971	511,453

* 2025 Estimates from U.S. Census Bureau
Source: U.S. Census Bureau.

The only other municipality within the County, the Town of Farragut, has an estimated 2025 population of approximately 25,121 persons.

SOCIOECONOMIC DATA

The following socioeconomic factors indicate the standard of living in the County, as compared to that of the Nation and State:

Social and Economic Characteristics

	National	Tennessee	Knox County	Knoxville	Farragut
Median Value Owner Occupied Housing	$332,700	$286,700	$320,900	$286,700	$583,400
% High School Graduates or Higher Persons 25 Years Old and Older	89.6%	90.0%	92.4%	89.8%	98.0%
% Persons with Income Below Poverty Level	10.6%	13.5%	12.8%	20.2%	3.8%
Median Household Income	$80,734	$69,595	$74,222	$54,039	$142,093

Source: U.S. Census Bureau State & County QuickFacts - 2024.

Per Capita Personal Income

	2020	2021	2022	2023	2024
National	$59,151	$64,692	$66,298	$70,002	$73,204
Tennessee	$51,977	$57,715	$59,107	$63,479	$66,504
Knox County	**$56,035**	**$63,058**	**$63,551**	**$69,454**	**$72,840**
Index vs. National	95	97	96	99	100
Index vs. State	108	109	108	109	110

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

TRANSPORTATION

The area has transportation facilities by rail, air, river and highway. The CSX, Norfolk Southern, and KXHR-Gulf & Ohio Railroads have terminals and stops in the County, with 270 miles of lines radiating in nine directions. Major highways serving the County include Interstates 40, 75, 81, 140, 275, and 640. Pellissippi Parkway (I-140) provides a direct link to Oak Ridge from I-40 and I-75 in Knox County. U.S. Highways in the County include 44, 129, 321, 411, and 441, as well as State Routes 33, 75 and 95.

McGhee Tyson Airport. McGhee Tyson Airport is the principal commercial airport in East Tennessee, serving the commercial airline industry, air cargo, military aviation and general aviation. With parallel 9,000 feet runways, McGhee Tyson Airport can accommodate any size aircraft. The Airport is located within the city limits of Alcoa, which is 12 miles south of downtown Knoxville. The airport occupies more than 2,000 acres of land with space for additional air cargo facilities or economic development. This facility is owned and managed by the Metropolitan Knoxville Airport Authority (MKAA). In 2024, the MKAA officially announced the launch of Flight Plan, a decade-long growth and development plan to elevate McGhee Tyson Airport's footprint by adding gates, concessions, and renovating restrooms, the security checkpoint and replacing escalators, all in an effort to improve the passenger experience and attract more air service to East Tennessee.

According to a study by the University of Tennessee's Center for Transportation Research, the airport contributes over $1 billion to the local economy (including Anderson, Blount, Knox, Loudon and Sevier Counties) every year. The report examined the employment, business, and tax impacts of the airport, including the Downtown Island Airport.

The MKAA was established in 1978 as an independent nonprofit agency to own and operate McGhee Tyson Airport and Downtown Island Airport. The Authority's nine-member Board of Commissioners is appointed by the Mayor of Knoxville and confirmed by City Council. The Board appoints a President who serves as the chief administrator and executive officer. All of the revenues are generated by user fees and rental income so no taxpayer dollars are used to support airport operations.

Two air cargo services provide daily service. In addition, six passenger airlines carry air cargo on most flights. More than 44,206 tons of airfreight annually pass through its cargo facilities. Federal Express and United Parcel Service are the main couriers.

McGhee Tyson Airport has several major airlines serving more than 30 non-stop destinations including Atlanta, Boston, Charlotte, Chicago, Dallas/Ft. Worth, Denver, Fort Lauderdale, Gulf Shores, Key West, Memphis, New York, Orlando, and Washington D.C. McGhee Tyson has more than 100 arrivals and departures each day and more than 8,000 seats available.

Beginning in March 2026, Southwest Airlines began offering twice-daily service between Knoxville and Nashville plus daily roundtrip flights between Knoxville and Baltimore, Maryland;

Dallas, Texas; and Orlando, Florida. Beginning in June 2026, Southwest Airlines began offering daily service to Tampa, Florida and Denver, Colorado, as well as weekend seasonal service to Austin, Texas. Southwest Airlines is one of the largest airline carriers in the United States.

The airport is served by several low-fare carriers: Allegiant Air, Avelo Airlines, and Southwest Airlines. Allegiant Travel Company is focused on linking travelers in small cities to world-class leisure destinations. Through its subsidiary, Allegiant Air, the company operates a low-cost, high-efficiency, all-jet passenger airline offering air travel both on a stand-alone basis and bundled with hotel rooms, rental cars and other travel-related services. Ultra-low-cost carrier Avelo Airlines began offering flights from McGhee Tyson Airport in 2024.

McGhee Tyson is served by major and regional carriers including:

Passenger and All-Cargo Airlines Serving the Airport

Passenger Airlines		**All-Cargo Airlines**
Signatory	***Regional Affiliates[1]***	***Signatory***
Allegiant Air	CommuteAir[4]	FedEx
American Airlines	Endeavor Air[3]	UPS
Avelo Airlines	Envoy[2]	
Delta Air Lines	GoJet Airlines[4]	
Southwest Airlines	Mesa Airlines[2]	
United Airlines	Piedmont Airlines[2]	
	PSA Airlines[2]	
	Republic Airways[5]	
	SkyWest Airlines[5]	

[1] Subject to the provisions of the Existing Airline Lease Agreements, certain Airlines have designated one or more regional airlines as an Affiliate (as defined in the Existing Airline Lease Agreements).
[2] Doing business as American Airlines.
[3] Doing business as Delta Air Lines.
[4] Doing business as United Airlines.
[5] Doing business as American Airlines and United Airlines.
Source: Metropolitan Knoxville Airport Authority.

Source: Metropolitan Knoxville Airport Authority.

[balance of page left blank]

These airlines connect passengers with service to several hub airports across the nation on more than 100 flights daily.

McGhee Tyson Airport

The following table presents enplaned passengers and, year over year growth (or declines) of enplaned passengers for Fiscal Years 2016 through 2025.

Enplaned Passengers
Fiscal Years 2016-2025

Fiscal Year	Enplaned Passengers	Year-Over-Year Growth (Decline)
2016	898,671	--%
2017	958,429	6.6
2018	1,057,578	10.3
2019	1,191,198	12.6
2020	975,910	(18.1)
2021	698,270	(28.4)
2022	1,177,367	68.6
2023	1,317,250	11.9
2024	1,514,648	15.0
2025	1,783,335	17.7

Source: Metropolitan Knoxville Airport Authority Annual Comprehensive Financial Reports for Fiscal Years 2016 through 2025

TACAir is McGhee Tyson Airport's general aviation services provider. In addition to providing fuel and services to commercial carriers, they also accommodate the general aviation industry, which includes corporate aviation, charter flights, flight schools and people who fly as a hobby.

The Tennessee Air National Guard's 134th Air Refueling Group operates 10 aircraft at McGhee Tyson Airport. The Guard's KC-135E tankers provide refueling to the country's military aircraft. In addition, the Army Aviation Support Facility, the 110th and 119th Tactical Control Squadrons, and the 228th Combat Communications Squadron operate on the base.

Downtown Island Home Airport. Knoxville's Downtown Island Home Airport, located five minutes from downtown, serves as another home base for smaller and privately owned airplanes. The Island Home Airport is a 150-acre general aviation facility with a 3,500-foot runway. It is home to nearly 140 private and corporate aircraft, with 24 hours a day service available.

Waterways. Fifteen miles away is the head of the Tennessee River navigation channel in Knoxville. This river is part of the Interconnected Inland Water System that links Knoxville with 21 states, the Mississippi River and the Great Lakes. Linkages may be made to the entire inland waterway system, allowing shipments to be made by water to Houston, Tampa, Pittsburgh,

Minneapolis and Little Rock. Cargo through the Fort Loudoun Lock was over 637,000 tons in 2022.

Six active river terminals handle barge shipments throughout the area. The Tennessee-Tombigbee Waterway links East Tennessee with 13 other states and the Gulf of Mexico. This 234-mile canal connects 16,000 miles of waterways throughout Tennessee, Mississippi, and Alabama leading to the Port of Mobile and the Gulf of Mexico. This Waterway shortens the shipping between Tennessee and the Gulf of Mexico by 882 miles and enables East Tennessee products to arrive at their Gulf destination from eight to nine days earlier. Barge shipping has always been a popular alternative to rail in East Tennessee because of the existence of the Inland Water System.

Knoxville has a Foreign Trade Zone and is an inland Port of Entry with a U.S. Customs Office. In 1988, Knoxville was given its Foreign Trade Zone designation by the U.S. Department of Commerce. This designation allows manufacturers to ship foreign raw materials and components to parts of Knoxville and store them duty free in Knoxville until used. In May 1991, the Foreign Trade Zone was activated.

EDUCATION

Knox County School System. The County operates 93 schools. Included are five magnet schools offering enhanced arts and science curriculum and a Science, Technology, Engineering, and Mathematics (STEM) Academy, as well as a magnet middle school and high school. Knox County is also home to Tennessee School for the Deaf, serving toddlers through age 22 in both residential and day programs. The district enrolls over 58,000 students and employs nearly 3,900 teachers. In addition to public education, there are 42 private and parochial schools offering elementary and secondary instruction in Knox County.

Post-secondary education is available at ten public and private four-year institutions in Knox County and the surrounding area. The University of Tennessee's main campus is in Knoxville. Pellissippi State Technical Community College and Roane State Community College offer two-year programs for technical and associate degrees along with two other vocational/technical institutions. There are four business colleges located in the area.

Source: Tennessee Department of Education, Knox Metropolitan Planning Commission 2026 "Knoxville Area Facts and Figures," and Knox County Schools.

University of Tennessee, Knoxville (the "UT" or "UTK"). UTK is one of the oldest land-grant universities in the nation. There are over 250 buildings on a 920-acre campus. Blount College, UTK's forerunner, was established in Knoxville in 1794, two years before Tennessee became a state. With a fall 2026 enrollment of 41,287 students, a record enrollment, and over 1,700 full-time instructional faculty, UTK is the largest campus in the University of Tennessee System (the "System").

The System is a statewide institution governed by a 26-member Board of Trustees appointed by the governor of Tennessee. Institutions of the System are UTK, UT Health Science Center in Memphis, UT Chattanooga, UT Martin, UT Southern Campus, UT Space Institute in Tullahoma, and UT Institute for Public Service in Knoxville. In addition to the primary campus, the Agricultural Campus houses the UT Institute of Agriculture, a statewide administrative unit

that includes the College of Veterinary Medicine, the College of Agricultural Sciences and Natural Resources, the Agricultural Extension Service, and the Agricultural Experiment Stations.

UTK is a major research institution, attracting more than $130 million in externally sponsored programs annually. The Division of Aeromedical Services is one of the country's most respected and comprehensive aeromedical programs. UTK is a co-manager with UT-Battelle, LLC of the nearby Oak Ridge National Lab (the "ORNL"). UT-Battelle, LLC was established in 2000 as a private not-for-profit company for the sole purpose of managing and operating the ORNL for the U.S. Department of Energy (the "DOE"). Formed as a 50-50 limited liability partnership between the UTK and Battelle Memorial Institute, UT-Battelle, LLC is the legal entity responsible for delivering the DOE's research mission at ORNL. Faculty and students experience unparalleled research and learning opportunities at the DOE's largest science and energy lab.

UTK conducts externally-funded research totaling more than $380 million annually, including some $7 million annually in research sponsored by ORNL. Areas of joint research with ORNL include the Bioenergy Science Center's work on cellulosic ethanol; the Center for Computational Sciences' partnership with the National Science Foundation; and the Science Alliance, with divisions in biological, chemical, physical, and mathematical/computer science.

The System and its statewide campuses bring in over $4 billion in annual income to the State and support more than 79,000 jobs. UTK also generates over $165 million in state and local tax revenue per year. Students and visitors attending athletic events at each campus spent approximately $400 million, supporting more than 2,800 jobs. During the 2025-2026 fiscal year, UTK received more than $581 million in donor support, with $170 million of those funds being contributed to the university's endowment.

Source: University of Tennessee, UT-Battelle and the Knoxville News Sentinel.

Knox Regional Health Science Education Center. In 2023, Roane State Community College, the Tennessee College of Applied Technology - Knoxville, and Covenant Health built a new healthcare training facility in East Tennessee. The 130,000-square-foot facility was an estimated $75 million investment. The facility was built in West Knoxville on land gifted by Covenant Health. The parcel is located near Parkwest Medical Center. The campus opened in Spring 2026.

Source: The Oak Ridger, Knoxville Chamber.

Johnson University – Tennessee. Johnson University-Tennessee is a private, coeducational institution of higher learning offering associate, bachelor's, and master's degrees about 12 miles from Knoxville. Founded in 1893, Johnson University-Tennessee is the second oldest continuing university in America. The purpose of the University is to educate students for specialized Christian ministries with emphasis on the preaching ministry. In the fall of 2025, total enrollment was 990 for the 350-acre campus.

Source: Johnson University.

Pellissippi State Community College (the "PSCC"). Since its founding in 1974 as State Technical Institute at Knoxville, PSCC has expanded the teaching of technology, the use of technology in instruction, and the transfer of technology to local business and industry in support of regional economic development. Enrollment for fall 2025 was 9,718. PSCC continues to support

and develop career/technical associate's degrees and institutional certificates, university parallel associate's degree programs, and continuing education opportunities for the citizens of Knox, Blount, and surrounding counties. PSCC has released a 2025 report showing the school has added more than $1.5 billion annually into the East Tennessee economy over the preceding 5 years.

Five campuses make up PSCC. The main campus is the Hardin Valley Campus in west Knoxville. The Division Street Campus and the Magnolia Avenue Campus, which opened in 2000, are also in Knoxville. A $22 million campus was completed in late 2010 in Blount County. The Strawberry Plains campus began offering coursework in August 2012.

Source: Pellissippi State Community College and TN Higher Education Commission.

Roane State Community College (the "RSCC"). RSCC, which began operation in 1971 in Harriman, Tennessee, is a two-year higher education institution which serves a fifteen-county area. Fall 2025 enrollment was 5,406 students. Designed for students who plan to transfer to senior institutions, RSCC academic transfer curricula include two years of instruction in the humanities, mathematics, natural sciences, and social sciences.

RSCC's 138-acre main campus is centrally located in Roane County where a wide variety of programs are offered. RSCC has nine locations across East Tennessee – the Roane County flagship campus; an Oak Ridge campus; campuses in Campbell, Cumberland, Fentress, Loudon, Morgan, and Scott Counties; and Knox Regional Health Science Education Center, the new center for health science education, in Knox County. In August 2026, Roane State announced that a partnership with Middle Tennessee State University and Tennessee Flight Training would allow the school to offer students six aerospace-specific course pathways.

Source: Roane State Community College, WBIR.

South College. South College is a private institution that has been a part of Knoxville since 1882. South College has 10 campuses in Tennessee, Georgia, North Carolina, Florida, Indiana, Pennsylvania, and Texas. South College offers a Master's of Health Science in Physician Assistant Studies, and baccalaureate degree programs including Pharmaceutical Science (Pre-Pharmacy), Nursing, Health Science (Radiography/Nuclear Medicine), Elementary Education, Business Administration, and Legal Studies. Current associate degree programs include Radiography, Physical Therapist Assistant, Paralegal Studies, Business Administration, Accounting, and Medical Assisting. Nuclear Medicine and Post-Baccalaureate Program (Elementary Education K-6) are the certificate programs offered.

Source: South College.

Tennessee College of Applied Technology-Knoxville (the "TCAT-Knoxville"). TCAT-Knoxville is part of a statewide system of 27 vocational-technical schools. TCAT-Knoxville meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. TCAT-Knoxville's primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. TCAT-Knoxville serves the central east region of the state including Knox and Blount Counties. TCAT-Knoxville began operations in 1966, and the main campus is located in Knox County. Fall 2024 enrollment was 1,581 students. A new $77 million three-story building at the main campus is expected to open to students in January 2027.

Source: Tennessee College of Applied Technology-Knoxville.

Tusculum College Graduate and Professional Studies Program (the "Tusculum"). Tusculum maintains offices in Knoxville for its Graduate and Professional Studies Program. Located in Greeneville, Tusculum is a private college affiliated with the Presbyterian Church. Tusculum was founded in 1794, making it the oldest college in Tennessee and the twenty-eighth oldest college in the nation. Preliminary fall 2025 enrollment was 1,115. The wooded 140-acre Tusculum campus has eight buildings and the Tusculum Arch that are listed on the National Register of Historic Places. Tusculum is one of three colleges in the country to operate on a focused calendar, in which courses are scheduled one at a time.

Source: Tusculum College.

MEDICAL FACILITIES

Knoxville serves as a regional medical center for 27 counties in East Tennessee and Kentucky. The available technology, the specialized institutions, and a reputation for quality health care bring people into Knoxville from a 200-mile radius. There are 1,943 beds in five acute care hospitals in the County, including three healthcare systems (Covenant Health Care, Tennova Health System and University of Tennessee). There is also a Children's Hospital with 152 beds.

Source: Knox Metropolitan Planning Commission and the Knoxville News Sentinel, Covenant Health

Covenant Health. Covenant Health is a comprehensive health system established in 1996 by the consolidation of Fort Sanders Health System, Knoxville, Tennessee, and MMC HealthCare System, parent company of Methodist Medical Center of Oak Ridge, Tennessee. Covenant Health, headquartered in Knoxville, has nine acute-care hospitals plus inpatient and outpatient cancer care, behavioral and rehabilitation centers, home health, outpatient surgery and diagnostic centers, physician offices and more. More than 12,000 people are employed by Covenant Health and its member organizations, with nearly 1,500 affiliated physicians. Covenant Health was ranked among the top 50 on the Forbes 2026 "America's Best Large Employers" list.

Covenant Health includes 30 member organizations, nine of which are acute care hospitals in East Tennessee: Fort Sanders Regional Medical Center and Parkwest Medical Center in Knoxville, Methodist Medical Center in Oak Ridge, Fort Loudon Medical Center in Lenoir City, LeConte Medical Center in Sevierville, Roane Medical Center in Harriman, Morristown-Hamblen Healthcare System in Morristown, Cumberland Medical Center in Crossville and Claiborne Medical Center in Tazewell. It also includes Peninsula Hospital, a psychiatric hospital in East Tennessee's Blount County. Covenant Health also operates numerous other healthcare facilities for outpatient clinics, cancer centers, breast centers, behavioral health, rehabilitation, home health, and weight management facilities.

Fort Sanders Regional Medical Center (the "Fort Sanders"). Part of Covenant Health, Fort Sanders is a 590-bed full-service acute care hospital with more than 350 doctors located in the Fort Sanders community of downtown Knoxville. The hospital was built in 1919 and has about 2,000 employees. In 2013, Fort Sanders received national recognition as a comprehensive stroke center; they are the second Tennessee hospital to receive this award. This certification from the Joint Commission on Accreditation of Healthcare Organizations means that the medical center is recognized as having the infrastructure, staff, and training to receive and treat complex cases. Fort

Sanders is a regional referral center for neurosurgery, neurological disorders, orthopedics, oncology, cardiology, obstetrics and rehabilitation medicine. Fort Sanders offers a variety of specialized services such as a 24-hour Chest Pain Center, one-day surgery, electrodiagnostics, a Sleep Disorders Center, a Diabetes Center, prenatal education, and sports medicine.

Parkwest Medical Center (the "Parkwest"). Part of Covenant Health, Parkwest is the region's only Top 100 Heart Hospital. Parkwest has 492 beds with over 500 doctors on staff. The total employment is about 1,800. The campus includes one of the area's first all-digital catheterization laboratories and a comprehensive breast center with a multidisciplinary approach to women's health. Peninsula Behavioral Health is a division of Parkwest Medical.

Tennova Healthcare. Tennova Healthcare is a for-profit healthcare system and has several acute care hospitals in Knoxville and the surrounding area and is owned by Community Health Systems, Inc. (the "CHS"). Tennova Healthcare employs over 2,900 people. CHS is one of the nation's leading operators of general acute care hospitals based in Franklin, TN. The organization's affiliates own, operate, or lease 81 hospitals in 16 states with approximately 17,000 licensed beds. There are seven CHS hospitals in Tennessee. Tennova Healthcare was named one of "Becker's Hospital Review's 165 Top Places to Work in Healthcare for 2026."

North Knoxville Medical Center. Part of Tennova Healthcare, North Knoxville Medical Center opened in the fall of 2007 in north Knox County. The full-service facility has 293 staffed beds. The North Knoxville Medical Center expanded its cancer care services and underwent renovations to add cardiac catheterization laboratories and operating rooms so it can begin taking cardiac care and orthopedic, general, and vascular surgeries originally performed at Physicians Regional. This was completed in 2020. In 2024, North Knoxville Medical Center completed a new tower expansion, which increased the hospital's capacity to serve patients with the addition of 28 ICU beds, 28 adult acute beds, and an expanded emergency department with observation rooms.

Turkey Creek Medical Center (the "Turkey Creek"). Part of Tennova Healthcare, Turkey Creek Medical Center has 107 beds in west Knoxville. Turkey Creek has a 24-hour, full-service, all-digital campus, with a completely staffed emergency department that cares for men, women, and children of all ages. Every patient room is a private room. An intensive care unit, state-of-the-art surgical suites, imaging services, rehabilitation services, and specialized staff and physicians bring groundbreaking, comprehensive treatment. Turkey Creek converted its existing obstetrical beds to general medical/surgical beds and added operating rooms and intensive care unit beds to accommodate more general and cardiovascular surgeries originally performed at Physicians Regional. This was completed in 2020.

Dolly Parton Children's Hospital (formerly East Tennessee Children's Hospital) (the "Children's"). Located in Knoxville, Children's is a private, independent, not-for-profit pediatric medical center. There are 152 beds with doctors on staff, representing 32 pediatric subspecialties. Over 2,100 people are employed at the hospital. Children's Hospital originally opened in 1937 and is the only Comprehensive Regional Pediatric Center in East Tennessee certified by the state. Pediatric services offered include ICUs, emergency services, outpatient clinics for oncology, hematology, diabetes, cystic fibrosis, and a rehabilitation center. Its main campus is in the Fort Sanders neighborhood, with nearly 20 other locations including primary, urgent and surgery

centers and rehabilitation facilities. The health care system has an annual average of 435,000 patient visits.

University Health System, Inc. (the "UHS"). UHS is a regional health system that is comprised of the UT Medical Center, the UT Heart Hospital, UT Health Network, and various partnerships and joint ventures with physicians and healthcare companies. UHS is affiliated with the University of Tennessee Graduate School of Medicine and numerous regional hospitals and physician organizations. UHS supports and collaborates with the UT Graduate School of Medicine and other academic endeavors as part of its commitment to excellence in education and research.

University of Tennessee Medical Center (the "UT Medical Center"). The UT Medical Center in Knoxville is an acute care teaching hospital with 710 beds and more than 1,200 doctors. The UT Medical Center employs 5,000 people. Designated as the region's Level I adult and pediatric Trauma Center by the State of Tennessee, UT Medical Center provides the highest level of programs and emergency services. Critically ill patients are transported to UT Medical Center via one of LIFESTAR'S two helicopters.

Special care units such as cardiac care, open heart, medical intensive care, neuro-respiratory, and trauma surgical intensive care are available for patients who require maximum medical attention. A Level IV Intensive Care Nursery, a Pediatric Intensive Care Unit, a newborn nursery and many other programs comprising Children's Health Services enable UT Medical Center to provide the region's most comprehensive medical services for infants and children. UT Medical Center also serves as the Regional Perinatal Center.

Source: Covenant Health, Tennova Healthcare, East TN Children's Hospital, University Health System and the Knoxville News Sentinel.

SCIENCE AND ENERGY

The DOE and Oak Ridge

History

The City of Oak Ridge has a unique history. This area was selected by the United States government in 1942 as the location for its production plants for uranium 235, a component of the first atomic bomb. . The original town site was built during World War II to house and furnish necessary facilities for the employees of the uranium plants. . This project (known as the "Manhattan Project") was transferred to the Atomic Energy Commission in 1947, and the community was operated by contractors under the control of the Atomic Energy Commission. . In 1955, the Atomic Energy Commission sold the homes and land to the residents. . In 1959, the residents voted in favor of incorporation under a modified city manager-council form of government.

Since the 1940s, the nuclear industry has been the largest employer for the City of Oak Ridge and Roane and Anderson Counties when a weapons fabrication division was built by the U.S. Corps of Engineers. . As part of the secret World War II "Manhattan Project", the early task of the plant was the separation of fissionable uranium-235 from the more stable uranium-238 by an electro-magnetic process to be utilized in the world's first atomic bomb. . Some 80,000 workers were hired for emergency construction of the laboratories and offices on the 56,000-acre site. . At

the peak of production during the war, 23,000 employees kept the separation units working at a cost of $500 million for the entire project.

Currently, the DOE occupies approximately 33,000 acres and almost 1,200 buildings within the Oak Ridge city limits, and employs over 12,000 in engineering, skilled and semi-skilled crafts, technical and administrative support. . Since October 1999, DOE has contracted with the University of Tennessee and Battelle to manage the ORNL. . UT-Battelle began management of the lab on June 1, 2000. . Consolidated Nuclear Security, a Bechtel-led contractor team, took over management of the Y-12 nuclear weapons plant effective July 1, 2014 (BWXT, Inc. was the appointed contractor for the Y-12 Plant). .

Education

Nuclear Education Funding. The fund assists nuclear power-related businesses choosing to relocate or grow in Tennessee and supports the state's universities and research institutions in further developing their nuclear education programs. Nearby University of Tennessee, Knoxville and Roane State Community College received $50 million in 2024 from Tennessee's Nuclear Energy Fund to support existing nuclear programs, as well as develop and implement new nuclear education curriculum. Both campuses play a vital role in attracting nuclear companies to the region with the enhanced curriculum and equipment.

The University of Tennessee established a new program for non-nuclear engineers to obtain a minor in nuclear engineering at its Knoxville campus. The additional degree better prepares these engineers entering the nuclear energy field and shortens the time needed to provide extensive training by their employers. . Separately, funding is also used to support Roane State Community College in purchasing laboratory equipment for its inaugural nuclear technology program, which launched in the fall of 2024.

Oak Ridge Associated Universities (the "ORAU") is a consortium of 100 colleges and universities and a contractor for the DOE located in Oak Ridge. Founded in 1946, ORAU works with its member institutions that include the University of Tennessee and its satellite campuses. . The purposes are to help their students and faculty gain access to federal research facilities throughout the country. ORAU has contracted with the U.S. Nuclear Regulatory Commission since 1992 for radiation training and managing the Radiation Emergency Center / Training Site in Oak Ridge and the Technical Training Center in Chattanooga. . Through the Oak Ridge Institute for Science and Education, the DOE facility that ORAU operates, undergraduates, graduates, postgraduates, as well as faculty, enjoy access to a multitude of opportunities for study and research. . A pioneer in technology transfer, with historic contributions in nuclear medicine and health physics, ORAU today conducts specialized training in nuclear related areas of energy, health and the environment. . Appointment and program length range from one month to four years. Many of these programs are specially designed to increase the numbers of underrepresented minority students pursuing degrees in science - and engineering - related disciplines. . ORAU currently does about $100 million in work annually that falls outside the contract for managing the Oak Ridge Institute for Science and Education.

Source: Oak Ridge Associated Universities, University of Tennessee at Chattanooga.

Research

The extensive energy research and development conducted by private and public agencies make Oak Ridge one of the world's great research centers. The presence of the University of

Tennessee, the ORNL, Oak Ridge Associated Universities and the Tennessee Valley Authority (the "TVA") makes Oak Ridge a prime location for research facilities, as well as technology-based and conventional manufacturing industries. . Science is a worldwide business, and the facilities at DOE in Oak Ridge have attracted a large number of technical people and their families. . ORNL campus also houses visiting scientists and researchers that come to work at the world-class facility in an $8.9 million Guest House (built in 2010) with 47 units. .

BioEnergy Sciences Center (the "BESC"). . BESC is one of only three sites in the country operated by one of the DOE's new bioenergy research centers. It opened in ORNL in 2007. . BESC works to accelerate research in the development of cellulosic ethanol and other biofuels and make biofuel production cost competitive on a national scale. . The new site received $135 million in federal funding. . The University of Tennessee serves as one of the academic partners, providing specialized instrumentation, plant breeding technologies, and new microbe discovery. . Energy crops like switchgrass, which can be grown on marginal crop land, can produce affordable, domestic renewable fuel without raising food or feed costs. . The BESC is dedicated to studying how to economically break down the cellulose in those sources to convert it into usable sugars for ethanol production. .

Oak Ridge National Lab. . ORNL is a multi-program science and technology laboratory managed for the DOE by UT-Battelle, LLC. Scientists and engineers at ORNL conduct basic and applied research and development to create scientific knowledge and technological solutions that strengthen the nation's leadership in key areas of science. . ORNL performs a wide-ranging scope of work for DOE, including national security, energy production, environmental protection, isotope production, information management, and technical program management. . ORNL also provides research and technical assistance to other organizations. . World-class neutron sources, isotope reactors, and several supercomputers are located at ORNL for scientific purposes. . ORNL operates across 4,421 acres.

ORNL's workforce increased from 5,527 employees in fiscal year (FY) 2020 to 7,427 in FY 2025, with more than 92% residing in the Knoxville Metropolitan Area. . In FY 2025, ORNL's budget was $2.8 billion. Across the U.S., ORNL's work supported over 25,000 jobs and created an economic output of $6.6 billion. Across Tennessee, ORNL's work supported more than 17,058 jobs and created an economic output of $3.6 billion in Tennessee. . In 2025, more than 6,000 visitors came to ORNL.

Through interagency agreements, DOE's Oak Ridge facilities have launched a highly successful "work for others" program. . Local firms contract with numerous federal agencies to provide services and products. . The value of these contracts has grown from approximately $50 million in 1983 to $270 million in recent years.

Fusion projects at ORNL include working with the *ITER fusion facility* under construction in France and is expected to be fully operational in the 2040s. ORNL will be the headquarters for that facility and will be responsible for fabricating and delivering important components to the international ITER fusion facility. . ORNL is also building a *Materials Plasma Exposure eXperiment (the "MPEX")* to help scientists identify promising candidate materials for inner walls of vessels that will most likely hold up against the superhot fusion plasmas they contain. . The project is on track for completion in 2028.

In 2009 and 2012, ORNL dedicated two *solar arrays*. . The first one is a 288-foot span of solar array panels that provides 51.25 kilowatts of power to the lab's grid. The latest array cost $800,000 and provides 200 kilowatts. . These arrays will offset nearly half of the power use in one of ORNL's research facilities and expand a green initiative known as the "sustainable campus" project. .

In collaboration with *Volkswagen*, ORNL broke a record in 2024 by demonstrating high-speed wireless charging of an electric vehicle, energizing it with 270 kilowatts in 15 minutes. The specially equipped car was aligned with electromagnetic coils in a mat on which the car is parked. Widespread use of this technology for faster charging could make EV's more attractive to potential consumers.

Neutron Research. Neutron-scattering research has a lot to do with everyday lives. For example, things like jets; credit cards; pocket calculators; compact discs, computer disks, and magnetic recording tapes; shatter-proof windshields; adjustable seats; and satellite weather information for forecasts have all been improved by neutron-scattering research. Neutron research also helps researchers improve materials used in high-temperature superconductors, powerful lightweight magnets, aluminum bridge decks, and stronger, lighter plastic products.

The world's most powerful neutron science project is the *Spallation Neutron Source* at ORNL. The giant research complex, spread across 75 acres on Chestnut Ridge a couple of miles from the main ORNL campus, is the world's top source of neutrons for experiments. The SNS is an accelerator-based neutron system that delivers microsecond proton pulses to a steel target filled with liquid mercury. The SNS provides the most intense pulsed neutron beams in the world for scientific research and industrial development. At a total cost of $1.4 billion, construction began in 1999 and was completed in 2006. In 2009, SNS reached full power when it set the world record in producing beam power three times more powerful than the previous world record. More neutrons are produced with a higher beam power.

The *Proton Power Upgrade* project to the SNS will double the power capability of the SNS linear accelerator from 1.4 to 2.8 megawatts. This will facilitate new types of experiments and discovery by increasing the beam energy by 30% and the beam current by 50%. This upgrade will enable scientists to work on smaller samples that are easier to handle. The upgrade of the two target stations began in 2021. The first target station is expected to be finished by 2027, and the second of the target stations should be completed between 2032 and 2039.

Isotope Research. ORNL can provide more than 250 isotopes that are both stable, which do not decay, and radioisotopes, which are radioactive and decay over time. The customers are medical facilities, research institutions, and industry partners that use them to help treat cancer, diagnosis disease, discover new elements, find oil and minerals, test the structural integrity of seams and welds, learn the chemical composition of materials, power nuclear batteries and more. One ORNL-produced isotope, plutonoium-238, has provided energy to spacecraft on Mars and will be on board NASA's upcoming Dragonfly mission to Saturn's moon Titan.

The *High Flux Isotope Reactor* is sometimes referred to as the lab's "other" billion-dollar machine. Completed in 1965 and operating at 85 megawatts, High Flux Isotope Reactor's steady-

state neutron beam is the strongest reactor-based neutron source in the U.S. It is used to perform experiments similar to - but different from - those to be done at the SNS.

DOE is building the *Radioisotope Processing Facility (the "RPF")*, a new nuclear facility at ORNL, which will transform U.S. capability to provide highly sought radioisotopes. The proposed Radioisotope Processing Facility, in the planning stages as of 2026, will enable production of larger quantities and more types of radioisotopes. It will help ORNL meet increasing demand for radioisotopes; in just the last three years, the number of radioisotopes the DOE needs to produce long-term has doubled. Colocated with the High Flux Isotope Reactor, RPF would be the first nuclear facility constructed at ORNL in more than six decades. RPF is to have a series of bays that can be filled with modular steel hot cells where radioactive materials can be safely handled. The hot cells could be reconfigured as needed to adapt to the changing isotopic landscape.

A new *Stable Isotope Production and Research Center (the "SIPRC")* is under construction to help secure the U.S. stable isotope supply. The SIPRC will employ next-generation technology to enrich multiple stable isotopes for medical, industrial, and national security uses. It is expected to start some operations by 2030 and have the facility completed by 2032. The *Stable Isotope Production Facility (the "SIPF"),* funded by the DOE and completed in Spring 2025, uses a gas centrifuge cascade to enrich the stable isotope xenon-129, which is in short supply. Gas centrifuge cascades are suitable for enriching large quantities of isotopes needed for medicine, industrial manufacturing, nuclear and physical science research, and homeland security. Xe-129 provides increased resolution and sensitivity in lung imaging without ionizing radiation, so it can be used for repeated imaging throughout the course of treatment. ORNL has not enriched stable isotopes on such a large scale since the closure of the calutrons at Y-12 in the late 1990s. The newer technology promises to be more efficient than the enormous calutrons, which required vast manpower to operate.

Supercomputing Research. In 2026, the DOE selected ORNL to lead nine, and contribute to an additional 32, *Genesis Mission Projects*. The Genesis Mission is a DOE initiative led by 17 national laboratories to accelerate discovery, strengthen national security, and advance energy innovation through AI-driven science. At ORNL, the "Discovery" and Lux computing systems will power this effort and support the development of the American Science Cloud. The projects that ORNL will lead focus on fusion energy, critical minerals, water for energy, next-generation materials and manufacturing, and new computing and networking strategies.

The *American Science Cloud* is a secure, federated, and science-optimized cloud environment that integrates the DOE's world-leading computing and experimental facilities, data resources, and high-performance networks. It will link powerful infrastructure with domain science to deliver solutions for national priorities.

ORNL is advancing a new model for research through *autonomous science* in AI-driven laboratory environments. By connecting experimental systems with high-performance computing and cloud-based data platforms, researchers can run and refine experiments more quickly and efficiently. This approach creates a continuous loop between data, simulation, and experimentation, speeding progress across key scientific areas.

The DOE selected ORNL in 2020 to lead the *Quantum Science Center* with $115 million to study the laws of quantum mechanics for a vast range of technologies. The Center will study the potential of topological quantum materials for manipulating, transferring, and storing quantum information. Quantum materials exhibit exotic properties under specific conditions, and the center will transition this knowledge to the private sector for use in practical applications such as quantum computers and sensors. ORNL researchers are exploring new approaches to storing, measuring, and transferring information via four primary capabilities: quantum computing, quantum materials, quantum sensing, and quantum networking.

The *Center for AI Security Research* at ORNL is scientifically analyzing vulnerabilities, threats, and risks related to emerging and advanced artificial intelligence (the "AI"). ORNL collaborates with industrial firms such as IBM, Google, Elon Musk's xAI company (a supercomputer in Memphis), and Intel that are building more data centers with powerful supercomputers for AI purposes to help them make these machines more energy efficient. This is expected to lead to more than $1 billion in research investments.

Since 2004, the *Oak Ridge Leadership Computing Facility* at ORNL has housed several supercomputers in its 170,000-square-foot facility that includes over 400 staff and 40,000 square feet of space for computer systems and data storage. The facility's current and upcoming supercomputers are the "Frontier", the "Kraken", "Discovery", and the Lux AI cluster. The decommissioned "Summit", the retired "Titan", and the dismantled "Jaguar" were the predecessors. Each machine was ten times more powerful than its predecessor when it debuted. Four of the machines – "Jaguar", "Titan", "Summit", and "Frontier" – were recognized as the world's fastest system of its time. However, thanks to a revolution in artificial intelligence driven by private industry, next generation supercomputers will likely not set the same records.

ORNL, in partnership with the DOE, Advanced Micro Devices (the "AMD"), and Hewlett Packard Enterprise (the "HPE"), is delivering the next-generation AI supercomputer called the Lux in 2026 and the exascale supercomputer named "Discovery" in 2028.

The Lux AI cluster, an AMD Lux AI+ supercomputer, will be deployed in 2026. The Lux will expand the DOE's near-term AI capacity and accelerate progress in the Genesis Mission, including fusion, fission, materials, quantum, advanced manufacturing, and the grid. Half of Lux's annual 3.5 million node-hours are dedicated to the Genesis Mission to accelerate scientific discovery, with the remaining half available for proprietary (paid for) use.

"Discovery", to be delivered in 2028, will be the successor to "Frontier" and will be based on the new Cray Supercomputing GX5000, a next generation supercomputer built for the AI era. This new supercomputer will advance discoveries via high-performance modeling and simulation integrated with AI, while charting the path to the convergence of high-performance computing and quantum computing. "Discovery" will be an important tool with the Genesis Mission Projects. With "Discovery's" computational engine, researchers will be able to generate and analyze data at unprecedented speeds, which will expand scientific understanding and accelerate training of AI models built for science. Innovations in nuclear energy, precision medicine, and patient health, and faster, more fuel-efficient aircraft will be possible with "Discovery".

The first-of-its-kind system, the "Frontier" exascale supercomputer, started out capable of

calculating one quintillion operations per second and by 2024, it was completing 1.35 quintillion calculations per second. This makes "Frontier" 50 times faster than other supercomputers, including ORNL's "Summit". "Frontier" was ranked as the world's fastest supercomputer when it became fully operational in 2022 and held the number one spot until late 2024. By solving calculations up to 50 times faster than other top supercomputers, "Frontier" enables researchers to deliver breakthroughs in scientific discovery, medicine, training AI models, energy assurance, economic competitiveness, national security, and a new kind of jet engine. The lab's computing space is a user facility, meaning scientists can apply to the DOE for time to use the machine. This second-generation AI system, "Frontier", replaced the "Titan" at ORNL. Built by Cray Inc., the "Frontier" system is valued in excess of $600 million. Due to the system's advanced nature, the largest, most comprehensive upgrade in the history of ORNL had to be completed to the power and cooling infrastructures of the facility. "Frontier" uses only 30 megawatts to power its 60 million parts.

The DOE and the National Science Foundation (the "NSF") sponsor the supercomputer "Kraken" which came online in 2009. The NSF awarded the University of Tennessee (the "UT"), ORNL and other institutions a $65 million grant to build "Kraken" to work on a range of scientific challenges, such as climate change and new medicines. UT's "Kraken" is housed with the ORNL's "Titan".

University of Tennessee (the "UT"). The University of Tennessee's flagship campus in Knoxville is home to a wide array of vigorous programs doing research on issues vital to the community, the state, the nation, and the world. The university has collaborative relationships with public and private agencies including ORNL, Battelle Memorial Institute (forming UT-Battelle), St. Jude Children's Research Hospital, the Memphis Bioworks Foundation, and the Boston-Baskin Cancer group (forming UT Cancer Institute). The *UT-Oak Ridge Innovation Institute* focuses on clean manufacturing, advanced materials, energy storage, and radiopharmaceutical therapies. The *Cherokee Farm* concept came into being in 2001 as a way to further research by UT and ORNL in computational sciences, climate and environment, advanced materials, biomedical sciences, and renewable energy. The first building, the $47 million, 142,000-square-foot *Joint Institute for Advanced Materials* facility, opened in early 2016. The Joint Institute for Advanced Materials building houses seven high-powered microscopes that researchers from UT, ORNL, and elsewhere use in screening and analyzing materials. The work is oriented toward producing strong, lightweight materials for the automotive and aerospace industries. Researchers will also be able to make use of supercomputers at ORNL.

National Institute for Mathematical and Biological Synthesis (NIMBioS) is a first-of-its-kind institute dedicated to combining mathematics and biology to solve problems in both scientific fields. The center was funded by a 2008 $16 million award from the National Science Foundation and is located at the University of Tennessee. A unique aspect of NIMBioS is its partnership with the Great Smoky Mountains National Park. The park and its Twin Creeks Science Center play a key role in the institute's work, with the park serving as a testing ground for many of the ideas that come from NIMBioS. Partners in NIMBioS include the U.S. Department of Agriculture and the U.S. Department of Homeland Security, IBM, and ESRI, a developer of software and technology related to geographic information systems. It draws over 600 researchers each year to Knoxville.

Oak Ridge Nuclear

BWX Technologies, Inc. (the "BWXT"). A subsidiary of BWXT, Nuclear Fuel Services, Inc., was awarded a $122 million contract extension in 2024 from the Tennessee Valley Authority for the downblending of highly enriched uranium into low enriched uranium to support the National Nuclear Security Administration's (the "NNSA") objectives. The new contract extends until June 2027. The downblended uranium is needed for various commercial and national defense purposes, for example as fuel material for all naval nuclear reactors.

Y-12 National Security Complex. The Y-12 National Security Complex is another large federal plant in Oak Ridge. The ongoing functions of the Y-12 plant are to support the DOE's weapons design labs, recover U-235 from spent nuclear weapons, store nuclear materials, and fuel naval reactors. Y-12 is a key facility in the U.S. Nuclear Weapons Complex and is responsible for ensuring the safety, reliability, and security of the nuclear weapons stockpile and serves as the nation's primary repository of highly enriched uranium. Y-12 houses the country's stockpile of bomb-grade uranium, builds uranium bomb parts, and dismantles nuclear weapon systems as needed to support a much smaller nuclear arsenal.

Y-12 has been undergoing a major modernization program called the *West End Protected Area Reduction Project (the "WEPAR")*. The NNSA is planning to transform the nuclear weapons complex to be smaller, more efficient, and more cost effective. The goal is to have only two facilities where there used to be 700 buildings. WEPAR will provide state-of-the-art security infrastructure that effectively and efficiently ensures the protection of vital NNSA assets. This reduces the size of the high-security Protected Area by nearly 50% or by 70 acres. The project supports efforts to modernize Y-12's high-security boundary and includes the installation of new sections of the Perimeter Intrusion Detection and Assessment Systems, a new entry control facility, and updated security infrastructure in multiple facilities. This will also include removing aging, legacy facilities from the PA, allowing those facilities to be deactivated, decommissioned, and remediated at a significantly lower cost

The *Calciner Project (the "CALP")* at Y-12 came online in 2026 and is key to phasing out mission dependency on Building 9212 (completed in 1945 and still used for uranium processing) and into the new Uranium Processing Facility. It provides Y-12 with a calcination process capable of converting low-equity uranium solutions into a solid form for safe storage. The CALP will also support the Y-12 Material Recycle and Reuse Program, contribute to increased worker safety, improve mission production capacity, and reduce programmatic costs.

The *Electrorefining Project (the "ER")* project at Y-12 secures technology critical to nuclear stockpile management. The installation of electrorefining technology replaces existing technologies with a safer and more cost-effective method of converting impure uranium metal into purified uranium metal. The electrorefining process is based on well-established commercial processes used to purify metals such as aluminum, titanium, nickel, and copper. This replacement allowed workers to simplify processing and eliminate several high-risk operations. Operations began in 2025 and allowed for the transition of related operations from World War II-era Building 9212.

The $549 million *Highly Enriched Uranium Materials Facility* at Y-12, a storage complex for weapons-grade uranium, was completed in late 2008. This storage facility replaced multiple aging facilities and allows for storage of its uranium stocks in one central location that represents

maximized physical security with minimal vulnerabilities and operating costs. It is designed to protect the large cache of U-235 against any type of terrorist assault. The facility is currently over 85% storage capacity of bomb-grade uranium.

Construction on the *Lithium Processing Facility (the "LPF")* at Y-12 broke ground in 2023 with a budget between $1.2 billion and $1.6 billion. It is expected to be completed in 2031 and operational by 2034. This will replace current lithium processing operations, which are located in a World War II-era building. Lithium, a non-nuclear alkali metal, is an essential element for refurbishing and modernizing the nation's nuclear weapon stockpile, and Y-12 is the sole supplier of lithium materials to support U.S. defense missions as the Lithium Center of Excellence. The location of the former Biology complex, which was recently demolished, is the NNSA's selected site for the approximately 134,000-square-foot facility. The new LPF will ensure continuity of lithium capabilities, reduce annual operating costs, and increase process efficiencies using safer, more agile equipment. The facility will also feature an updated technology to support a new lithium process developed by scientists and engineers at Y-12. Homogenization technology involves a large furnace to melt a diverse set of lithium feed materials. When the materials are melted in the furnace, the result is a uniform lithium hydride product that is homogeneous throughout the batch. For some recycled lithium materials, homogenization bypasses hazardous chemical and electrolysis processes, making the work environment safer for Y-12 employees and reducing the number of process steps from five to one.

The *Uranium Processing Facility* (the "UPF") Project, cornerstone of Y-12's new modernization strategy, will replace current enriched uranium and other processing operations in that were built in the 1940s (including Building 9212). Construction of the UPF will accelerate consolidation of aging facilities, bringing production operations currently housed in multiple buildings together, reducing the size of the plant's highest security area by 90 percent, improving the overall security posture, and making the plant more secure while saving millions of dollars in annual operating costs.

Completion is expected by 2027, and the facility should be in operation by 2031 with a budget over $10 billion. A workforce of up to 2,000 people removed 360,000 cubic yards of soil, replacing it with enough concrete to fill 40 Olympic-sized swimming pools. Y-12 built an electrical substation and concrete plant specifically for the complex. The two cranes that once towered over the site were some of the tallest in the Western hemisphere, at 300 feet and 360 feet tall.

The UPF project is being built through a series of seven sub-projects. Five have been completed (three under budget) and two are currently under construction: the Salvage and Accountability Building and the Main Process Building. The Salvage and Accountability Building, a process support facility, and the UPF's 240,000 square-foot Main Process Building were the last of seven sub-projects to receive DOE approval.

By far the costliest part of the project is the 252,000-square-foot Main Process Building, with a total revised cost of $6.25 billion. The Main Process Building will house the facility's primary stockpile maintenance function: recycling uranium from old nuclear warheads to maintain the current arsenal. The designs reached the 90 percent completion milestone in September 2017. The NNSA said the UPF will use a "safer, cleaner and more efficient" process to modernize uranium warheads. $663 million was allocated by the federal government for the facility's

construction. The money allocated will help keep the construction on schedule for 2027 completion and under its $6.5 billion budget cap.

Clean Up Efforts

One of the largest clean-up efforts in the world, billions of federal funding has been spent to dismantle and dispose of radioactive waste that was generated to produce nuclear weapons during World War II and the Cold War across the three facilities that were built during the Manhattan Project – ORNL, K-25, and Y-12. Organizing the effort, Oak Ridge Office of Environmental Management (the "OREM") duties include shipping highly radioactive materials out of the state, monitoring mercury contamination in the Upper East Fork Poplar Creek, and clearing contaminated buildings across the region for future clean energy and national security missions. Clean-up is aimed at preventing further environmental harm and saving the U.S. government the exorbitant cost of maintaining useless, contaminated buildings. Contractors have already demolished dozens of World War II-era buildings, or about a million square feet since 2001. Buildings to be demolished will number more than 90 at Y-12 and 125 at ORNL when the project reaches completion.

Integrated Facilities Disposition Program. The DOE has approved a massive $18 billion Oak Ridge cleanup campaign. The cleanup program would demolish more than 400 contaminated buildings at ORNL and the Y-12 nuclear weapons plant. The program would also focus on mitigating polluted ground water at the sites and other actions to reduce environmental damage. The work began in 2008 and could take up to 45 years to complete. In 2015, $424 million was set aside for the environmental cleanup activities in Oak Ridge.

The 2009 stimulus act passed by Congress gave the DOE Oak Ridge's office $1.9 billion for environmental cleanup projects. The stimulus money sent directly for projects in Oak Ridge, $1.2 billion, saved or created more than 3,800 new jobs through sub-contracting construction-type jobs as well as technical and specialty positions associated with handling radioactive materials and evaluating environmental risks. The clean-up money was divided among four sites: $239 million to ORNL, $292 million to Y-12, $144 million to East Tennessee Technology Park and $80 million to the Transuranic Waste Processing Center. At Y-12 alone, seven cleanup projects created more than 2,000 jobs, demolished about 150,000 square feet of old buildings and got rid of about 74,000 cubic meters of waste.

The *Alpha-2 site* is a recently completed demolition project that was the first teardown of a former uranium enrichment building and the largest demolition project to date at Y-12. The OREM worked with United Cleanup Oak Ridge (the "UCOR") to finish razing Alpha-2 in early 2026. The demolition project took about six years to complete and cost a little less than $200 million, of which four years and most of the budget was used in deactivating the site.

The Alpha-2 building was a key piece of the Manhattan Project, and it sits between two other buildings from that era that remain in use. A 2.5-acre hole in the ground marks the demolition area, and is the first time crews handled the delicate task of tearing down an old building that was used to enrich uranium. Alpha-2 was one of nine buildings where women operated the calutrons used in enriching uranium during World War II.

The teardown at Alpha-2 follows other high-profile demolition projects on the Oak Ridge

reservation, like the clearing of the massive K-25 site in 2020, that have opened the way for private nuclear businesses like Kairos Power, Oklo, and LIS Technologies. There are around 75 contaminated facilities left for OREM to tackle. Demolitions of the old steam plant north of the Alpha-2 site is scheduled to begin in late 2026.

Final demolition began in 2026 on *Isotope Row* and is expected to be completed in 2027. Located on ORNL's central campus, Isotope Row consists of 10 facilities constructed between the late 1940s and early 1960s that previously supported the laboratory's isotopes program. For decades, employees at the facilities produced, processed, and researched isotopes used in medical, industrial, scientific, and national defense applications until operations were ceased in the 1990s. What was left behind were contaminated ventilation systems, hot cells, process equipment, and legacy radioactive materials requiring specialized cleanup approaches. Preparation for demolition began in 2024.

K-25, a group of former gaseous diffusion buildings, was torn down by the DOE as part of its program to convert the former K-25 site for use by private industry. K-25 was once the largest building in the world. The building in size equated to 6 1/2 football fields under one roof. The gigantic K-25 building was a mile-long, U-shaped structure that was built to process the uranium in World War II.

In 1945, the uranium from K-25 was fed into Y-12's machines to be enriched even further. From there, it was shipped to Los Alamos, New Mexico, where a team of scientists led by J. Robert Oppenheimer fed the fuel into Little Boy, the bomb dropped on Hiroshima on Aug. 6, 1945. In 1946, K-25 began producing bomb-grade uranium by itself, and the electromagnetic separation plant at Y-12 was shut down. K-25 and its sister building K-27 were shut down in 1964 and all gaseous diffusion operations in Oak Ridge ended in 1985.

Bechtel Jacobs began demolishing K-25 in 2008 and passed the project on to its successor UCOR in 2011. UCOR finished the job in 2020, four years ahead of schedule and $80 million below budget. The five main gaseous diffusion buildings were all demolished by 2016 and the historic cleanup project ended in 2020.

The K-25 site has been known by many names in its 80-year history: the Oak Ridge Gaseous Diffusion Plant, the East Tennessee Technology Park, and the Heritage Center and Horizon Center. The large brownsite is slated for the new Oak Ridge General Aviation Airport and nuclear power startups.

The *Liquid and Gaseous Waste Operations* system also had a major cleanup. The OREM and cleanup contractor UCOR finished a 2.5-year project in 2026 to replace all of the above-ground piping for the system's Process Waste Facility. The upgrades significantly reduce the risk of outages that would pause operations at the site and the need for frequent maintenance and repairs on the aging infrastructure. The Liquid and Gaseous Waste Operations system is comprised of more than 60 facilities and 27 miles of piping that process waste generated from cleanup operations, research and development laboratories, and nuclear reactors. The system treats an average of 110 million gallons of waste every year. UCOR crews replaced 2,500 feet of carbon steel piping with stainless steel at the Process Waste Facility. Next, crews will begin similar piping upgrades at ORNL's Melton Valley Process Waste Collection Tank Facility, also part of the Liquid

and Gaseous Waste Operations system.

Mercury Treatment Facility, a water treatment plant designed to capture Y-12 mercury runoff, finished construction in 2024. It can limit and control potential mercury releases as crews demolish massive Manhattan Project and Cold War-era buildings and address the soil beneath them. The two major components are at two locations, a headworks facility and a treatment plant, both connected by a half-mile-long transfer pipeline. The headworks facility will capture creek flow, store excess stormwater collected during large rainfalls, remove grit, and pump water through the pipeline to the treatment plant. The facility can process up to 3,000 gallons of water per minute and collect stormwater in a 2-million-gallon storage tank.

Molten Salt Reactor Experiment. Work on decommissioning the 1965 Molten Salt Reactor Experiment (the "MSR") facility, which use molten salt as liquid fuel and coolant, began in 2023. The entire facility is part of the DOE's environmental cleanup project since it has become contaminated with the prevalent radioactivity at the site.

Source: City of Oak Ridge, ORNL, Y-12 National Security Complex and the Knoxville News Sentinel.

POWER PRODUCTION

Tennessee Valley Authority (the "TVA")

Tennessee Valley Authority (the "TVA")

TVA was established as a wholly-owned corporate agency and instrumentality of the United States of America by the Tennessee Valley Authority Act of 1933 (the "TVA Act"), as amended. TVA Act's objective is the development of the resources of the Tennessee Valley and adjacent areas in order to strengthen the regional and national economy and the national defense. Its specific purposes include: (1) flood control on the Tennessee River and its tributaries, and assistance to flood control on the lower Ohio and the Mississippi Rivers; (2) a modern navigable channel for the Tennessee River; (3) ample supply of power within an area of 80,000 square miles in most of Tennessee and parts of Alabama, Mississippi, Kentucky, Georgia, North Carolina and Virginia; (4) development and introduction of more efficient soil fertilizers; and (5) greater agricultural and industrial development and improved forestry in the region.

TVA is primarily a wholesaler of power. TVA manages 16,400 miles of transmission line to deliver 99.999% reliability that connects supplies power to 153 local power providers that supply electricity to approximately 10 million people across seven Southeastern states with 62 directly served customers, including industrial customers, and military and federal installations. These include coal, gas, nuclear, and hydroelectric plants, as well as renewable resources. The all-time high peak demand was in January 2025 with 35,430 MW, and the operating revenue for fiscal year 2025 was $13.7 billion.

About 80 percent of the nation paid more for energy than customers served by TVA. TVA's industrial rates are lower than more than 95 percent of the nation. As of 2025, TVA has ranked as the top utility for economic development for 20 consecutive years. Over the last five years, TVA has attracted $44 billion in projected capital investments to the region, which is expected to create and retain more than 311,000 jobs.

TVA's generation portfolio is 33% nuclear, 19% coal, 34% natural gas, 10% hydro, and 4% wind and solar as of 2025.

[balance of page left blank]

TVA'S GENERATING ASSETS
(as of 2025)

Located Over Seven States	Located in Tennessee
3 Nuclear Sites	2 Nuclear Sites
4 Coal-Fired Sites	3 Coal-Fired Plants
29 Hydroelectric Sites	19 Hydroelectric Dams
1 Pumped-Storage Site	1 Pumped-Storage Hydroelectric Plant
10 Combustion Turbine Gas Site	9 Natural Gas-Fueled Facilities
8 Combined Cycle Gas Sites	13 Non-Power Dams
9 Solar Energy Sites	9,536 Miles of Transmission Line
1 Diesel Generation Site	301 Substations & Switchyards

Tennessee

TVA supplies energy for over 7 million people through 82 local power companies and for 25 large, direct-served customers in Tennessee. TVA also manages 33 reservoirs, 179,510 acres of public land, and 7,700 miles of shoreline within the state. Projected capital investments for Tennessee are expected to be 33,582 jobs with $3.8 billion in investment. TVA employs 7,187 people in the state as of 2025.

Local Power Plants

TVA's *Bull Run Fossil Plan*t was located on Bull Run Creek near Oak Ridge in Anderson County. It was shut down in late 2023. The Bull Run Fossil Plant was the only single-generator coal-fired power plant in the TVA system and went into operation in 1967. The plant had a capacity of generating 881 megawatts of power, or enough to supply about 400,000 homes. When it came online in 1967, Bull Run was the largest power generator in the world by volume of steam produced and outperformed the largest units of its time by 50%. It had an 800-foot chimney and $140 million price tag or $1.4 billion in today's dollars.

TVA has closed seven coal plants since 2012 and replaced most of the electricity generation with natural gas, a fossil fuel that emits less carbon pollution than coal but is mainly made of methane and transported in pipelines.

TVA is in process of converting its Kingston Fossil Plant located on Watts Bar Reservoir in Roane County to the *Kingston Energy Complex*, that will include natural gas, solar, and battery storage to balance supply and demand. This is expected to be completed by 2029. The Kingston Energy Complex will be a combination of 1,550 megawatts of natural gas, 100 megawatts of batteries, and up to four megawatts of solar panels. The complex next to the existing coal plant in Roane County will generate enough electricity for around 900,000 homes. The natural gas plants – split between two different turbine technologies – will come online in 2027, while the battery system will come online in a second phase by 2029. The energy complex is likely to have between 30 and 40 employees, while the coal plant employed approximately 200 people.

At the time it was finished in 1955, TVA's *Kingston Fossil Plant* was the largest coal-burning power plant in the world with nine coal-fired generating units. The plant supplied power for more than 800,000 homes and consumed 14,000 tons of coal a day.

Source: Tennessee Valley Authority and The Knoxville News Sentinel.

Hydropower and Flood Control

Tennessee is one of the top three hydroelectric power producers east of the Rocky Mountains due to the many TVA hydroelectric power plants located on the Tennessee and Cumberland River systems. Hydroelectric power, although variable, has been contributing about one-eighth of the state's net generation in recent years.

Managing the Tennessee River System

TVA manages the Tennessee River system and 293,000 acres of public land, 11,000 miles of shoreline, and 650,000 surface acres of reservoir water. This environmental stewardship also includes over 40,000 miles of rivers, streams, and tributaries. TVA has prevented approximately $10.2 billion in potential flood damage since 1933, including $406 million in 2024 from Hurricane Helene. Over 50 million tons of products are shipped each year on navigable waterways managed by TVA. TVA dams on the Tennessee River system provide multiple public benefits: food control, navigation, power production, recreation, water quality and water supply, and protection of natural resources.

Transmission System Improvements

TVA invested nearly $1.5 billion in transmission improvements between 2022-2025, including a $289 million investment in a new System Operations Center and $90 million in a new Energy Management System. TVA invested $720 million in 2025 to expand and enhance the transmission grid by adding 114 miles of new transmission line and 249 miles of fiber optic cable. The utility plans to invest $4.2 billion in 2026 in new generation and existing power system assets, including the transmission system.

The DOE awarded a $250 million grant in late 2024 to TVA and 10 of its local power companies that will fund 84 projects aimed at strengthening the electric grid and building renewable energy. These projects will help the utility add up to 2,400 megawatts of capacity to its grid, moving enough additional electricity to power 1.4 million homes, and speed development of solar and wind projects. It will allow the utility to create its first interconnection with the Southwest Power Pool, which manages much of the Midwest's wind-heavy grid, adding 800 megawatts of wind to TVA's system. Updates to the grid could reduce the duration of local power outages by 94%, creating $250 million in economic benefits. TVA anticipates the money will create approximately 800 jobs over five years.

Through TVA EnergyRight®, the enterprise is planning to invest $1.5 billion from 2024 to 2028 to help homes and businesses save money on electric bills with incentives for efficient upgrades and energy-saving advice. By helping customers save energy and generate additional power, the program is projected to handle nearly 20% of the region’s growing electricity needs through 2033.

Carbon Reduction

TVA has initiated a decarbonization plan to reduce carbon emissions by 70 percent by 2030 and a path to reaching 80 percent by 2035, all while using existing technology and without impacting reliability or costs. TVA had planned to have retired all its coal plants to fulfill a goal for net-zero carbon emissions by 2050. TVA has already shut down 32 of the 59 coal-fired units it

once operated, cutting the share of its power generated by burning coal from nearly two-thirds of TVA's generation in the 1980s to less than 20 percent in fiscal 2018. In an agreement with the Environmental Protection Agency, the utility will invest $3 billion to $5 billion on pollution controls and $350 million on clean energy projects.

However, in early 2026, TVA's governing board voted to reverse plans to retire its Cumberland Fossil Plant in Stewart County and Kingston Fossil Plant in Roane County coal units. Plans to convert both plants into natural gas facilities are still possible. Keeping the plants online will cost an estimated $1.3 billion investment. The decision was driven by power demand, which has exceeded expectations due to data centers and a growing residential population.

Solar and Other Fuels

TVA will add 10,000 megawatts of solar energy by 2035, representing more than a 15-fold increase from 2021. And by 2050, TVA plans to achieve net-zero carbon emissions by the development of emerging technologies, such as advanced nuclear, long-duration energy storage, carbon-capture technologies, and alternative fuels like hydrogen. TVA has contracted or installed around 400 megawatts of solar generating capacity, has more than 1,200 megawatts of wind power, and over 50 megawatts from burning organic garbage. About 13 percent of TVA’s power comes from renewable sources, with 3 percent of that coming from wind and solar. Biomass, primarily from wood and wood waste, also contributes a small amount to the state's net generation. TVA also uses methane gas from the Memphis wastewater treatment plant to boost generating capacity at one coal-fired power plant, increasing the plant's capacity by 8 megawatts.

U.S. utilities are quickly building power-grid-level batteries that can store nearly 21,000 megawatts of electricity across the country in 2024, compared to just 4,000 megawatts in 2010. Energy storage in batteries is especially important to developers of solar and wind energy, which depend on the weather.

Nuclear Power

TVA Nuclear Power

TVA began exploring options for advanced reactors in 2010 and submitted an early site permit in 2016. The project was the first of its kind to receive an early site permit from the U.S. Nuclear Regulatory Commission in 2019, and the TVA Board of Directors has approved $350 million to fund early development. TVA listed 11 partners applying for the grant money, including Bechtel, BWX Technologies, Duke Energy, GE Hitachi Nuclear Energy, Oak Ridge Associated Universities, and the State of Tennessee.

In 2025, the DOE selected TVA to receive $400 million in federal cost-shared funding for small *modular nuclear reactors* to be built at its Clinch River Nuclear Site in Oak Ridge. TVA hopes to start operation in 2032 of what might be America’s first Generation III+ SMR. This Generation III+ light-water SMR will have a capacity of about 300 MWe per unit. The reactor will produce enough electricity to power about 300,000 homes. TVA plans to build up to four 300-megawatt reactors at the site. Small modular reactors are not just smaller than large traditional nuclear power plants but could be built faster and in more places. TVA expects to employ up to 9,000 workers at peak construction of its first small modular reactor. A much smaller, but highly skilled staff, will be required to operate it.

The Clinch River Site, a 1,200-acre tract at the far south end of Oak Ridge, has been designated for several projects in the past. It was to be the home to the Clinch River Breeder Reactor and Babcock & Wilcox and Bechtel's mPower small modular reactors. Both projects were terminated before they were built.

TVA is a strong partner with Kairos Power, which is planning to build two Generation IV, *salt-cooled Hermes reactors* on its Oak Ridge site.

TVA is also collaborating with Type One Energy to support the world's first *fusion power plant* at TVA's former Bull Run Fossil Plant in Clinton. Type One is planning to build the commercial nuclear fusion plant using the former TVA site to house a prototype. The prototype is designed to verify aspects of the design and serve as a training platform. The company aims to use a machine called a stellarator to contain plasma much hotter than the sun at the pilot plant. Once the plant is online, it could create as many as 330 jobs and have an estimated investment of $223.5 million.

Described as clean energy, fusion reactions smash hydrogen isotopes together to make energy. This is unlike traditional nuclear power plants, which use fission to split uranium isotopes to create heat. Nuclear fusion cannot produce a nuclear meltdown, and it will not create intensely radioactive waste that remains dangerous for hundreds of thousands of years. Scientists have worked to develop nuclear fusion power plants since the 1950s, but rapid advancements in supercomputing have sped up stellarator breakthroughs. Type One Energy solved the basic physics problems of the design by running more than 70,000 simulations on supercomputers.

Commercial Nuclear Power

Tennessee's Nuclear Energy Fund. The $50 million fund for Nuclear Energy was created in 2023 to support nuclear facilities. An additional $45 million was allocated and approved in the state's budget during the 2024, 2025 and 2026 legislative sessions, bringing the fund's total to $95 million since its inception.

BWXT Enrichment Operations. BWXT Enrichment Operations, a new subsidiary of BWX Technologies, completed the construction in 2026 of its eight-acre building on the 97-acre site, next to the TRISO-X site at the Horizon Center Industrial Park in Oak Ridge. Working with ORNL, BWXT's new $45 million building houses the first advanced centrifuge manufacturing development facility to develop and scale up the production of the next generation of centrifuges to be much smaller than the typical centrifuges. The project will create approximately 100 jobs and includes investments from a federal $1.5 billion contract with DOE's National Nuclear Security Administration (NNSA) and two awards – one for $2.37 million and another for $1.2 million – from Tennessee's Nuclear Energy Fund.

Behind the construction of the pilot plant is a sense of urgency: the U.S. Navy predicts that its supply of highly enriched uranium (the "HEU") will run out in the late 2040s. Its current supply is a finite stockpile of Cold War-era uranium. Over the past 60 years, BWXT has built for the Navy more than 420 small nuclear reactors that use HEU it has obtained from NNSA's Oak Ridge Y-12 National Security Complex. The pressurized reactors are used in U.S. submarines and aircraft carriers as their power source for both propulsion and electricity generation.

The national defense goal of this project is to re-establish the U.S. ability to produce uranium enriched using 100% American technology and parts. The U.S. military is forbidden under international treaties to use uranium or enrichment technology imported from other countries for any use other than peaceful purposes, such as providing electricity for the public.

According to plans, the centrifuges manufactured and tested in the BWXT facility in Oak Ridge will eventually be transported to a pilot plant that BWXT will build in Erwin, Tennessee. It is planned that the BWXT centrifuge system will later be repurposed to produce the HEU required to keep the Navy's fleet of submarines and aircraft carriers moving in the 2030s and beyond.

Centrus Energy. Centrus Energy plans a major expansion to produce advanced centrifuges, transitioning its Oak Ridge facility to a high-rate manufacturing plant in 2026. This will create nearly 430 new jobs and invest more than $560 million in Anderson County over the next several years. The facility will also support Centrus' recently announced plans for a major expansion of its Ohio uranium enrichment plant. The first new centrifuges produced in Tennessee are expected to come online in Ohio in 2029. Centrus' Technology and Manufacturing Center in Oak Ridge is the only uranium enrichment centrifuge manufacturing facility in the U.S. The company recently was awarded funding from the DOE to expand its uranium enrichment plant in Ohio with centrifuges produced in Tennessee. Centrus is the eighth company to utilize funding from Tennessee's Nuclear Energy Fund.

General Fusion Corporation. General Fusion Corporation established its first U.S. operations in Tennessee by locating its U.S. headquarters in Oak Ridge in 2021. Based in Vancouver, Canada, General Fusion Corporation, the U.S.-based subsidiary of General Fusion, Inc., initially invested $539,000 and created approximately 20 jobs in Anderson County. Founded in 2002, General Fusion is working to transform the world's energy supply with practical fusion energy. The company's new U.S. headquarters will enhance its Technology Commercialization Program, managing collaborations with national laboratories such as Oak Ridge National Laboratory, universities, and the U.S. government.

Kairos Power. Kairos Power, a privately funded, advanced nuclear engineering company, will establish a low-power demonstration reactor in Oak Ridge. The design relies on cooling the reactor with salt instead of water, an idea developed and tested at ORNL more than 60 years ago. Kairos plans to bring two reactors online in Oak Ridge, one designed to produce heat and another to generate electricity. Kairos broke ground on the heat-producing 35-megawatt thermal (MWt) advanced reactor Hermes 1 in 2024 and is targeting starting operations in 2028. The second reactor, called Hermes 2, broke ground in 2026 and will produce 50 megawatts of electricity by 2030. The California-based company started construction on its first reactor at the Heritage Center on top of the former K-33 gaseous diffusion facility, an addition to the massive Manhattan Project-era K-25 site. The number of local workers at Kairos Power in Oak Ridge should be growing from 60 to more than 200 in the next five years.

The project will have several sources of funding. Kairos Power will invest $100 million. Samsung Construction and Trading Corporation, part of one of the world's largest business conglomerates, will also invest up to $100 million. And Kairos Power received $303 million in funding from the DOE and Office of Nuclear Energy's program for Risk Reduction projects to support the design, licensing, and construction of the Hermes low-power demonstration reactor.

Kairos Power's low-power demonstration reactor, called Hermes, will demonstrate the company's capability to deliver low-cost nuclear heat. The Hermes reactor is a scaled version of Kairos Power's Fluoride Salt-Cooled High Temperature Reactor (KP-FHR), an advanced reactor technology that aims to be cost competitive with natural gas in the U.S. electricity market in order to provide carbon-free, affordable, and safe energy.

In 2025, the company announced a deal to work with the TVA to provide power to Google data centers. The power purchase agreement (the "PPA") has Kairos Power selling the electricity from the Hermes 2 reactor's power plant to TVA's grid starting in 2030; in turn, TVA will deliver the equivalent amount of power to Google AI data centers in Montgomery, Tennessee, and Jackson County, Alabama. This partnership marks the first time that a U.S. utility has signed a PPA to buy electricity produced by an advanced reactor and to feed that amount of power to AI data centers. Kairos Power plans to build a fleet of dual-unit reactors by 2035 that will generate up to 500 megawatts-electric (MWe) of commercial electricity for Google's AI data centers.

Hermes is intended to lead to the development of the Kairos Power KP-X, a commercial-scale KP-FHR. Kairos Power is a mission driven engineering company launched out of a broad research effort at U.S. universities and national laboratories. The company was founded to accelerate the development of an innovative nuclear technology that has the potential to transform the energy landscape in the United States and internationally.

Kyoto Fusioneering (the "KF"). The Kyoto Fusioneering company will move its U.S. headquarters to Oak Ridge in 2026. KF is the premier global developer of fusion infrastructure, technology, and integrated systems. This will create approximately 51 new jobs and invest $46.9 million in Anderson County. The project will include buildout of critical fusion testing infrastructure designed to drive down fusion technology risk. This investment centers on developing UNITY-3, a first-of-its-kind fusion nuclear test facility to be built at ORNL through a public-private partnership announced earlier this year. The project is supported by the DOE and is named a national priority in its finalized Fusion Science & Technology Roadmap. Delivering data that no other facility in the world can currently provide, UNITY-3 will help the entire industry design commercial fusion power plants. KF operates globally across Japan, U.S., U.K., Europe and a joint venture in Canada.

Type One Energy. Knoxville-based Type One Energy is working to build a prototype stellarator, a fusion machine to contain plasma much hotter than the sun, at TVA's former Bull Run Fossil Plant in Anderson County. The project, called "Project Infinity", will use the turbine building, switchyard, and transmission system of the retired coal plant. This stellarator will harness the energy of a magnetically confined, superheated, heavy hydrogen plasma to produce electricity.

Nuclear fusion is the process by which two or more light atomic nuclei combine to form a single, heavier nucleus. This clean process releases large amounts of energy and is the same reaction that powers the sun and other stars. The controlled plasma in the stellarator releases heat to generate electricity with no carbon emissions or radioactive waste. It is estimated that just one gram of fusion fuel in a stellarator can generate as much energy as 11 tons of coal. The promise of a virtually limitless supply of clean energy from fusion became real after a DOE lab in California successfully ignited a fusion reaction that created more energy than it took to produce in 2022.

Type One Energy expects to begin building its prototype by 2026 and expects a full startup by 2034. With a $223 million investment over the next five years, it plans to create more than 300 jobs in the region with an average salary of $130,000. In 2025, $82.4 million was funded, which includes money from Bill Gates' Breakthrough Energy Ventures.

Type One Energy's site, now called the Bull Run Energy Complex, will function as a fusion development campus through projects between the ORNL, TVA, the University of Tennessee, and even the United Kingdom. Tennessee is the first state in the nation to issue a license under a new regulatory framework specifically for nuclear fusion machines.

Type One Energy is a founding member of the United Kingdom's Infinity Fusion Consortium, which formed in 2026 with the goal of building the first privately led fusion power plant in the U.K. The consortium is meant to bring together staffers from Type One, the U.K.'s Tokamak Energy, the ORNL, and the U.K.'s Atomic Energy Authority.

Orano USA. Orano USA constructed a new, multi-billion-dollar, state-of-the-art centrifuge uranium enrichment facility in Oak Ridge in 2024. The uranium enrichment center is a multi-structure commercial production site covering approximately 750,000 square feet, making it one of the largest in North America. Facility operations created more than 300 new direct jobs in Roane County. Centrus is the second company to utilize funding from Tennessee's Nuclear Energy Fund.

With U.S. headquarters in Bethesda, Maryland, and global headquarters in Paris, France, Orano is a leading technology and services provider for the commercial and federal nuclear industries. The company specializes in uranium mining/conversion/enrichment, used nuclear fuel management and recycling, decommissioning shutdown nuclear energy facilities, federal site clean-up and closure, and developing nuclear medicines to fight cancer.

Laser Isotope Separation (the "LIS") Technologies. The laser technology startup Laser Isotope Separation Technologies plans to build in 2026 a billion-dollar enrichment complex. The facility is intended to become the first U.S.-origin commercial laser uranium enrichment plant in the world, supporting U.S. utilities, next-generation reactor developers, and national defense requirements, while helping to reestablish a resilient domestic nuclear fuel supply chain. LIS Technologies will create approximately 203 jobs and invest $1.38 billion on the historic K-25 uranium enrichment site at the Heritage Center Industrial Park.

LIS Technologies is the seventh company to locate in Tennessee for its commercial operations utilizing the Nuclear Energy Fund, and its construction marks the third-largest nuclear-related investment since the creation of TNECD's Nuclear Energy Fund. In 2024, the company was selected by the DOE as one of six domestic companies to participate in the Low-Enriched Uranium (LEU) Enrichment Acquisition Program. This initiative allocates up to $3.4 billion in funding, with contracts anticipated to last up to 10 years. Founded in 2023, its office and laser enrichment research and development is headquartered in Oak Ridge in the recently renovated K-1330 building,

Oklo. The private nuclear firm, Oklo, announced plans in 2025 to build a nuclear fuel recycling facility on 247 acres in Oak Ridge, the first of its kind in the United States. This

investment should total $1.68 billion and create approximately 800 jobs. The facility will turn nuclear waste into fuel for next-gen reactors. The California-based firm also has ties to the artificial intelligence industry and builds small nuclear reactors. This is the largest job creation announcement in Roane County's history.

Radiant. In 2025, Radiant began a $280 million investment in Oak Ridge that will expand the company's nuclear manufacturing and research and development. Through the project, Radiant will create approximately 175 new jobs that will directly support the development and mass production of Radiant's Kaleidos. Upon completion of the facility, this machine will be the world's first one-megawatt portable nuclear generator capable of generating power in remote areas and providing resilient power options for military bases or disaster-relief scenarios. Radiant is the sixth company to locate in Tennessee utilizing the Nuclear Energy Fund.

Standard Nuclear. Standard Nuclear emerged when it purchased Ultra Safe Nuclear Corporation (the "USNC")'s fuel-related assets for $32.5 million through a bankruptcy auction. Its acquisition included the commercial-scale technology and production capabilities in Oak Ridge to manufacture TRISO nuclear fuel. In October 2024, USNC, which had been operating in the Heritage Center Industrial Park since 2021, filed for bankruptcy due to financial difficulties exacerbated by the passing of its principal investor. Standard Nuclear today has more than 50 employees and three operating facilities in Tennessee that house TRISO production capabilities along with other advanced manufacturing capabilities. TRISO is a new type of fuel for advanced reactors that will operate at high temperatures and was partly pioneered by ORNL. The company is deploying commercial-scale production facilities along multiple fronts including deployment of a new facility in Oak Ridge under DOE authorization as part of the DOE Pilot Fuel Line dedicated to production of TRISO-based fuels.

TRISO-X. TRISO-X, a subsidiary of Amazon-backed X-Energy, will create approximately 1,140 new jobs at a new fuel facility and research and development center in Oak Ridge. TRISO is a new type of fuel for advanced reactors that will operate at high temperatures and was partly pioneered by ORNL. TRISO-X will build small modular reactors and produce the fuel for the reactors based on an ORNL innovation. The plant is expected to be the first commercial facility in the United States dedicated to produce High-Assay Low-Enriched Uranium fuel for advanced reactors. The TRISO-X facility will develop advanced small modular reactors, accelerate commercialization of advanced nuclear technologies, and strengthen the U.S. supply chain for critical nuclear fuel.

Once completed, the facility will include several buildings on 110 acres at the Horizon Center Industrial Park, and ground was first broken in 2022 and again in 2026. The facility's process equipment and administration building will be 214,000 square feet. The adjacent graphite matrix powder building is called "TX-1", is estimated to cost $300 million, and is projected to produce 5 metric tons of uranium. Construction on TX-1 is expected to be completed by 2027 and will have a staff of 500. Early in 2027, construction on the third "TX-L", will provide lab space for additional research on developing improved TRISO fuel and possibly other types of nuclear fuel. If X-energy chooses to build TX-2, the construction and operation of that facility will provide 1,200 jobs.

TRISO-X received $11 million from Tennessee's Nuclear Energy Fund. While the final

scope of the project is still being determined, the company anticipates investing hundreds of millions of dollars in the development. The U.S. Nuclear Regulatory Commission has granted TRISO-X a 40-year Special Nuclear Material License for the plant, the first-ever license to process High-Assay Low-Enriched Uranium and is expected to be the first new commercial scale U.S. nuclear fuel fabrication facility in over 50 years.

TRADE AREA

Because of its central location in the eastern United States, the County metropolitan area serves thousands of industrial and commercial customers in a concentrated eight-state area. Nearly half of the nation's population is within a day's drive of Knoxville. For many years the County has been known as one of the South's leading wholesale markets. Based on 2025 estimates, there were approximately 1,052 wholesale establishments, 1,842 retail establishments, and 10,718 service industries located in the County.

The area is the trade center for a 42-county region, located in East Tennessee, Kentucky, Virginia, and North Carolina, which serves over two million people. It also is the cultural, tourist, and professional center for this region. The MSA includes more than 1,082 manufacturing firms, which produce a large variety of items including medical devices, electronic components, chemicals, manufactured housing, apparel, and automobile parts.

Source: 2025 Knox County, Tennessee Annual Comprehensive Financial Report.

BUSINESS CLIMATE AND INDUSTRIAL INVESTMENT

The County has a history of being a regional leader in economic activity. The County offers premier location opportunities for high-technology and precision manufacturing firms. The University of Tennessee, Tennessee Valley Authority, and the Oak Ridge National Laboratory help to provide a stable, secure employment base. The Knoxville area is home to many medium-sized manufacturing and distribution operations as well as customer service centers. The Knoxville area boasts a strong and reliable workforce, and low union membership rates. These assets, combined with an excellent location at the intersections of Interstates 40, 75, and 81, make Knox County a great location for any business. The County is also well served by 300 trucking companies, four railroads, six airlines, and three local river terminals that provide direct links to the Great Lakes and to the Gulf of Mexico. The Knoxville area continually receives recognition for high quality of life, combining an attractive natural setting with a moderate four-season climate. In addition, the Knoxville area ranks among the nation's top markets for low cost of living. The Knoxville MSA ranks as one of the top southeastern urban areas with an index of 86.4 compared to the average of all participating cities of 100. The County has over 6,477 acres of park and recreation space, with approximately 227 miles of greenways and walking trails. The arts and culture are well served, with the Knoxville Symphony, Knoxville Opera Company, Knoxville Museum of Art, and several performing arts organizations, including the Clarence Brown Theater, providing numerous cultural opportunities. Live entertainment includes touring Broadway productions and many concerts at numerous venues throughout the area, including the historic, beautifully renovated Tennessee and Bijou theaters. The County is committed to enhancing the development and improvement of its local business environment and economy. The County has established a program using economic incentives based on tax abatement tools to attract and retain businesses that provide the types of employment, capital investment, community involvement, and

financial impact expected to benefit the County long-term.

Source: 2025 Knox County, Tennessee Annual Comprehensive Financial Report.

[balance of page left blank]

Commerce and industry vary from the media success of Discovery, Inc. formerly Scripps Television Networks (HGTV, DIY, Food, Cooking, GAC, and Travel), to Sysco Corporation's (largest food service marketer and distributor in North America) regional warehouse and distribution center. In addition, many other local companies are recognized as national and global leaders, including Clayton Homes, Brunswick Corporation, Keurig Green Mountain, Bush Brothers, Pilot/Flying J Travel Centers, and Denso Manufacturing.

The area is also gaining a reputation as a prime location for corporate headquarters. High profile companies headquartered here in the MSA include the Tennessee Valley Authority, Jewelry Television, AC Entertainment, DeRoyal Industries, PetSafe/Radio Systems Corporation, and Regal Entertainment. Knox County has 8 business parks and a Technology Corridor to meet a wide range of corporate facility needs.

Four regional shopping malls and over 200 shopping centers and factory outlets meet the retail needs of Knox County citizens and visitors. Knox County has traditionally been the regional hub of the MSA. The 2024 retail sales in the MSA grossed over $22.2 billion, with approximately 66% of that total generated in Knox County.

Source: 2025 Knox County, Tennessee Annual Comprehensive Financial Report.

MANUFACTURING AND COMMERCE

The County has five business parks and a Technology Corridor to meet a wide range of corporate facility needs.EastBridge Business Park has 800 acres. Pellissippi Corporate Center has 150 acres. Hardin Business Park is a light industrial park with 95 acres. Karns Valley Business Park has 80 acres. Fairview Technology Center consists of 13 leasable offices, ranging in size from 650 to 1.230 square feet.

The County had 16,232 businesses and the MSA had 25,507 businesses operating in 2025. The County also had 598 manufacturing facilities in 2025 and the MSA had 1,082 for the same period.

Knoxville-Oak Ridge Innovation Valley Inc. is an investor-directed program for five counties designed to recruit, retain, and expand business growth throughout the Innovation Valley region. The organization is focused on technology-led economic development, as well as education and workforce development. These two areas of focus represent key differentiators in this plan of work.

The Pavilion at Turkey Creek (the "Turkey Creek"). Turkey Creek is the largest single commercial development ever built in the metropolitan area of Knoxville. Designed for mixed use and beautifully landscaped, Turkey Creek boasts more than 300 acres of space zoned for retail shopping outlets, medical facilities, theaters, office space, banks, restaurants, and hotels. The developers of Turkey Creek also created a 58-acre nature preserve and designed greenways throughout the site. Being only three miles from the junction of Interstate 75 and 40 to the west and 14 miles from downtown Knoxville makes the site a quick drive from the urban center, suburban Knoxville, and rural counties.

Select Tennessee Certified Sites Program (the "STCSP"). Two lots in the Pellissippi Corporate Center (33 acres) and three lots in the Eastbridge Business Park (121 acres) have both been certified with the STCSP. The STSCP has helped communities prepare industrial sites for private investment and job creation since 2012. The certification process ensures that each certified site meets high quality standards and are primed for development. Certified sites must have documented environmental conditions and geotechnical analysis, existing onsite utilities or a formal plan to extend utilities to the site, and truck-quality road access. The program's goal is to give companies detailed and reliable information during the site selection process and markets the sites to a targeted group of site selection consultants and business leaders in Tennessee's key industry clusters. As of 2026, seventy-seven sites in Tennessee have been certified and 23 companies have invested over $2.01 billion in capital investment to construct facilities on certified sites, accounting for more than 7,494 new job commitments.

Source: Tennessee Department of Economic and Community Development.

The *Technology 2020* project was initiated in 1993 to capitalize on the unique resources of the East Tennessee region: the presence of the ORNL, the University of Tennessee-Knoxville, the headquarters of the Tennessee Valley Authority, and a significant number of both large and small technology companies in the region. A $4.5 million investment has been made by DOE, South Central Bell, the Tennessee Public Service Commission and Lockheed-Martin to set up a regional telecommunications laboratory. This economic development resource center is located in Oak Ridge's Commerce Park. An 18,000 square foot facility has been constructed on the 5.2-acre site. The facility will be used for testing and demonstrating new communications technologies and applications.

The *Tennessee Valley Authority* (the "TVA") provides support, technology, expertise, and financial resources to existing businesses and industries in the Valley to help them grow and be more efficient and profitable. These resources include technical assistance, low-interest loans, and other tools needed by businesses for successful operation.

The *University of Tennessee's* flagship campus in Knoxville is home to a wide array of vigorous programs doing research on issues vital to the community, the state, the nation, and the world. The university has collaborative relationships with public and private agencies including ORNL, Battelle Memorial Institute (forming UT-Battelle), St. Jude Children's Research Hospital, the Memphis Bioworks Foundation, and the Boston-Baskin Cancer group (forming UT Cancer Institute).

Source: Knoxville News Sentinel and Knox County Metro Planning Commission.

[balance of page left blank]

Major Employers in the Knoxville MSA

Name	County	Industry	Employment
Covenant Health Alliance[1]	Knox	Health Care	11,963
The University of TN, Knoxville	Knox	Education	11,197
Knox County Public Schools	Knox	Education	10,118
Y-12 National Security Complex[2]	Roane	National Security	8,600
Wal-Mart Stores	MSA	Retail	6,614
Oak Ridge National Lab[2]	Roane	National Security	6,000
Clayton Homes[3]	Blount	Mobile Homes	5,047
University Health System	Knox	Health Care	5,047
Denso	Blount	Automotive Parts	5,000
Dollywood Co[4]	Sevier	Amusement Park	4,500
Roark Capital Group	MSA	Restaurant	4,608
K-VA-T Food Stores (Food City)	Knox	Retail	4,023
State of Tennessee	Knox	Regional Government	3,811
Knox County	Knox	Government	2,941
Tennova Health System[5]	Knox	Health Care	2,927
McDonald's Corp	MSA	Restaurant	2,813
Blount Memorial Hospital	Blount	Healthcare	2,801
Sevier County Schools	Sevier	Education	2,572
Oak Ridge Office of Environmental Management[2]	Roane	National Security	2,375
City of Knoxville	Knox	Government	2,303
Team Health Inc.	Knox	Healthcare	2,300
UCOR	Roane	Environmental Engineering	2,200
Kroger Co	MSA	Retail	2,071
Yum! Brands	MSA	Restaurants (KFC, Pizza Hut & Taco Bell)	2,027
JTEKT Automotive	Monroe	Automotive Manufacturing	1,900
Dolly Parton Children's Hospital	Knox	Health Care	1,861
Hamblen County Schools	Hamblen	Education	1,786
McGhee Tyson ANG Base	Blount	Air National Guard Unit	1,728
Blount County Schools	Blount	Education	1,701
Summit Medical Group	Knox	Health Care Providers	1,700
Amazon	Blount	Distribution	1,700
Cracker Barrel	MSA	Restaurant	1,626
U.S. Postal Service	MSA	Mail Service	1,576
Hilton Worldwide	MSA	Hotel	1,533
Maryville Schools	Blount	Education	1,499
CVS Caremark Inc.	MSA	Retail	1,444

United Parcel Service	Knox	Transportation	1,400
Name	**County**	**Industry**	**Employment**
Lowe's Home Improvement	MSA	Retail	1,375
U.S. Bank & Elavon	MSA	Bank	1,311
McNabb Center	Knox	Healthcare	1,300
Home Depot	MSA	Retail	1,290
Darden Restaurants	MSA	Restaurants (LongHorn & Olive Garden)	1,212
Jewelry Television	Knox	Home-Shopping Cable Network	1,207
Restaurant Brands Int'l	MSA	Restaurants (Burger King)	1,206
Copper Cellar Corp	Knox	Restaurants (Calhoun's & etc)	1,197
Jefferson County Schools	Jefferson	Education	1,190
Tennessee Valley Authority[6]	Knox	Power	1,184
Anderson County Schools	Anderson	Education	1,144
Knoxville Utilities Board	Knox	Utility	1,131
Quality Home Health	Knox	Healthcare	1,124
Arconic (formerly ALCOA)[7]	Blount	Aluminum Ingot, Coiled Steel	1,100
Target Co.	MSA	Retail	1,045
Old Dominion Freight	Hamblen	Transportation	1,007
Foundever	Knox	Business Services	1,000
University Physicians Association	Knox	Health Care Providers	995
Oak Ridge Associated Universities[2]	Roane	National Security	965
The Wendy's Co.	MSA	Restaurant	964
Dollar General Corp.	MSA	Retail	960
Koch Foods, Inc.	MSA	Poultry Production	951
Eagle Bend (Cosma)	Anderson	Manufacturing	941
Ortho Tennessee	Knox	Healthcare	937
Howmet Aerospace	Hamblen	Aerospace Technologies	900
Keurig Dr. Pepper	Knox	Coffee Manufacturing	900
Newell Brands	Blount	Manufacturing	900
SL America Corp	Anderson	Manufacturing	892
Walgreens Co.	MSA	Retail	856
Pellissippi State Tech. College	Knox	Education	841
Dine Brands	MSA	Restaurants	827
MAHLE Engine	Hamblen	Automotive Manufacturing	801
Wyndham Hotel Group	Sevier	Hotel	771

[1] Includes Ft. Sanders Reg Med Center, Parkwest, Methodist Med Center & all other Covenant Hospitals in the area.

[2] Joint venture of University of Tennessee and Battelle. The total employees for the ORNL, Y-12 facility and contractors is 16,975.

[3] Headquarters based in Blount Co., but employment excludes some employees working in McMinn Co.
[4] Employment figure is based on Operating season; it drops to around 300 during the off-season.
[5] Includes all Tennova Health System hospitals in the area.
[6] Includes Corporate headquarters in Knoxville, Bull Run Steam Plant, Norris and Corryton.
[7] Includes some employees working in Knox Co.

Source: Knoxville Chamber of Commerce - 2024.

[balance of page left blank]

RECREATION AND TOURISM

Although industry is frequently considered the core of an economic base, secondary and tertiary activities also make important contributions to economic development. The convention and tourist business contribute to the County's economic base in the sense that income is drawn into the region resulting in employment and investment opportunities in tourist-related facilities. Tourism in Knox County generated more than $2.2 billion in visitor spending during 2025, ranking fourth in the state. Overall, tourism in Tennessee generated $32.5 billion in domestic and international travel spending. 2025 also marked the largest visitor spending nationally in Tennessee's history. Travelers in Tennessee spent an estimated $89 million per day.

Source: 2025 Economic Impact of Travel on Tennessee.

Sports. In April 2025, Covenant Health Park, a new state-of-the-art, multi-use stadium opened in downtown Knoxville's historic Old City. The Covenant Health Park was built in order to host both the Knoxville Smokies (MiLB) baseball games and One Knox SC (USL1) soccer matches. The park has seating for 7,000 sports fans and can accommodate 10,000 at special events.

The Knoxville Ice Bears provide professional hockey at the Coliseum October through March. National championship UTK sports teams, including the 2024 NCAA baseball national champion Tennessee Vols, draw thousands of enthusiasts to games each year. One Knoxville SC, Knoxville's pre-professional soccer team, began its inaugural season in 2022 and are the 2025 USL League One champions. The City is also home to the Women's Basketball Hall of Fame.

State and National Parks. The County is the principal gateway area to the Great Smoky Mountains National Park (the "GSMNP"), located 40 miles to the southeast. The beauty of the Great Smoky Mountains has always attracted visitors to this region. There are over 500,000 acres that make up the nation's most visited National Park, extending over the states of Tennessee and North Carolina. The GSMNP received over 11.5 million visitors in 2025, more than twice the number of any other national park in the country. Major attractions in the Smokies are Gatlinburg (40 miles southeast of the City) and Pigeon Forge (20 miles southeast of the City). Numerous restaurants, gift and craft shops, along with ski lodge, ski lifts and tramway, make Gatlinburg a year-round resort town. Pigeon Forge is known for being home to hundreds of retail outlets and Dollywood, a theme park named for the country music singer, Dolly Parton.

Other parks and recreational areas in the Greater Knoxville area include: Big South Fork National River and Recreational Area 100,000 acres; Frozen Head State Natural Area 11,562 acres; Norris Dam State Resort Park 4,000 acres; Big Ridge State Park 3,687 acres; Cumberland Mountain State Park 1,720 acres; Panther Creek State Park 1,400 acres; Cove Lake State Recreational Area 667 acres; Roan Mountain State Resort Park 600 acres; Fort Loudon State Historical Area 500 acres; Indian Mountain State Park 213 acres; Warriors' Path State Recreational Park 500 acres; Trail of the Lonesome Pine: State Scenic Trail 35 miles; and Cumberland Trail: Section II: Tennessee Scenic Trails System Act 31 miles.

Lakes and Wildlife. Seven TVA lakes surround Knoxville and provide year-round fishing and boating. There are no closed seasons on TVA waterways. Area lakes provide over 3,425 miles of shoreline and 266 square miles of water surface.

Alpine Skiing. Ober Mountain Adventure Park and Ski Area offers convenient facilities for winter skiing.

Conventions, Events and Festivals. Special seasonal events include the Dogwood Arts Festival in the spring and December's celebration, Christmas in the City. Knoxville supports an active tourism and convention trade with a 500,000-square-foot convention center located downtown at World's Fair Park. Other local facilities are a large civic coliseum/auditorium, two exhibition halls, and UTK's 22,000-seat Thompson Boling Arena at Food City Center.

Cultural Activities. The General James White Memorial Civic Auditorium and Coliseum Complex, the historic Tennessee Theatre, and the Bijou Theater host a variety of performances, including the Knoxville Symphony Orchestra, touring Broadway productions, ice shows, circuses, concerts of all types and the professional hockey team, The Knoxville Ice Bears. Local radio station WDVX hosts a live radio broadcast weekdays downtown called "The Blue Plate Special" where nationally known artists and area performers appear free of charge.

The University of Tennessee Theaters continue to provide a wealth of entertainment and culture to Knoxvillians. The Clarence Brown Theater, UTK's premier performance space, seats 600 in a proscenium theater. The Clarence Brown Theater Company is dedicated to the classics of the stage and produces three full scale and one or two touring productions each season. The Carousel Theater is UTK's smaller theater which holds 250-300 people.

The Knoxville Museum of Art and the Emporium Center for Arts and Culture feature changing exhibits throughout the year, while the area's libraries, historic sites, and museums, such as East Tennessee History Center, McClung Museum of Natural History and Culture, Museum of Appalachia, and Beck Cultural Center, celebrate regional heritage.

Other popular events in Knoxville are presented by the Knoxville Symphony Orchestra, Knoxville Opera, the Appalachian Ballet Company, Circle Modern Dance Company, Carpet Bag Theatre, Tennessee Stage Company, Tennessee Valley Players, Knoxville Choral Society, and the Tennessee Children's Dance Ensemble, the only professional dance troupe for children in the country.

Ijams Nature Center. Ijams Nature Center is a nonprofit environmental education and resource center located on 318 acres on the banks of the Tennessee River in South Knoxville. The area encompasses woods, meadows, sinkholes, a spring-fed pond, and informal perennial gardens connected by a series of trails. The park has been developed to display East Tennessee's ecological systems at work and provide a conservation area for wildlife indigenous to the park. A number of high-quality programs, events, and environmental information are available to schools, the media, and the general public.

Knoxville Zoological Gardens (the "Zoo Knoxville"). Zoo Knoxville is nationally accredited by the Association of Zoos and Aquariums known for its commitment to the highest standards in animal care, conservation, and education. Spanning more than 50 acres, the zoo is home to over 1,500 animals representing approximately 200 species from around the world. Zoo Knoxville made history as the site of the first African elephant born in captivity in the Western Hemisphere in 1978. The last remaining elephant at Zoo Knoxville passed away in 2024, and the

former elephant habitat was repurposed to house southern white rhinoceroses in 2025. The southern white rhinos are part of the Grasslands Africa habitat that also includes giraffes, hornbills and bat-eared foxes. The zoo welcomed a litter of bat-eared foxes in both 2024 and 2025. Zoo Knoxville is also home to Gorilla Valley, where three Western lowland gorillas were born in 2015 and 2016, marking the first gorillas ever born at the zoo and the first born in Tennessee in 30 years. Almost a decade later, a fourth Western lowland gorilla was born in 2025. Zoo Knoxville also houses North American black bears, river otters, chimpanzees, African lions, Malayan tigers, various amphibians and reptiles, and much more. The tigers reside in the Boyd Family Asian Trek habitat which has been voted four times as one of the top 10 zoo exhibits in the country by USA Today's 10Best Readers' Choice awards. In 2025, the Clayton Family Amphibian and Reptile Conservation Campus, home of 95 species of amphibians and reptiles, received the same honor. Most notably, the zoo is the world leader in captive red panda breeding, having welcomed over 110 red panda cubs since 1978, with two recent cubs born in 2025. The zoo welcomed a female red panda in January 2026. The zoo is known as the "Red Panda Capital of the World" due to this extensive success in their conservation program. In addition to its work with red pandas, Zoo Knoxville actively participates in conservation programs for the critically endangered red wolf. The first red wolf pup was born at the zoo in 2016, making it the first red wolf to be born at the zoo in 23 years. In 2025, Zoo Knoxville celebrated a major milestone for red wolf conservation with the birth of six additional red wolf pups. The pups represent a significant addition to a species considered the most endangered wolf in the world. Through these efforts, the zoo continues to play an important role in wildlife conservation while offering visitors meaningful and educational experiences.

Source: Knoxville News Sentinel and the Knox County Metro Planning Commission.

Tennessee Whiskey Trail. The Tennessee Whiskey Trail was launched in 2017 and is more than 800 miles to distilleries throughout the state, including the Jack Daniel Distillery in Middle Tennessee. Tennessee has been a leader in spirits distillation throughout the nation's history, including the time before, during, and after Prohibition.

According to the Department of Tourist Development's 2018 Economic Impact report, more than 6.3 million visitors crisscrossed the state to experience the distilleries on the Trail. Since Tennessee state law changed in 2009 to allow more distilleries, almost 30 distilleries in Tennessee are now on the Tennessee Whiskey Trail. The distilleries on the Trail house three million barrels of whiskey valued at $5 billion and accounting for nearly 100 percent of all distilled spirits produced in Tennessee. More than $280 million has been invested in Trail distilleries since 2009, adding more than 500 jobs throughout the state.

Knoxville has two distilleries on the Trail. Knox Whiskey Works was established in 2015 and produces multiple spirits, including bourbon from made from locally grown heirloom corn. Post Modern Spirits opened in 2017 and produces unaged spirits and single malt whiskey.

Source: Tennessee Whiskey Trail.

RECENT DEVELOPMENTS

Following are some recent developments within the boundaries of the City and County and the Knoxville MSA that have had a direct economic impact on the area. The source for statistical information below is the Knoxville Area Chamber Partnership, the City of Knoxville, the

Knoxville-Knox County Metropolitan Planning Commission, the Knoxville News Sentinel and The Daily Times.

[balance of page left blank]

KNOX COUNTY

Custom Foods of America Inc. Custom Foods of America Inc. invested more than $51 million in 2024 to expand its manufacturing and distribution operations in Knoxville, Tennessee. This created approximately 249 new jobs, to bring its total headcount in the region to approximately 500 people. The expansion added nearly 200,000 square feet of new space for manufacturing, storage, staging and shipping. Founded in 1982, Custom Foods of America Inc. is a Tennessee-based manufacturer and supplier of food products such as soups, side dishes, appetizers and sauces. Today, the company serves its customers in the restaurant and convenience store industries from its sole location in Knoxville, Tennessee.

Greenheck Group. Greenheck Group began construction of its fourth corporate campus on approximately 330 acres after purchasing Midway Business Park in Knoxville in 2025. The initial phase includes an investment of $300 million and is expected to generate approximately 440 new jobs. The campus site includes two 200,000-square-foot factories with a connecting office that will house manufacturing and warehousing facilities and dedicated space for training and research and development. Greenheck Group is one of Wisconsin's largest privately owned manufacturers.

UNIVERSITY OF TENNESSEE

The University of Tennessee Knoxville Campus is undergoing a record $1 billion makeover to transform the look and feel of the campus to improve facilities and infrastructure to become a Top 25 public research institution.

865 Neyland Entertainment District. The University of Tennessee's 865 Neyland is a $280 million mixed-use entertainment district and condo-hotel that started construction in 2026 alongside Neyland Stadium. It will feature approximately 100,000 square feet of indoor and outdoor entertainment space, restaurants, shops, event space, fan experiences and a 24-story hybrid condo-hotel overlooking the stadium with a rooftop bar. One of the two outdoor plazas will feature a performance stage with a 50-foot LED display with the capability of hosting major artists, watch parties and special events. In total, there will be more than 3,000 square feet of LED displays in the district for an immersive environment. The new $83 million G10 parking garage, to be built under the hotel, is scheduled for completion by August 2027. The primary portion of the $65 entertainment district is set to open in early 2028, and the $215 million condo-hotel in 2029. It's expected to create more than 450 permanent jobs and 1,300 construction jobs while attracting more than 2.5 million annual visitors. UT projects the development to generate more than $5 billion in economic impact over the 30 years through tourism, hospitality, entertainment and retail.

Innovation Districts. UTK is planning three separate developments with new facilities focusing on computing, security and more for its innovation districts. The districts will develop communities centered around new technology and research in key fields such as nuclear, medical and artificial intelligence. They will be "live-work-play" spaces, modeled after the Tech Square at Georgia Tech University. The three districts will be located at Maplehurst, Oak Ridge, and Cherokee Farms. Innovation district buildings will be built by private developers and then leased back to the university.

The *Maplehurst Innovation District* will be located on a 5.6-acre neighborhood near the

World's Fair Park, UTK campus, and downtown. The district was purchased for $44 million in 2025 and includes 199 apartments, with parking, with a view of the Sunsphere. The Maplehurst Innovation District east of Neyland Stadium will focus on artificial intelligence, computing and data sciences, with the Next Gen Computing Building marking the first step into these fields. The Next Gen Computing Building is a 90,000-square-foot facility to be built in 2029.

The *Oak Ridge Innovation Corridor* includes a portion of the Oak Ridge Enhanced Technology Training Center located on the Oak Ridge Turnpike. The National Security Prototype Center is a 60,000-square-foot building that will be developed by a private business and run in partnership with Y-12 National Security Complex. Y-12 will give UT $20 million a year to cover its research there and pay for the lease. It is expected to open in 2027 with a budget of $42 million.

The *Peninsula Innovation District* covers more than 300 acres across the Tennessee River, including the Research Park at Cherokee Farm, UT Medical Center, and UT Institute of Agriculture properties. Volkswagon will also be a partner in research. The district would prioritize "research in advanced materials," along with manufacturing, human health and wellness research. The Quantum Foundry and BioSciences and Engineering Buildings are two 140,000-square-foot facilities to be built in 2030. The UT Medical Center Cancer Center is a 65,000-square-foot facility to be built in 2030.

North Waterfront Redevelopment Zone. The North Waterfront Redevelopment plan will foster economic development between the World's Fair Park, the riverfront, Maplehurst Innovation, and the 865 Neyland entertainment district. Traffic would flow under the park, giving pedestrians a seamless way to get from downtown to UT's campus or the waterfront. The redevelopment zone includes the north landing of the $60 million pedestrian bridge, approved in 2026 and will connect the UTK campus to the south side of the Tennessee River, and the Maplehurst Innovation District.

Randy Boyd Hall. The new Haslam College of Business building is scheduled to be completed in 2027. The $227.4 million building will be called Randy Boyd Hall, honoring the University of Tennessee at Knoxville alumnus, entrepreneur and baseball team owner. The facility will have 18 classrooms and house two college centers.

[balance of page left blank]

APPENDIX C

SUMMARY OF BOND RESOLUTION

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION AND SUPPLEMENTAL RESOLUTION

Authorization

The resolution adopted by the Board of Commissioners of the District (the "Board") on June 11, 1997, as amended and restated in its entirety by a resolution adopted by the Board on August 27, 2009 (the "General Resolution"), as supplemented by a resolution adopted by the Board on October 28, 2010, December 9, 2015, November 17, 2016, May 23, 2019, January 26, 2022, September 17, 2026 and October 5, 2026 (collectively, the "Resolution") authorizes the District to issue the Obligations.

Definitions

For purposes of this discussion as used herein, the following capitalized terms are defined in the Resolution as follows:

(a) "Acquired System" shall mean any separate water or sewer system or any combination thereof acquired by the District pursuant to State law.

(b) "Act" shall mean Tennessee Code Annotated Sections 7-82-101 *et seq.*, as amended from time to time;

(c) "Authority" shall mean The Public Building Authority of Sevier County, Tennessee or any other governmental authority authorized to make loans to the District to finance or to refinance extensions and improvements to the System.

(d) "Balloon Indebtedness" shall mean any Obligations, other than Short-Term Indebtedness, 25% or more of the initial principal amount of which matures (or must be redeemed at the option of the holder) during any twelve month period, if such 25% or more is not to be amortized to below 25% by mandatory redemption prior to the beginning of such twelve month period.

(e) "Bond Fund" shall mean the Bond and Interest Fund established pursuant to the Resolution.

(f) "Build America Bonds" shall mean Taxable Bonds of that name as described in the Recovery Act which are issued by the District pursuant to Section 54AA of the Code for which the District elects to receive Direct Subsidy Payments in an amount equal to a percentage of the interest paid on such Bonds.

(g) "Capital Appreciation Bonds" shall mean bonds, which bear interest at a stated interest rate of 0.0% per annum, have a value on any applicable date equal to the Compound Accreted Value thereof on that date, and are payable only at maturity or earlier redemption.

(h) "Code" shall mean the Internal Revenue Code of 1986, as amended, and all lawful regulations promulgated or proposed thereunder.

(i) "Compound Accreted Value" shall mean the value at any applicable date of any Capital Appreciation Bond, computed as the original principal amount thereof for each maturity date, plus an amount equal to interest on said principal amount (computed on the basis of a 360-

day year of twelve 30-day months) compounded semi-annually on such dates as shall be established by the Series Resolution authorizing the Capital Appreciation Bonds, from the dated date to said applicable date, at an interest rate which will produce at maturity the Maturity Amount for such maturity date.

(j) "Credit Facility" shall mean, with respect to any Obligations, a Letter of Credit and any Substitute Credit Facility provided by the borrower for such Obligations.

(k) "Credit Provider" shall mean, with respect to any Obligations, the provider of any Credit Facility.

(l) "Current Expenses" means expenses incurred by the District in the operation of the System, determined in accordance with generally accepted accounting principles, including the reasonable and necessary costs of operating, maintaining, repairing and insuring the System, the cost of acquiring water, salaries and wages, cost of material and supplies, and insurance premiums, but shall exclude depreciation, amortization and interest on any bonds, notes or other obligations of the District; provided that any payments made by the District to purchase water for delivery after the end of the then-current Fiscal Year shall be accounted for and charged to Current Expenses in accordance with generally accepted accounting principles, and any debt service incurred for the purpose of purchasing water for delivery after the end of the then-current Fiscal Year shall be treated as a Current Expense if so directed by the authorizing resolution;

(m) "Debt Service Requirement" means the total principal, Maturity Amounts and interest coming due, whether at maturity or upon mandatory redemption (less any amount of interest that is capitalized and payable with the proceeds of debt on deposit with the District or any paying agent for the Obligations or other obligations of the District payable from all or some portion of Revenues), for any period of 12 consecutive calendar months for which such a determination is made, provided:

(1) The Debt Service Requirement with respect to Variable Rate Indebtedness shall be determined as if the variable rate in effect at all times during future periods equaled, at the option of the District, either (A) the average of the actual variable rate which was in effect (weighted according to the length of the period during which each such variable rate was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period), or (B) the current average annual fixed rate of interest on securities of similar quality and tax status and having a similar maturity date, as certified by a Municipal Advisor.

(2) The Debt Service Requirement with respect to any Hedged Obligations for so long as the provider of the related Hedge Agreement has not defaulted on its payment obligations thereunder shall be calculated by adding (x) the amount of interest payable by the District on such Hedged Obligations pursuant to their terms and (y) the amount of Hedge Payments payable by the District under the related Hedge Agreement and subtracting (z) the amount of Hedge Receipts payable by the provider of the related Hedge Agreement at the rate specified in the related Hedge Agreement; provided, however, that to the extent that the provider of any Hedge Agreement is in default thereunder, the amount of interest payable by the District on the related Hedged Obligations shall be the interest calculated as if such Hedge Agreement had not been executed. In determining the amount of Hedge Payments or Hedge Receipts that are not fixed throughout the Hedge Period (i.e., which are variable), payable or receivable for

any future period, such Hedge Payments or Hedge Receipts for any period of calculation (the "Determination Period") shall be computed (i) by assuming that the variables comprising the calculation (e.g., indices) applicable to the Determination Period are equal to the average of the actual variables which were in effect (weighted according to the length of the period during which each such variable was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period) or (ii) by using the same assumptions with respect to the Hedged Obligations as may be used for determining the assumed interest rate for Variable Rate Indebtedness.

(3) For the purpose of calculating the Debt Service Requirement on Balloon Indebtedness and Short-Term Indebtedness, at the option of the District, (x) the actual principal and interest on such Balloon Indebtedness and Short Term Indebtedness shall be included in the Debt Service Requirement, subject to the other assumptions contained in the Resolution, or (y) such Balloon Indebtedness and Short Term Indebtedness shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of 20 years at an assumed interest rate (which shall be the interest rate certified by a Municipal Advisor to be the interest rate at which the District could reasonably expect to borrow the same amount by issuing bonds with the same priority of lien as such Balloon Indebtedness and Short Term Indebtedness and with a 20-year term); provided, however, that if the maturity of such Balloon Indebtedness is in excess of 20 years from the date of issuance, then such Balloon Indebtedness shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of years equal to the number of years from the date of issuance of such Balloon Indebtedness to maturity and at the interest rate applicable to such Balloon Indebtedness; provided further that this paragraph shall not be applicable for purposes of determining the District's Debt Service Requirement for purposes of the resolution unless the District has a written commitment from a bank, underwriting firm or other financial institution with a Rating in the investment grade rating categories of at least one Rating Agency (ignoring any gradations within a Rating Category) to refinance at least 90% of the principal amount of such Balloon Indebtedness or Short-Term Indebtedness coming due in the relevant Fiscal Year.

(4) For the purpose of calculating the Debt Service Requirement on any Obligations or proposed Obligations with respect to which the federal government or any agency thereof is obligated to make tax refunds or other payments to the District for the purpose of reducing the interest costs associated therewith (including, without limitation, build America bonds under Section 54AA of the Internal Revenue Code of 1986, as amended), the District may offset any stated interest payment on such Obligations or proposed Obligation by the amount of the scheduled tax refund or other payment corresponding thereto.

(n) "Defeasance Obligations" shall mean, with respect to Obligations other than the Series 2026 Bonds, 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 the Resolution, 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. With respect to the Series 2026 Bonds, "Defeasance Obligations" shall mean any obligations which at the time of the purchase thereof

are permitted investments under the Act or other applicable State law for the purpose of defeasing Bonds.

(o) "Direct Subsidy Bonds" shall mean Build America Bonds issued pursuant to the Resolution.

(p) "Direct Subsidy Payment" shall mean, with respect to Direct Subsidy Bonds issued pursuant to the Resolution, payments in an amount equal to a percentage of interest paid on such Bonds provided directly to the District from the United States Treasury Secretary, or other party designated by the federal government to issue such payments.

(q) "District" shall mean West Knox Utility District of Knox County, Tennessee.

(r) "Financial Guaranty Agreement" shall mean any Financial Guaranty Agreement authorized in the Resolution to be executed in connection with a Reserve Fund Credit Facility.

(s) "Fiscal Year" shall mean each fiscal year of the District as determined from time to time by the Governing Body. As of the date hereof, the fiscal year of the District is the annual period which begins on July 1 any calendar year and ends on June 30 in the following calendar year.

(t) "Governing Body" shall mean the Board of Commissioners of the District.

(u) "Hedge Agreement" shall mean, without limitation, (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement, or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors, collars, or caps, options, puts, or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate, or other financial risk; and (v) any other type of contract or arrangement that the District determines is to be used, or is intended to be used, to manage or reduce the cost of any Obligations, to convert any element of any Obligations from one form to another, to maximize or increase investment return, to minimize investment return risk, or to protect against any type of financial risk or uncertainty.

(v) "Hedged Obligations" shall mean any Obligations for which the District shall have entered into a Hedge Agreement.

(w) "Hedge Payments" shall mean amounts payable by the District pursuant to any Hedge Agreement or under a Loan Agreement that relate to a Hedge Agreement, other than Termination Payments, fees, expenses, and indemnity payments.

(x) "Hedge Period" shall mean the period during which a Hedge Agreement is in effect.

(y) "Hedge Receipts" shall mean amounts payable by any provider of a Hedge Agreement pursuant to such Hedge Agreement, other than Termination Payments, fees, expenses, and indemnity payments.

(z) "Loan Agreement(s)" shall mean any agreement or contract entered into by the District with an Authority, where such Authority agrees to advance funds to the District and the District agrees to repay those funds with interest.

(aa) "Maturity Amount" shall mean the Compound Accreted Value on the stated maturity date of a Capital Appreciation Bond.

(bb) "Maximum Annual Debt Service Requirement" shall mean the maximum annual Debt Service Requirement for any Fiscal Year of the District.

(cc) "Municipal Advisor" means an investment banking or financial advisory firm, commercial bank, or any other person who or which is retained by the District for the purpose of passing on questions relating to the availability and terms of specified types of debt obligations or the financial condition or operation of the System and is actively engaged in and, in the good faith opinion of the District, has a favorable reputation for skill and experience in providing financial advisory services of the type with respect to which the Municipal Advisor has been retained.

(dd) "Net Revenues" shall mean Revenues, excluding any profits or losses on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets, less Current Expenses.

(ee) "Obligations" shall mean outstanding Obligations authorized pursuant to the Resolution and any Parity Obligations issued thereafter.

(ff) "Parity Obligations" shall mean bonds, notes, Loan Agreements, and other debt obligations, including Balloon Indebtedness, Short-Term Indebtedness and Variable Rate Indebtedness, issued by or entered into by the District, on a parity with the Obligations, including any bonds, notes or other obligations secured by a pledge of and/or lien on an Acquired System and the revenues derived from the operation of such Acquired System (provided such pledge and lien are subject only to normal and customary expenses of operating, maintaining, repairing and insuring any such System), so long as the Acquired System is not being operated separately from the System as is permitted in the Resolution or the revenues from such Acquired System are not excluded from Revenues. Reimbursement Payments constitute Parity Obligations.

(gg) "Payments in Respect of Interest" shall mean (a) payments of interest on Obligations, (b) Hedge Payments net of Hedge Receipts and (c) Reimbursement Payments payable under a Loan Agreement made as a reimbursement for an interest payment or payment of the interest portion of purchase price made by a Credit Provider. Payments in Respect of Interest constitute Parity Obligations.

(hh) "Payments in Respect of Principal" shall mean (a) payments of principal, Compound Accreted Value, and premium, if any, on Obligations and (b) Reimbursement Payments payable under a Loan Agreement made as a reimbursement for principal payment or payment of the principal portion of purchase price made by a Credit Provider. Payments in Respect of Principal constitute Parity Obligations.

(ii) "President" means the duly elected and acting President of the Governing Body, or any other member of the Governing Body acting in the capacity of President when the elected and acting President is unavailable or incapable of acting;

(jj) "Rating" means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.

(kk) "Rating Agencies" or "Rating Agency" means Fitch Ratings, Moody's Investors Service, Inc., and S&P Global Ratings, or any successors thereto and any other nationally recognized credit rating agency.

(ll) "Rebate Year" shall mean, with respect to a particular Series of Bonds issued pursuant to the Resolution, a one-year period (or shorter period from the date of issue) that ends at the close of business on the day in the calendar year selected by the District as the last day of a Rebate Year. The final Rebate Year with respect to a particular Series of Bonds issued pursuant to the Resolution, however, shall end on the date of final maturity of that Series of Bonds.

(mm) "Recovery Act" shall mean the American Recovery and Reinvestment Act of 2009.

(nn) "Reimbursement Agreement" shall mean, with respect to any Obligations, the Reimbursement Agreement or Credit Agreement between the Credit Provider and the District, and any amendments or supplements thereto, together with any reimbursement or similar agreement between the District and any subsequent Credit Provider, and any amendments and supplements thereto.

(oo) "Reimbursement Payments" shall mean any amounts payable by the District under a Loan Agreement or a Reimbursement Agreement to reimburse a Credit Provider for amounts advanced under the related Credit Facility, including interest on the amounts advanced thereunder.

(pp) "Reserve Fund" shall mean any Debt Service Reserve Fund established pursuant to any Series Resolution, and any such Reserve Fund shall not be a commingled reserve fund but shall secure only the specific Obligations issued under the Series Resolution providing for such reserve fund.

(qq) "Reserve Fund Credit Facility" shall mean a municipal bond insurance policy, surety bond, letter of credit, line of credit, guarantee or other agreement provided by a Reserve Fund Credit Facility Issuer which provides for payment of amounts equal to all or any portion of any Reserve Fund Requirement in the event of an insufficiency of moneys in the Bond Fund to pay when due principal of and interest on the Obligation for which such Reserve Fund is created.

(rr) "Reserve Fund Credit Facility Issuer" shall mean the issuer of a Reserve Fund Credit Facility rated in one of the three highest rating categories by each Rating Agency that rates such Reserve Fund Credit Facility Issuer.

(ss) "Reserve Fund Requirement" shall mean, with respect to any Obligation, the amount required to be maintained in any Reserve Fund, which such amount, if any, shall be established in the Series Resolution authorizing such Obligation.

(tt) "Revenue Fund" shall mean the Revenue Fund established pursuant to the Resolution.

(uu) "Revenues" shall mean all revenues, rentals, earnings and income of the District from whatever source, determined in accordance with generally accepted accounting principles,

including all revenues derived from the operation of the System; proceeds from the sale of property; proceeds of insurance and condemnation awards and compensation for damages, to the extent not applied to the payment of the cost of repairs, replacements and improvements; and all amounts realized from the investment of money in the accounts and funds of the System, including money in any accounts and funds created by the resolution, and resolutions authorizing any Parity Obligations or obligations subordinate to the Obligations (excluding any investment earnings from construction or improvement funds created for the deposit of bond proceeds pending use, to the extent such income is applied to the purposes for which the bonds were issued, and funds created to refund any Refunded Loan Agreements payable from Revenues of the System); provided, however, (i) at the election of the District, Revenues shall not include any rates, fees, rentals or other charges or other income received by the District from the operation of an Acquired System and any bonds or other obligations issued in connection with such Acquired System shall not be payable from or secured by Net Revenues or be deemed to be Parity Obligations, and (ii) Revenues shall not include any payments to the District with respect to which an adjustment to the Debt Service Requirement has been made pursuant to Section (2)(p)(4) hereof.

(vv) "Secretary" shall mean the Secretary of the District.

(ww) "Series Resolution" shall mean a resolution of the District authorizing the issuance of an Obligation in accordance with the terms and provisions of the General Resolution.

(xx) "Short-Term Indebtedness" shall mean Obligations, including Variable Rate Indebtedness, maturing five (5) years or less from their date of issuance, issued by the District as Parity Obligations in accordance with the restrictive provisions of the Resolution.

(yy) "State" shall mean the State of Tennessee.

(zz) "System" shall mean the water and sewer system of the District, any water and/or sewer system hereafter acquired, constructed or otherwise established, including all improvements and extensions made by the District or the Governing Body on behalf of the District while the Obligations remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the foregoing, and including all appurtenances, contracts, leases, franchises, and other intangibles; provided, however, at the election of the Governing Body, an Acquired System may be included within the System as defined in the Resolution and become a part thereof or, at the election of the District, not become a part of the System but be operated as a separate and independent system by the District with the continuing right, upon the election of the District, to incorporate such separately Acquired System within the System.

(aaa) "Taxable Bond" shall mean any *Series 2010* Bond where the interest income thereon is includable in the gross income of the holder thereof for federal income tax purposes or that such interest is subject to federal income taxation.

(bbb) "Termination Payments" means an amount payable by or to the District (whether directly or pursuant to a Loan Agreement) upon termination of a Hedge Agreement.

(ccc) "Variable Rate Indebtedness" means any Parity Obligations, the interest rate on which is subject to periodic adjustment, at intervals, at such times and in such manner as shall be determined by a Series Resolution authorizing such Parity Obligations; provided that if the

interest rate shall have been fixed for the remainder of the term thereof, it shall no longer be Variable Rate Indebtedness.

Source of Payment; Equality of Lien; Pledge of Net Revenues

The punctual payment of Payments in Respect of Principal and Payments in Respect of Interest shall be payable from and secured equally and ratably by the Net Revenues without priority by reason of number or time of sale or execution or delivery. The Net Revenues are hereby irrevocably pledged to the punctual payment of Payments in Respect of Principal and Payments in Respect of Interest as the same become due.

Statutory Mortgage Lien

For the further protection of the registered owners or other holders of the Obligations, a statutory lien in the nature of a mortgage lien upon the System is granted and created by the Act, which said statutory mortgage lien is hereby recognized as valid and binding upon the District and to be a lien upon the System and the System shall remain subject to such statutory mortgage lien until the payment in full of the principal and interest on the Obligations.

Application of Revenues

From and after the delivery of Obligations pursuant to the Resolution, and as long as any Obligations shall be outstanding and unpaid either as to principal or as to interest and other amounts thereunder, or until the discharge and satisfaction of all the Obligations as provided in the Resolution, the entire Revenues of the System shall be deposited as collected to the Revenue Fund of the District hereby established (the "Revenue Fund"). The money so deposited shall be used only as follows:

(a) The money in the Revenue Fund shall be used first from month to month for the payment of Current Expenses.

(b) The money remaining in the Revenue Fund, after payment of Current Expenses, shall next be used to make deposits into a separate and special fund, to be known as the "Bond and Interest Fund" (the "Bond Fund"), to be kept separate and apart from all other funds of the District and used to pay Payments in Respect of Principal and Payments in Respect of Interest on Obligations as the same become due, either by maturity or mandatory redemption. Such deposits shall be made monthly, or as otherwise set forth in the Resolution, until the Obligations are paid in full or discharged and satisfied, beginning in the month next following delivery of the Obligations.

With respect to principal, for the period commencing with the month next following the delivery of the Obligations, each monthly deposit shall be an amount that, together with all other monthly deposits of approximately equal amounts during such period and amounts otherwise in said Bond Fund, will be equal to Payments in Respect of Principal due on the Obligations on the next due date of such Payments in Respect of Principal, divided by the number of months from and including the month of the first such deposit to and including the months preceding the next due date of such Payments in Respect of Principal; provided that, if the next due date of such Payments in Respect of Principal is more than 13 months following the month next following the delivery of the Obligations, such monthly deposits to the Bond Fund shall commence in the month that is 13 months prior to the month of the next due date of such Payments in Respect of Principal.

If Payments in Respect of Interest are payable semi-annually, then there shall be deposited monthly in an amount equal to one-sixth (1/6) of the Payments in Respect of Interest coming due on the next due date of Payments in Respect of Interest, or (ii) if Payments in Respect of Interest are payable more frequently than semi-annually, then as specified in the Series Resolution authorizing such Parity Obligations.

In each month thereafter, each monthly deposit shall consist of an interest component and a principal component. If the Payment in Respect of Interest is payable semi-annually, then the Payment in Respect of Interest shall be an amount equal to not less than one-sixth (1/6th) of the interest coming due on any Obligations then outstanding on the next succeeding interest payment date, unless otherwise specified in the Series Resolution authorizing such Obligations. If the Payment in Respect of Interest is payable more frequently than semi-annually, then the amount of the Payment in Respect of Interest to be deposited shall be specified in any Series Resolution authorizing such Obligations. The principal component shall be an amount not less than one-twelfth (1/12) of the total of the Payment in Respect of Principal coming due, whether by maturity or mandatory redemption, on the Obligations then outstanding during such twelve-month period. No further monthly or periodic deposit shall be required with respect to the next due date of any Payment in Respect of Interest or Payment in Respect of Principal when the Bond Fund balance is equal to or greater than the amount needed to pay the Payment in Respect of Interest coming due on the next interest payment date and the total of the Payments in Respect of Principal payable, either by maturity or mandatory redemption, during the applicable twelve-month period. Money in the Bond Fund shall be used solely and is hereby expressly and exclusively pledged for the purpose of paying Payments in Respect of Interest and Payments in Respect of Principal on the Obligations and Parity Obligations.

Each deposit as to interest shall take into account expected Hedge Payments related to such interest payments.

(c) The next available money in the Revenue Fund shall be paid to any Reserve Fund Credit Facility Issuer or Issuers (pro rata, if more than one) to the extent needed to reimburse the Reserve Fund Credit Facility Issuer for amounts advanced by the Reserve Fund Credit Facility Issuer or Issuers under the Reserve Fund Credit Facility, including any amounts payable under any Financial Guaranty Agreement, together with reasonable related expenses incurred by the Reserve Fund Credit Facility Issuer and interest as provided in the Financial Guaranty Agreement.

(d) Any Reserve Fund with respect to any Obligation shall be established in the Series Resolution authorizing such Obligation, and the Reserve Fund Requirement with respect to any such Reserve Fund shall be established in the Series Resolution authorizing such Obligation. No deposit shall be required to be made to any Reserve Fund unless the amount in the Reserve Fund, together with the Reserve Fund Credit Facility or Facilities, if any, becomes less than the applicable Reserve Fund Requirement.

The next available money in the Revenue Fund shall be used to make deposits on a pro rata basis to any Reserve Fund created by a Series Resolution. In the event deposits to any Reserve Fund shall be required, such deposits shall be made in accordance with the Series Resolution creating such Reserve Fund.

Only so long as there is no deficiency with respect to clauses (e) and (f), funds in excess of the Reserve Fund Requirement with respect to all Reserve Funds, if any, created by any Series Resolution may be released to be used by the District for legally permissible purposes

(e) The next available money in the Revenue Fund shall be used for the payment of all other payments to be made under pursuant to the Resolution.

(f) The next available money in the Revenue Fund shall be used for the purpose of the payment of principal of and interest on (including reasonable reserves therefor) any bonds or other obligations payable from revenues of the System, but junior and subordinate to the Obligations. Termination Payments received in connection with a Hedge Agreement shall be deposited to the Revenue Fund and Termination Payments required of a District in connection with a Hedge Agreement shall be paid as a subordinate lien obligation pursuant to this subsection.

(g) Money on deposit in the Funds described in this Section may be invested by the District in such investments as shall be permitted by applicable law, as determined by an authorized representative of the District, all such investments to mature not later than the date on which the money so invested shall be required for the purpose for which the respective Fund was created. All income derived from such investments shall be regarded as Revenues of the System and shall be deposited in the Revenue Fund. Such investments shall at any time necessary be liquidated and the proceeds thereof applied to the purpose for which the respective Fund was created; provided, however, that in no event shall moneys in the Reserve Fund be invested in instruments that mature more than two (2) years from the date the money is so invested. The District is authorized to enter into contracts with third parties for the investment of funds in any of the Funds described in the Resolution.

(h) The Revenue Fund, the Bond Fund, and the Reserve Fund (except to the extent funded with a Reserve Fund Credit Facility or Facilities) shall be held and maintained by the District and, when not invested, kept on deposit with a bank or financial institution regulated by and the deposits of which are insured by the Federal Deposit Insurance Corporation or similar federal agency. All moneys in such Funds so deposited shall at all times be secured to the extent and in the manner required by applicable State law.

Prohibition of Prior Lien; Parity Obligations

The District will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the Revenues of the System having priority over the Obligations.

Additional bonds may hereafter be issued on a parity with the Obligations under the following conditions but not otherwise:

(a) Additional bonds may be issued on a parity without regard to the requirements of subsection (c) of this Section, if such bonds shall be issued for the purpose of refunding any of the Obligations which shall have matured or have become subject to mandatory redemption or which shall mature or become subject to mandatory redemption not later than three months after the date of delivery of such refunding bonds and for the payment of which insufficient money is available in the Bond Fund.

(b) Additional bonds may be issued on a parity with the Obligations without regard to the requirements of subsection (c) of this Section, if such bonds shall be issued for the purpose of refunding any outstanding Obligations under circumstances not resulting in the defeasance of all of the Obligations pursuant to the resolution authorizing such Obligations, provided the Maximum Annual Debt Service Requirement computed with respect to all Obligations to be outstanding as of the date of issuance of such additional bonds (and after giving effect to the application of the proceeds thereof) shall not be greater than 105% of the Maximum Annual Debt

Service Requirement computed with respect to all Obligations outstanding as of the date immediately preceding the issuance of such additional bonds.

(c) Additional bonds may be issued on a parity if all of the following conditions shall have been met:

(1) Either:

(A) the Net Revenues of the System for twelve consecutive months out of the eighteen months immediately preceding the issuance of such additional bonds must have been equal to at least one and two-tenths (1.20) times the Maximum Annual Debt Service Requirement computed with respect to the bonds proposed to be issued, Parity Obligations intended to be refunded by the proposed additional bonds; or

(B) the Net Revenues of the System for the twelve consecutive months out of the eighteen months immediately preceding the issuance of the proposed additional bonds, as certified by the Financial Advisor, must be equal at least to one and two-tenths (1.20) times the Maximum Annual Debt Service Requirement computed with respect to the bonds proposed to be issued and the outstanding Obligations, and one (1.0) times the Maximum Annual Debt Service on any subordinate lien obligations other than the obligations intended to be refunded by the proposed bonds; provided, however, that if prior to the sale of such additional bonds or the incurring of additional indebtedness the District shall have adopted a revised schedule of rates for the System and resolved to put such rate schedule in effect at or prior to the issuance of the additional bonds, then the Net Revenues for the Fiscal Year immediately preceding the issuance of such additional bonds or the incurring of additional indebtedness, as certified by an independent engineer or engineering firm or a nationally recognized firm of financial feasibility consultants having a favorable reputation for skill and experience in the financial feasibility of water and sewer systems, that would have resulted from such rates had they been in effect for such period, may be used in lieu of the actual Net Revenues for such Fiscal Year; and the Net Revenues for each of the next three Fiscal Years ending after the issuance of the additional bonds, as estimated by an independent engineer or engineering firm, or a nationally recognized firm of financial feasibility consultants, having a favorable reputation for skill and experience in the financial feasibility of water and sewer systems, must be equal to at least one and two-tenths (1.20) times the Maximum Annual Debt Service Requirement computed with respect to the additional bonds proposed to be issued, and the Obligations and one times (1.0) times the Maximum Annual Debt Service Requirement on any subordinate lien obligations other than the Obligations intended to be refunded by the proposed additional bonds; provided, however, that if the proposed additional bonds are to be issued for the acquisition or construction of any extension, improvement or replacement to the System, then the estimate of Net Revenues may be for the next three Fiscal Years ending after the time that such improvement, extension or replacement is expected to be placed in service;

(2) The payments required to be made into the Bond Fund and the Reserve Fund must be current, and all payments under any Financial Guaranty Agreement or with respect to any Reserve Fund Credit Facility must be current;

(3) The proceeds of the additional bonds may be used only to (i) make improvements, extensions, renewals or replacements to the System, to purchase an Acquired System, or to refund Obligations, subordinate lien obligations, or outstanding debt of an Acquired System, (ii) fund necessary reserves related to such additional bonds, (iii) fund capitalized interest related to the additional bonds; or (iv) pay the costs and expenses of issuance and sale of the additional bonds;

(d) All the provisions and covenants of the Resolution relating to creation and investment of funds and the application of Revenues, the operation of the System and charges for services of the System, the remedies of an Authority and the owners of Obligations, the issuance of additional bonds, modification of the resolution and such other provisions of the Resolution as are appropriate may be incorporated by reference into supplemental resolutions authorizing additional bonds, and said provisions when so incorporated shall be equally applicable to the additional bonds issued pursuant to the terms of this Section in all respects and with like force and effect as though said provisions were recited in full in said supplemental resolutions and shall continue to be applicable so long as any such bonds remain outstanding.

Charges for Services Supplied by the System

While the Obligations remain outstanding and unpaid, the District covenants and agrees that it will permit no free service to be furnished to any consumer or user whatsoever; that the charges for all services supplied through the medium of the System to all consumers and users shall be reasonable and just, taking into account and consideration the cost and value of the System and the cost of maintaining, operating, repairing and insuring the System, a proper and necessary allowance for the depreciation thereof, and the amounts necessary for the payment of principal of and interest on all obligations payable from revenues of the System; and that there shall be charged against all users of the services of the System such rates and amounts as shall be fully adequate to comply with the covenants of the Resolution.

Covenants Regarding the Operation of the System

Pursuant to the Resolution, the District covenanted and agreed with the owners of the Obligations so long as the Obligations shall remain outstanding:

(a) The District shall maintain the System in good condition and operate the System in an efficient manner and at reasonable cost.

(b) The District shall maintain insurance on the properties of the System of a kind and in an amount which would normally be carried by private companies engaged in a similar type and size of business, provided, the District shall not be required to insure beyond the limits of immunity provided by Sections 29-20-101 *et seq.,* Tennessee Code Annotated, or other applicable law. The proceeds of any such insurance, except public liability insurance, shall be used to replace the part or parts of the System damaged or destroyed, or, if not so used, shall be placed in the Revenue Fund.

(c) The District will cause to be kept proper books and accounts adapted to the System, will cause the books and accounts to be audited at the end of each Fiscal Year by a recognized independent certified public accountant or a firm of such accountant or accountants and, upon written request, will make available to any registered owner of the Obligations the balance sheet and the profit and loss statement of the District as certified by such accountant or accountants. Each such audit, in addition to whatever matters may be thought proper by the accountant or accountants to be included therein, shall include the following:

(1) A statement in detail of the revenues and expenditures of the System and the excess of revenues over expenditures for the Fiscal Year;

(2) A statement showing beginning and ending balances of each Fund described in the Resolution;

(3) A balance sheet as of the end of the Fiscal Year;

(4) The accountant's comments regarding the manner in which the District has carried out the requirements of the resolution and the accountant's recommendations with respect to any change or improvement in the operation of the System;

(5) The number and classifications of customer service connections to the System as of the end of the Fiscal Year;

(6) The disposition of any Obligation proceeds during the Fiscal Year;

(7) A statement as to all breaches or defaults under the Resolution of which the accountants have knowledge or, in the alternative, a statement that they have no knowledge of any such breach or default.

All expenses incurred in the making of the audits required by this subsection shall be regarded and paid as Current Expenses. The registered owner of any of the Parity Obligations shall have at all reasonable times the right to inspect the System and the records, accounts and data of the District relating thereto. It is further agreed that if the District fails to provide the audits and reports required by this subsection, the registered owner or owners of twenty-five percent (25%) in principal amount of the Parity Obligations may cause such audits and reports to be prepared at the expense of the District.

(d) The District shall continuously own, control, operate, and maintain the System in an efficient and economical manner and on a revenue producing basis and shall at all times prescribe, fix, maintain, and collect rates, fees, and other charges for the services and facilities furnished by the System fully sufficient at all times:

(1) for 100% of the Current Expenses and for the accumulation in the Revenue Fund of a reasonable reserve therefor, in an amount, if any, as shall be determined from time to time by the District; and

(2) such that Net Revenues in each Fiscal Year:

(A) will equal at least 120% of the Debt Service Requirement on the Obligations, and 100% of the Debt Service Requirement on any subordinate lien obligations or other obligations then outstanding for such Fiscal Year;

(B) will enable the District to make all required payments, if any, into the Reserve Fund, on any Reserve Fund Credit Facility Agreement and any required payments under any Reimbursement Agreement;

(C) will enable the District to accumulate an amount, which, in the judgment of the District, is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the System,

necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the System; and

(D) will remedy all deficiencies in required payments into any of the funds and accounts mentioned in the Resolution from prior Fiscal Years.

(e) The District will perform all duties with reference to the System required by the constitution and laws of the State, including the making and collecting of reasonable and sufficient rates for services rendered by the System as above provided, and will apply the revenues of the System to the purposes and Funds specified in the resolution.

(f) The District will not sell, lease, mortgage, or in any manner dispose of the System, or any part thereof, including any and all extensions and additions that may be made thereto, or any facility necessary for the operation thereof; provided, however, the use of any of the System facilities may at any time be permanently abandoned or the System or any portion of the System or of the System facilities sold or otherwise disposed of, provided that:

(1) The District is in full compliance with all covenants and undertakings in connection with the Obligations then outstanding and payable from the Revenues of the System and any required reserve funds for such Obligations have been fully established and contributions thereto are current;

(2) (A) In the event of sale of all or a portion of the System, (i) if all of the System is sold, the proceeds shall be in an amount at least equal to all principal, premium, if any, and interest on the outstanding Obligations and all subordinate lien obligations or if a portion of the System is sold, then the proceeds of the sale shall be in an amount equal to the outstanding Obligations and the outstanding subordinate lien obligations allocable to such portion of the System and the remaining revenues of the System shall be sufficient to pay principal of, premium, if any, and interest on the Obligations and any subordinate lien bonds and sufficient to be in compliance with the covenants set forth in the Resolution as certified by an independent engineer or engineering firm or a nationally recognized firm of financial feasibility consultants having a favorable reputation for skill and experience in the financial feasibility of water and sewer systems and such proceeds will be applied either (A) to prepayment of a Loan Agreement redemption of Parity Obligations in accordance with the provisions governing repayment of such Loan Agreement and Parity Obligations in advance of maturity or (B) to the purchase of the Parity Obligations at the market price thereof so long as such price does not exceed the amount at which the Parity Obligations could be redeemed on such date as set forth in the Resolution, in addition to the prepayment of a Loan Agreement or (C) to replacement of the facility so disposed of by another facility the revenues of which shall be deposited to the District, or (D) to a separate fund to be held by the District to be used for legally authorized purposes; or (ii) the payment of the principal and Compound Accreted Value of, premium, if any, and interest on the Obligations and subordinate lien bonds shall be assumed by the entity to which the System is sold if such assumption does not violate the covenants set forth in the Resolution; or

(B) The abandonment, sale or disposition is for the purpose of disposing of facilities which are no longer necessary or no longer useful to the operation of the System and the operation of the System or its revenue producing

capacity is not materially impaired by such abandonment, sale or disposition or any facilities acquired in replacement thereof are of equivalent or greater value or it is in the best interests of the District to otherwise dispose of all or a part of the System as determined by the Governing Body of the District; and

(3) The District receives an opinion of nationally recognized bond counsel to the effect that the disposition of the System or any portion thereof and use of the proceeds therefrom will not adversely affect the exclusion of interest on the Obligations or any subordinate lien obligations from gross income of the holders thereof for purposes of federal income taxation.

Nothing in the Resolution is intended to prohibit the lease purchase of equipment or facilities of the System hereafter to be put in service or to prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as the District is in full compliance with the covenants set forth in the Resolution immediately following such transfer or exchange.

(g) Prior to the beginning of each Fiscal Year, the District shall prepare or cause to be prepared and adopted an annual budget of estimated revenues and Current Expenses and capital expenditures for the System for the ensuing Fiscal Year and will undertake to operate the System within such budget to the best of its ability. The Current Expenses incurred in any year will not exceed reasonable and necessary amounts therefor and the District will not expend any amounts or incur any obligations therefor in excess of the amounts provided for Current Expenses in the budget except upon resolution of the District.

(h) Each officer or employee of the District or any other person, other than banks or other financial institutions, having custody of funds of the System shall be under fidelity bond at all times in reasonable and customary amounts.

(i) The District, either directly or indirectly, will not construct, finance or grant a franchise for the development or operation of facilities that compete for service with the services to be provided by the System or consent to the provision of any such services in the area currently served by the District by any other public or private entity and will take all steps necessary and proper, including appropriate legal action to prevent any such entity from providing such service; provided, nothing in the Resolution shall prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as the District is in full compliance with the covenants set forth in the Resolution immediately following such transfer or exchange.

(j) For the purpose of assuring the efficient, impartial and non-political operation of the System for the benefit of the District and the owners of the Obligations from time to time outstanding, the complete and independent control and operation of the System shall continue to be vested in the Governing Body, subject, however, to the obligation and duty on the part of the Governing Body to carry out and perform faithfully all of the covenants and agreements contained in the Resolution. It is agreed with the owners from time to time of the Obligations and made a part of the contract rights which will vest in such owners at the time of delivery of the Obligations that the System will be so operated by the Governing Body.

Remedies of Bond Owners

An Authority and any owner of any Obligations, including the holder or assignee of a Loan Agreement, may either at law or in equity, by suit, action, mandamus or other proceedings, in any court of competent jurisdiction enforce and compel performance of all duties imposed upon the District by the

provisions of the Resolution, including the making and collecting of sufficient rates, the proper application of and accounting for Revenues of the System, and the performance of all duties imposed by the terms hereof.

If any default be made in the payment of principal or Compound Accreted Value of or interest on Obligations, then upon the filing of suit by an Authority, its assignee or those succeeding to its rights, or any holder of Obligations, including the holder or assignee of a Loan Agreement, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the District with power to charge and collect rates sufficient to provide for the payment of all Obligations and obligations outstanding against the System and for the payment of Current Expenses, and to apply the income and revenues thereof in conformity with the provisions of the resolution.

Defeasance

If the District shall pay and discharge the indebtedness evidenced by Resolution 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 Paying Agent, the principal of and interest on such Obligations as and when the same become due and payable;

(b) By depositing or causing to be deposited with a trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers 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 Obligations and to pay interest thereon when due until the maturity or redemption date (provided, if such Obligations are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have bee made for the giving of such notice;

(c) By delivering such Obligations to the Paying Agent for cancellation by it; and if the District shall also pay or cause to be paid all other sums payable under the Resolution by he District with respect to such Obligations, or make adequate provision therefore, and by resolution of the Board instruct any such escrow agent to pay amounts when and as required to the Paying Agent for the payment of principal of and interest on such Obligations when due, then and in that case the indebtedness evidenced by such Obligations shall be discharged and satisfied and all covenants, agreements and obligations of the District to the holders of such Obligations shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

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

Except as otherwise provided in this section, neither Defeasance Obligations nor moneys deposited with the Paying Agent nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held for trust for, the paying of the principal of and interest on said Obligations; provided that any cash received from such principal or interest payments on such Defeased Obligations deposited with the Paying Agent, (a) to the extent such cash will not be required at any time for such purpose, shall be paid over to the District as received by the Paying 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 interest to become due on said Obligations on or prior to the redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the District, as received by the Paying Agent.

Modification of Resolution

(a) The resolution may be amended without the consent of or notice to the registered owners of the Obligations for the purpose of curing any ambiguity or formal defect or omission in the Resolution.

(b) In addition to the amendments to the resolution without the consent of registered owners as referred to in subsection (a) above or subsection (c) below, the registered owners of a majority in aggregate principal amount of the Parity Obligations at any time outstanding (not including in any case any Parity Obligations which may then be held or owned by or for the account of the District but including such refunding bonds as may have been issued for the purpose of refunding any of such Parity Obligations if such refunding bonds shall not then be owned by the District) shall have the right from time to time to consent to and approve the adoption by the Governing Body of a resolution or resolutions modifying any of the terms or provisions contained in the resolution; provided, however, that the resolution may not be so modified or amended in such manner, without the consent of 100% of the registered owners of the Obligations, as to:

(1) Make any change in the maturities or redemption dates of the Parity Obligations;

(2) Make any change in the rates of interest borne by the Parity Obligations;

(3) Reduce the amount of the principal payments or redemption premiums payable on the Parity Obligations;

(4) Modify the terms of payment of principal of or interest on the Parity Obligations or impose any conditions with respect to such payments;

(5) Affect the rights of the registered owners of less than all of the Parity Obligations then outstanding;

(6) Reduce the percentage of the principal amount of the Parity Obligations the consent of the registered owners of which is required to effect a further modification.

For purposes of this subsection (b) the aggregate principal amount of any Hedge Agreement, shall be deemed to be zero, and the aggregate principal amount with respect to any Reimbursement Agreement shall be the aggregate principal amount of Obligations outstanding relating to such Reimbursement Agreement.

Whenever the District shall propose to amend or modify the resolution under the provisions of this Section, it shall cause notice of the proposed amendment to be mailed by first-class mail, postage prepaid, to the owner of each Parity Obligation then outstanding. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the District for public inspection.

Whenever at any time within one (1) year from the date of mailing of said notice there shall be filed with the Secretary of the Governing Body an instrument or instruments executed by the registered

owners of at least a majority in aggregate principal amount of the Parity Obligations then outstanding as in this Section defined, which instrument or instruments shall refer to the proposed amendatory resolution described in said notice and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the District may adopt such amendatory resolution and such resolution shall become effective and binding upon the owners of all Parity Obligations.

If the registered owners of at least a majority in aggregate principal amount of the Parity Obligations outstanding as in this section defined, at the time of the adoption of such amendatory resolution, or the predecessors in title of such owners, shall have consented to and approved the adoption thereof as provided in the Resolution, no registered owner of any Parity Obligations, whether or not such owner shall have consented to or shall have revoked any consent as in this Section provided, shall have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the District from taking any action pursuant to the provisions thereof.

Any consent given by the registered owner of a Parity Obligation pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of the publication of the notice above provided for and shall be conclusive and binding upon all future registered owners of the same Parity Obligation during such period. Such consent may be revoked at any time after six (6) months from the date of publication of such notice by the registered owner who gave such consent or by a successor in title by filing notice of such revocation at the District office, but such revocation shall not be effective if the registered owners of a majority in aggregate principal amount of the Parity Obligations outstanding as in this Section defined shall have, prior to the attempted revocation, consented to and approved the amendatory resolution referred to in such revocation.

The fact and date of the execution of any instrument under the provisions of this Section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

The amount (number(s)) of the Parity Obligations owned by any person executing such instrument and the date of the ownership of the same shall be proved by reference to the Obligation registration records maintained by the Registration Agent, which records shall constitute conclusive proof of the ownership thereof.

(c) Notwithstanding anything in the Resolution to the contrary, no amendment to the resolution may be made while any other Loan Agreement is outstanding unless consent is obtained from all persons for whom consent must be obtained to amend.

APPENDIX D

GENERAL PURPOSE FINANCIAL STATEMENTS

OF

WEST KNOX UTILITY DISTRICT
OF KNOX COUNTY, TENNESSEE

FOR THE FISCAL YEAR ENDED

June 30, 2025

The General Purpose Financial Statements are extracted from the Financial Statements with Report of Certified Public Accountants of the District for the fiscal year ended June 30, 2025, which is available upon request from the District.

PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
KNOXVILLE, TENNESSEE 37923
Telephone: 865-769-0660
Fax: 865-769-1660

Mr. Jim Reese, General Manager
West Knox Utility District
Knoxville, Tennessee

The accompanying financial statements (Annual Comprehensive Financial Report) of the West Knoxville Utility District as of and for the years ended June 30, 2025 and 2024, were not subject to an audit, review, or compilation engagement by us and, accordingly, we do not express an opinion or conclusion, nor provide any assurance on them.

Pugh & Company, P.C.
Certified Public Accountants
Knoxville, Tennessee
December 16, 2025

WEST KNOX UTILITY DISTRICT

Knoxville, Tennessee

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Years Ended June 30, 2025 and 2024

Prepared By:

Yhuliana Lopez, Comptroller

WEST KNOX UTILITY DISTRICT

For the Years Ended June 30, 2025 and 2024

TABLE OF CONTENTS

Page Number

INTRODUCTORY SECTION
Letter of Transmittal ..... i-vii
Organizational Chart viii
Roster of District Officials and Others ix
GFOA Certificate of Achievement x

FINANCIAL SECTION
Independent Auditor's Report ..... xi-xiii
Management's Discussion and Analysis ..... xiv-xxii

Basic Financial Statements:
Proprietary Fund Statements of Net Position 1-2
Proprietary Fund Statements of Revenues, Expenses and Changes in Net Position 3-4
Proprietary Fund Statements of Cash Flows 5-6
Statements of Fiduciary Net Position – Pension and OPEB Trust Funds 7
Statements of Changes in Fiduciary Net Position – Pension and OPEB Trust Funds 8
Notes to the Financial Statements 9-40

REQUIRED SUPPLEMENTARY INFORMATION
Single Employer Plan - WKUD Defined Benefit Plan:
Schedules of Changes in the District's Net Pension Liability and Related Ratios 41
Schedules of the District's Pension Contributions 42
Schedules of Investment Returns (Losses) 43
Schedules of Changes in the District's Net Pension Liability and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS 44
Schedules of Changes in Net OPEB Liability and Related Ratios 45
Schedules of OPEB Contributions 46
Schedules of OPEB Investment Returns (Losses) 47

SUPPLEMENTARY INFORMATION
Combining Statements of Fiduciary Net Position – Pension and OPEB Trust Funds 48-49
Combining Statements of Changes in Fiduciary Net Position – Pension and OPEB Trust Funds 50-51
Schedule of Debt Service Requirements 52-53
Schedule of Changes in Long-Term Debt by Individual Issue 54
Schedule of Expenditures of Federal Awards and State Financial Assistance 55
Schedules of Water Rates and Statistics 56

STATISTICAL SECTION (UNAUDITED)
Net Position by Component – Last Ten Fiscal Years 57
Changes in Net Position – Last Ten Fiscal Years 58-59
Customer Statistics and Rates – Last Ten Fiscal Years 60
Water Produced, Sold and Consumed – Last Ten Fiscal Years 61
Annual Tap Sales – Last Ten Fiscal Years 62
Number of Water and Sewer Customers by Type – Last Ten Fiscal Years 63
Water and Wastewater Rates – Last Ten Fiscal Years 64
Ten Largest Customers – Current Fiscal Year and Nine Years Ago 65
Outstanding Debt Per Customer – Last Ten Fiscal Years 66
Pledged Revenue Coverage – Last Ten Fiscal Years 67
Demographic and Economic Statistics – Last Ten Calendar Years 68
Principal Employers – Current Calendar Year and Nine Years Ago 69
Number of Employees by Activity – Last Ten Fiscal Years 70
Annual Wastewater Plant Flows and Capacity in Millions of Gallons – Last Ten Fiscal Years 71
Operating and Capital Indicators – Last Ten Fiscal Years 72

WEST KNOX UTILITY DISTRICT

For the Years Ended June 30, 2025 and 2024

TABLE OF CONTENTS (Continued)

Page Number

INTERNAL CONTROL, COMPLIANCE AND SINGLE AUDIT SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 73-74

Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance 75-76

Schedule of Findings and Questioned Costs 77

Schedule of Disposition of Prior Year Audit Findings 78

INTRODUCTORY SECTION

Board of Commissioners:
Ann Milsaps
President
Nathan Butler, DVM
Vice President
Charles Marth
Secretary

Jim Reese, P.E.
General Manager
Tracy Nuchols
Assistant General Manager

December 16, 2025

Board of Commissioners of
West Knox Utility District
Knoxville, Tennessee

State law and the Comptroller of the Treasury, State of Tennessee, requires that every political subdivision or municipal corporation publish within six months of the close of each fiscal year-end, a complete set of audited financial statements. This Annual Comprehensive Financial Report (ACFR) of West Knox Utility District (the District) is published to fulfill these requirements for the fiscal years ended June 30, 2025 and 2024.

Internal Controls

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

Independent Audit

Parsons and Wright, CPA's has issued an unmodified opinion on the District's financial statements for the years ended June 30, 2025 and 2024. As stated in the independent auditor's report, the audits were conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A)

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of MD&A. This Letter of Transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the independent auditor's report.

Profile of the District

The District was created under the authority of Title 7, Chapter 82 of the 1937 Utility District Law of the State of Tennessee. The District began operations on October 18, 1954. The purpose of the District is to "acquire, construct, improve, extend, operate, and maintain a wastewater and water treatment system." The District serves 34,286 water and 28,923 wastewater customer billing units in the northwestern portion of Knox County. The District's primary source of water is drawn from the Clinch River that forms Melton Hill Lake which borders Knox and Anderson counties.

The District is governed by a Board of Commissioners composed of three citizens who reside in or are customers of the District. Board members are appointed by the Knox County Mayor for a term of four years.

The District's capital assets consist of two water treatment plants, one wastewater treatment facility, two office buildings and related maintenance facilities, and five water reservoir tanks. The collection system, consisting of mains, laterals and pump stations, is owned and maintained by the District.

The District receives no ongoing financial support from Knox County, Tennessee and has no taxing authority. The District's water and wastewater revenues are derived from charges based upon metered water consumption of customers. The water and wastewater rates are established by the District's Board of Commissioners.

Budgeting

The District adopts flexible annual operating and capital budgets. Budgets are adopted on a basis consistent with GAAP. The current operating budget details the District's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year. The capital budget details the plan to receive and expend cash basis capital contributions, grants, borrowings and certain revenues for capital projects (see the major initiatives section). During 2025 and 2024 there were no significant budget amendments. The District's budgets are projections and are not legally binding.

Financial Overview

During 2025, the District's operating income was $8.2 million, which was approximately $1.2 million more than 2024 or 17.9%. Operating income increased mainly due to a $916,000 increase in connection fees. The District's pledged revenue bond coverage ratio increased to 2.00 in 2025 vs. 1.74 in 2024.

Local Economy

The District is located within the Knoxville Metropolitan Statistical Area (MSA) which includes Anderson, Blount, Campbell, Grainger, Knox, Loudon, Morgan, Roane and Union Counties. The Knoxville MSA is also the trade center for several counties in East Tennessee, and parts of Kentucky, Virginia and North Carolina.

For June 30, 2024, the unemployment rates according to the U.S. Bureau of Labor Statistics for Knox County, State of Tennessee and the U.S. were 3.5%, 3.9% and 4.3%, respectively.

Median household per capita income in calendar year 2023 for Knox County, State of Tennessee and the U.S. was $67,323, $62,229, and $69,810, respectively.

The Knoxville MSA has several large employers including the Tennessee Valley Authority, U.S. Department of Energy contractors, Arconic, several hospitals, Clayton Homes, Denso, the University of Tennessee, and several regional shopping malls and centers.

Long-Term Financial Planning

The District has projected a 1% to 3% annual increase in the number of customers over the next five years. The District is currently making several capital improvements including several water line improvements and extensions.

The financing of the District's capital improvements is by internally generated cash flows and the issuance of long-term debt. The District's debt coverage ratio has consistently been in excess of the required bond covenants.

Major Initiatives

Multiple water and wastewater projects and initiatives were completed or started during the fiscal year. A summary of these projects and initiatives is as follows:

- The District completed and submitted its annual Capacity Management Operations and Maintenance (CMOM) program annual report for the sanitary sewer system to both TDEC and the EPA.
- The District certified and submitted its annual Consumer Confidence Report (Water Quality Report) to TDEC.
- District staff updated its water plant source water protection plan.
- Utility Mapping System and Asset Management: The District has three full time GIS staff members that are focused on implementing, updating, and tracking all our infrastructure assets to give the best possible information to any and all stakeholders within our organization.

  The District renewed its contractual agreement with ESRI to support the improvement of its GIS System. This renewal extends the support through fiscal year 2025. The Agreement includes, but is not limited to, an organizational ESRI license structure for certain programs/software and personalized support for implementation of applications designed to maximize the growth and efficiency of the GIS System.

  The District continues to implement GIS connectivity to its ELEMENTS asset management software. The ELEMENTS Asset Management/GIS interface allows the District to plan, assign, complete, and document its work more efficiently and accurately.
- American Rescue Plan Act (ARPA) Grant Funding: On June 12, 2023, the District signed a memorandum of understanding and agreement with Knox County that provides $10,060,000 of the County's grant award to WKUD for use in water and wastewater projects. Four projects were designated to make use of the funds:
  - Pellissippi Sewer Pump Station Replacement. This project will completely rebuild the existing Pellissippi St wastewater pump station while increasing capacity for a growing area of the District. GRW Engineering was contracted to complete plans and specifications. Hurst Excavating, LLC was awarded the project at a contract price of $2,103,000 with $2,000,000 funded from the ARPA grant. The notice to proceed was dated November 25, 2024. Construction is ongoing and anticipated to be complete in Spring of 2026.
  - Beaver Ridge Road Waterline Replacement. This project will replace existing waterlines that have experienced multiple breaks and will upsize lines to meet the recommendations of the District's master plan for the water distribution system. Fulghum MacIndoe and Associates (now Ardurra) was contracted to complete plans and specifications. Merkel Bros. Construction, Inc. was awarded the project at a contract price of $1,542,425 with the ARPA grant covering the entire construction cost. The notice to proceed was dated May 12, 2025. Construction is ongoing and anticipated to be complete in Fall of 2025.
  - Waterline and Sewerline Relocations and Improvements associated with the Knox County Schaad Road Hwy Improvement Project (two separate projects). The water project included approximately 15,000 linear feet of line ranging from 6-inch to 30-inch while the sewer project included approximately 3,000 linear feet of gravity line ranging from 8-inch to 12-inch. Charles Blalock & Sons, Inc. was awarded the road improvements project and WKUD entered into a Utility Construction and Relocation Agreement with Knox County to construct the District's portion of the project under the County's Contract with Charles Blalock & Sons. This agreement was in the amount of $5,906,782.00 and is reimbursable through the ARPA grant. Construction is complete and reimbursements from the grant have started.
- On November 3, 2023, Knox County was awarded a TDEC competitive State Water Infrastructure Grant (SWIG) in the amount of $546,800 to remove the old Coward Mill Dam on Beaver Creek. The District wrote a letter of support to TDEC for the grant as its removal will greatly reduce the amount of inflow and infiltration (I/I) that enters its collection system when water backs up behind the dam during large rain events. The I/I reduction will reduce the volume of extraneous water that the District will need to pump and treat and will reduce the frequency and duration of overflows of the District's system thereby improving the water quality of Beaver Creek. Knox County is overseeing the design, permitting, bidding, and construction of the dam removal project.
- Covered Bridge Pump Station and Force Main Upgrades: This project increases the capacity of the existing station and reroutes the discharge force main away from the Hardin Valley School Pump Station to the District's 30-inch force main located near the Hickory Creek Roundabout. This rerouting will enhance flow capacity at both the Covered Bridge Station and the Hardin Valley School Station. A design agreement was executed with GRW in August 2024. The design phase has been completed, and the project has been bid. It is currently pending contract award. Construction is anticipated to begin in the fall of 2025.

- Hickory Creek Water Line: The District entered into a cost-sharing agreement with a developer to install a new 12-inch water line along Hickory Creek Road, between Graybeal Road and the development site. The developer is responsible for the design of the water line and initiated this process in spring 2023 with an engineering consultant. The project design is now complete and all required permits have been obtained. Construction is expected to proceed in multiple phases, but the schedule is currently on hold. The project is awaiting the acquisition of necessary easements. A contractor has already been procured and construction will begin once easement acquisition is finalized. The developer is currently pursuing the transfer of their cost share responsibilities to Knox County. It is anticipated that the project will begin construction late Fall 2025.

- Berrywood Booster Pump Station Upgrades: This project involves the replacement of an outdated water pump station serving the Berrywood Development. The upgrade will include the installation of modern pumps, advanced controls, and updated communication systems to ensure reliable and efficient operation. The booster pumps are essential for maintaining the required water pressure throughout the development. To support accurate pump selection, the District is in the process of acquiring pressure loggers that attach to fire hydrants. These devices will record pressure fluctuations, allowing our engineers to evaluate system demands and select pumps that meet operational requirements. This project is expected to be constructed in Spring 2026.

- Exterior Water Tank Repairs and Modifications – Pellissippi and Westop Water Tanks: In October 2023, comprehensive condition assessments were completed on all eight of the District's water tanks. These inspections were conducted by CTI Engineering and utilized a combination of manned entry and robotic camera technology to evaluate both internal and external tank conditions. Routine cleanings were performed concurrently with the inspections. The findings identified several immediate, though minor, maintenance needs. These items are being incorporated into the first phase of a planned two-phase maintenance program. Phase 1 is focused on addressing the external concerns from the report findings and is anticipated to be completed by Fall 2025.

- Walbrook Drive Water Line Replacement Project: The District is planning to replace approximately 400 linear feet of an existing 8-inch cast iron water line with a new 8-inch ductile iron water line. The existing pipeline is located within a greenway area and has experienced multiple outages due to leaks stemming from its deteriorated condition. As part of this project, existing valves will be relocated to a more accessible location to facilitate easier identification and maintenance. The improvements will enhance reliability for an existing apartment facility currently served by this line. Construction is anticipated to begin in Spring 2026.

- Interior Water Tank Repairs and Modifications on Water Tanks: In October 2023, comprehensive condition assessments were completed on all eight of the District's water tanks. These inspections were conducted by CTI Engineering and utilized a combination of manned entry and robotic camera technology to evaluate both internal and external tank conditions. Routine cleanings were performed concurrently with the inspections. The findings identified several immediate, though minor, maintenance needs. These items are being incorporated into the second phase of a planned two-phase maintenance program. Phase 2 is focused on addressing the internal concerns from the report findings and is anticipated to be completed by Winter 2025 – Spring 2026.

- Water Treatment Plant Improvements: The District is currently engaging professional engineering services to evaluate and assist with a series of planned improvement projects at both water treatment facilities. These efforts are focused on addressing aging infrastructure, enhancing operational reliability, and proactively mitigating the risk of equipment failure. Several components at the plants have reached a stage where preventative maintenance and strategic upgrades are necessary to extend asset life and ensure uninterrupted service delivery. By identifying and addressing these needs in advance, the District aims to minimize costly emergency repairs and maintain compliance with regulatory standards while continuing to deliver safe, high-quality drinking water to its customers.

- Water Plant Master Meter Testing: On November 11, 2024, the main magnetic flow meters at both water treatment plants were tested by Kazmier and Associates to verify operation within acceptable accuracy tolerances. Under stable flow conditions, the difference between WKUD's SCADA readings and the strap-on ultrasonic flow meter results were -0.86% at the Williams Bend Plant and -8.02% at the Daugherty Plant. WKUD plans to retest the magnetic flow meters in Fall 2025.

- Flow Monitoring and Other System Rehab: The District continues to maintain a flow monitoring network to provide data on the effectiveness of the current sewer rehabilitation work and to assist in prioritizing the areas that need to be investigated and rehabilitated.

- Coward Mill Rd: This project consists of two phases of a Knox County Rd improvement project related the new elementary school on Coward Mill Rd. Phase 1 improves the road from Cherahala Blvd to the school, while Phase 2 improves the road from the school to Beaver Creek. Both phases involve the relocation of approximately 4,100 linear feet of 8-inch water main, 1,000 linear feet of 2-inch water main. Phase 1 began construction in fall of 2022 and was completed in of spring of 2023. Phase 2 construction began in spring of 2024 and was completed in spring of 2025.

- Ongoing CCTV Inspections and Pipe Repairs: WKUD continues to advance its ongoing CCTV and flushing program, which is essential to identifying areas requiring sewer cleaning, rehabilitation, or repair. The District's internal crews are certified through NASSCO's MACP, PACP, and LACP programs and follow nationally recognized standards for condition assessment.

  Approximately 20% of the District's gravity sewer system is inspected and cleaned each year as part of this proactive maintenance strategy. To support these efforts and enhance both reliability and effectiveness, WKUD recently invested in a new CCTV van ($359,557.44). This upgrade allows the District to stay current with the latest inspection technologies, improve data accuracy, and provide operators with advanced tools to better assess pipe conditions. The investment ensures WKUD remains equipped to make informed decisions regarding infrastructure needs, reduce system failures, and support long-term system health.

- The District continues to monitor leaks and line breaks within the water distribution system and prioritizes the replacement of segments with a history of recurring issues. While a replacement project was previously designed for the Fitzgerald Road area, initial reluctance from the property owners temporarily delayed progress. However, the Fitzgerald Road replacement project was ultimately installed and completed in the spring of 2025.

  Since then, WKUD Engineering Staff have designed several additional water line replacement projects to improve system reliability. Greenbrook/Heatherbrook: Currently under construction by the WKUD water crew, with anticipated completion in fall 2025. Troutman Lane: In replacement queue, with construction planned for fiscal year 2026. Bert Newman: Also in the replacement queue, with construction planned for fiscal year 2026.

  These proactive projects reflect the District's commitment to maintaining the integrity and performance of the water distribution system.

- Chemical root control was applied to collection system pipe segments that had root intrusion identified during CCTV inspections. 8,480 linear feet of collection lines and associated manholes were treated in September of 2024.

- The District continues to relocate infrastructure when required due to Knox County and TDOT road projects. Marietta Church Roundabout, and the Harrell Rd/Emory Rd Intersection are such upcoming road projects. Design work and easement acquisition are complete on both projects. Construction will be performed under the contract and schedule of Knox County or TDOT.

  In addition, Knox County is in the preliminary design phase for the Sam Lee Road Roundabout. WKUD has raised concerns about a proposed road alignment that conflicts with the 24-inch water transmission main supplying the Pellissippi Water Tank. This main is a critical component of the District's water system. WKUD and Knox County are actively collaborating to resolve this conflict and ensure there is no disruption to service.

- The District initiated a pilot study in January 2024 to evaluate odor and corrosion control strategies for its wastewater collection system. This study was conducted in partnership with Kazmier and Associates and Tradeworks Environmental. The pilot was completed in Spring 2025, resulting in the implementation of the Ydro Process. This process is now being applied at recommended dosage rates within the sewer system to prevent the formation of hydrogen sulfide (H_2S) and sulfuric acid (H_2SO_4), both of which contribute to odor issues and infrastructure corrosion.

- Sludge Disposal at Melton Hill WWTP: Due to ongoing challenges with inefficient solids handling, the District engaged Jacobs Engineering Group Inc. to conduct a performance evaluation of the existing PWTech Screw Presses at the Melton Hill WWTP. Based on the findings, Jacobs recommended replacing the current equipment with two Alfa Laval 2.0M belt filter presses to improve operational efficiency and solids dewatering performance.

  C2RL Engineering Inc. was subsequently contracted to prepare the construction plans and specifications. Following the bid process, J. Cumby Construction was awarded the contract for the installation at a total cost of $1,824,000. A Notice of Award was issued on May 27, 2025. The project is expected to reach substantial completion within 90 calendar days of the forthcoming Notice to Proceed.

- The District entered into an agreement with LJA Engineering to design a waterline replacement for the Solway/Burchfield Heights area. This area has a history of excessive water pressure and frequent main breaks. The project includes the replacement of approximately 23,000 feet of water line and the installation of two mainline pressure reducing valves to help modulate pressure and improve system reliability.

  The design has been completed, and the project is currently pending bid opening. WKUD will present the certified bid tabulation to the Board of Commissioners during the August 2025 Board Meeting. If approved, WKUD will issue a notice of award, with construction anticipated to begin in late Fall 2025 and be completed by Fall 2026.

- Residential Water Meter Replacement: The District replaced approximately 20,000 of its oldest residential water meters that were declining in accuracy and experiencing battery failures on automated meter reading encoder receiver transmitters (ERTs). The District contracted with Pedal Valves, Inc to replace approximately 15,000 meters and ERTs during the first phase of this project. A second phase was continued by District staff and replaced approximately 5,000 meters and ERTs.
- Review of Proposed Developments: WKUD continues to receive and review utility portions of proposed developments (commercial and residential) within their service area and evaluate the adequacy of existing water and sewer facilities to continue meeting the increasing demands on the system. The following development projects are in progress with the District:

2024-2025 Approved Development Completed (Currently ready for meters):

- Enchem Paint – 1 lot
- Beacon Park – 47 lots
- Ardmore at Prosperity Crossing Apartments – 290 units
- Cruz Landing – 62 lots
- Maya Hills – 55 lots
- TN Orthopedic Clinic – 1 lot
- Karns Landing – 16 lots
- Emory Green Ph. 2 – 30 lots
- The Reserve at Meadow Creek – 18 lots
- Brownvue Road – 10 lots
- Novare Group – 272 units
- Silver Creek at Hardin Valley – 273 units
- Steele Landing – 91 lots
- Willlow Place Apartments Ph. 3 & 4 – 61 units

Approved Developments Expected to Complete in 2025-2026

- Morning Ridge – 57 lots
- Gallaher Ferry – 74 lots
- The Meadows – 81 lots
- Prosperity Crossing – 25 lots
- Winding Meadow – 52 lots
- The Haven Ph. 2 – 115 lots
- Cardinal Landing – 38 lots
- Everett Woods Townhomes 2C – 59 lots
- Catatoga Ph. 2 – 113 lots
- Vanosdale – 5 lots
- Scenic View – 84 units
- Century Park V – 1 lot
- Retreat at Hardin Valley – 222 units
- Knox County Regional Forensics Center – 1 unit
- Evergreen Court – 85 units
- 1145 Midtown Commons Way – 118 units
- Enchem Paint Plant – 1 lot
- Humberto Rodriguez – 8 units
- Hawks Ridge – 29 lots
- Poplar Farms – 143 lots
- 3239 George Light – 33 lots
- Children’s Lighthouse Daycare – 1 lot
- Weigels 5981 Schaad Rd – 1 lot
- Wild Space Brewing – 1 lot
- Foundry at Hardin Valley – 27 lots
- Greg Dee at George Light– 3 lots
- Beacon Park – 47 lots
- Harvest Glen Way Triplexes – 18 units

As demonstrated in the project descriptions above, the District has undertaken necessary projects requiring major capital investments that provide adequate water distribution and sewer collection capacity, while continuing to maintain its system by identifying and making necessary repairs. The District continually analyzes and improves its water distribution and sewer collection systems to provide water and sewer services that meet or exceed regulatory requirements.

Credit Ratings

In June 2024, the District continued to maintain its sound public finance credit rating by receiving a Standard and Poor's (S&P) credit rating of "AA+".

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting. The District received this award for the 21st consecutive year for the FYE June 30, 2024. To be awarded a Certificate of Achievement the District must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this ACFR results from the combined efforts of the staff of the Finance Department and technical assistance provided by Pugh CPAs, our external accountants. Those involved have our sincere appreciation for the individual and collective contributions made in preparation of the report. Thank you very much for your professional dedication.

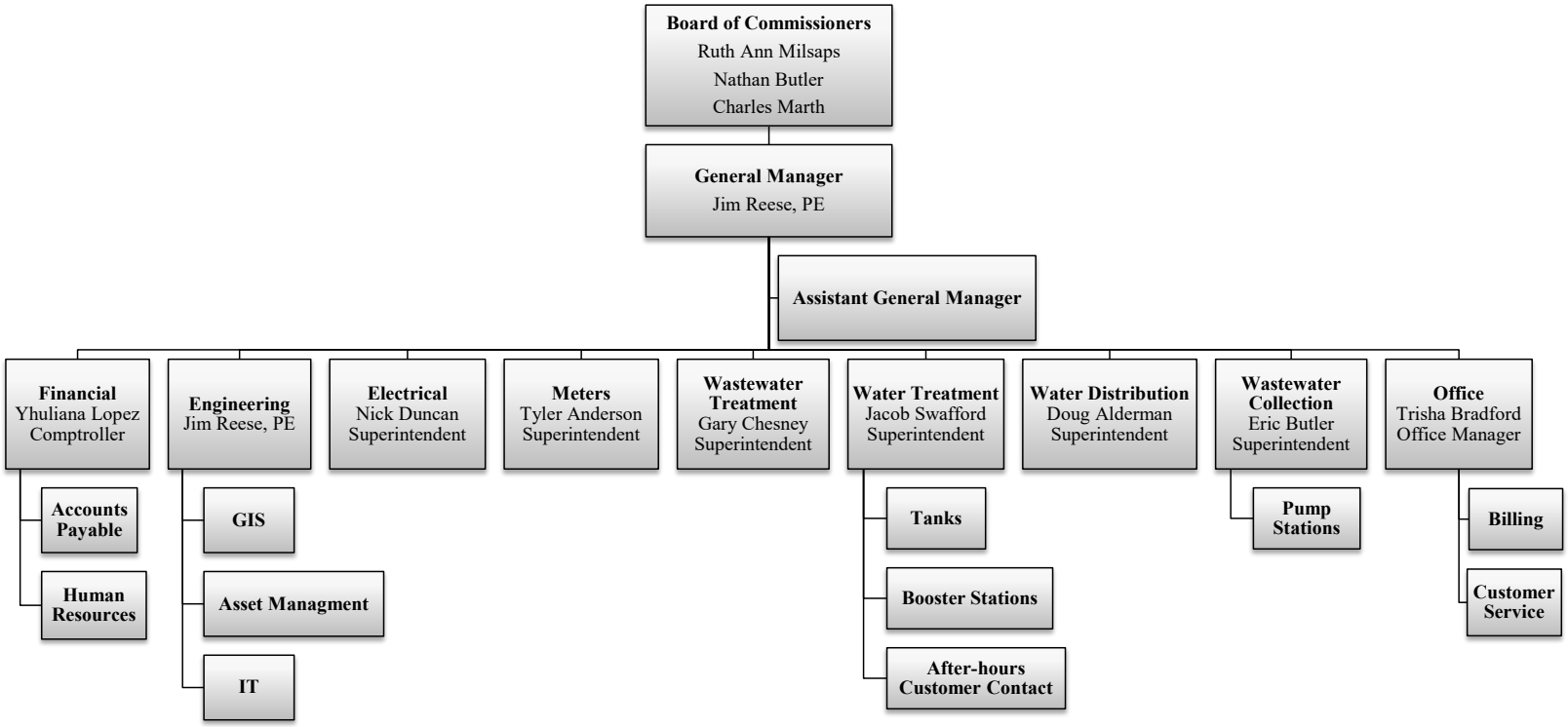
Recognition and appreciation are also extended to the Board for its continued guidance of the operation of the District in a financially responsible and progressive manner.

Respectfully submitted,

Jim Reese
General Manager

Yhuliana Lopez
Comptroller

West Knox Utility District
Organizational Chart
June 30, 2025



WEST KNOX UTILITY DISTRICT

ROSTER OF DISTRICT OFFICIALS AND OTHERS

June 30, 2025

Board of Commissioners	**Expiration of Term**
Ruth Ann Milsaps, President	December 31, 2029
Nathan Butler, DVM, Vice President	December 31, 2025
Charles Marth, Secretary	December 31, 2027

Management

Jim Reese, PE General Manager

Yhuliana Lopez, Comptroller

General and Bond Counsel

John Owings, Attorney at Law
Owings, Wilson & Coleman
Knoxville, Tennessee

Independent Auditors

Parsons & Wright, CPAs
Kingston, Tennessee

Consulting Engineer

GRW Engineers, Inc.
Nashville, Tennessee

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

West Knox Utility District
Tennessee

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

PARSONS & WRIGHT
CERTIFIED PUBLIC ACCOUNTANTS

Joe Savage
Rebecca Hutsell

Stephen J. Parsons - Retired
Earl O. Wright - 1988 - 2002
William R. Scandlyn - 1988 - 1999

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
The West Knox Utility District of Knox County
Knoxville, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of West Knox Utility District of Knox County (the "District"), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the District, as of June 30, 2025 and 2024, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,

intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages xiv through xxii and the Schedules of Changes in the District's Net Pension Liability and Related Ratios, the Schedules of District's Pension Contributions, the Schedules of Investment Returns, and the Schedules of Changes in the District's Net Pension Liability and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS on pages 41 through 44, and the Schedule of Changes in OPEB Liability and Related Ratios, Schedule of OPEB Contributions, and Schedule of OPEB Investment Returns (Losses) pages 45-47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Parsons& Wright

Parsons & Wright
Certified Public Accountants
Kingston, Tennessee

December 16, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's analysis of West Knox Utility District's (the District) financial condition and results of operations for the years ended June 30, 2025, 2024 and 2023. This information should be read in conjunction with the accompanying financial statements and the additional information we have furnished in our letter of transmittal on pages i to vii.

FINANCIAL HIGHLIGHTS

- During 2025, 2024 and 2023, the District pumped 2.53, 2.52, and 2.41 billion gallons of water, which represents an increase (decrease) of 0.4%, 4.7%, 6.3%, from the previous year. During 2025, 2024 and 2023 the District treated 1.46, 1.41 and 1.39 billion gallons of wastewater, representing an increase (decrease) of 3.8%, 1.4% and (0.8)%, respectively, from the previous years.

- Total assets and deferred outflows at year-end 2025, 2024 and 2023 were $305.0, $295.9 and $288.6 million and exceeded liabilities and deferred inflows by $148.5, $133.8 and $124.3 million. Of the total net position, $52.5, $45.3, and $44.7 million was unrestricted and was available to support operations. During 2025, 2024 and 2023 net position increased by $14.7, $9.5, and $4.0 million.

- Operating revenues were $39.1, $34.8, and $32.6 million during 2025, 2024 and 2023, an increase of $4.2, $2.2, and $1.4 million, respectively, from the previous years.

- Operating expenses before depreciation increased (decreased) by $2.9, $1.5, and $1.3 million during 2025, 2024 and 2023, respectively.

- Operating income for 2025, 2024 and 2023 was $8.2, $6.9 and $6.4 million, representing a 17.8%, 8.9% and (1.5)% increase (decrease) from previous years. The change in net position before capital contributions was $4.8, $3.1, and $1.4 million for 2025, 2024 and 2023, respectively.

- The ratios of operating income to total operating revenues were 20.9% for 2025, 19.9% for 2024 and 19.5% for 2023.

- Debt service coverage ratio for the District's revenue bonds was 2.00 for 2025, 1.74 for 2024 and 1.62 for 2023, exceeding the 1.60 required by various bond and note covenants.

- Capital contributions were $9.8, $6.4, and $2.5 million for 2025, 2024 and 2023, respectively.

- In an effort to replace aging infrastructure, and to accommodate growth, the District has embarked on several water and wastewater projects. The amount of construction in progress was $8.6, $9.6 and $6.6 million at year-end 2025, 2024 and 2023, respectively. The remaining contractual commitments were $4.8 million, $812,000, and 3.4 million at June 30, 2025, 2024 and 2023, respectively.

- Customer growth in water billing units in the District increased (decreased) by 5.0%, 3.2% and 1.8% during 2025, 2024 and 2023, respectively, and have increased 29.1% over the last ten years.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

OVERVIEW OF THE ANNUAL FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the District's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the District's budget, bond resolutions and other management tools are used for this analysis.

The financial statements report information about the District using full accrual accounting methods as utilized by similar business activities in the private sector. However, rate-regulated accounting principles applicable to private sector utilities are not used by government utilities.

The proprietary fund financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements. The statement of net position presents the financial position of the District on the accrual basis of accounting. While the statement of net position provides information about the nature and amount of resources and obligations at year-end, the statement of revenues, expenses, and changes in net position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the District's recovery of its costs. The District's rates are based on a cost of service rate study that is updated annually. Rate setting policies use different methods of cost recovery not fully provided for by generally accepted accounting standards. The primary objectives of the rate model are to improve equity among customer classes and to ensure that capital costs are allocated on the basis of long-term capacity needs, ensuring that growth pays for growth. The statement of cash flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The pension and OPEB trust funds financial statements are used to account for the resources held in trust for the benefit of the participants in the District's single employer pension plan (the WKUD DB Plan) and the District's single employer OPEB plan. These resources are not available to support the District's operations. The accounting for the pension and OPEB trust funds is much like that used for the proprietary fund discussed above.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the District's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS

The following comparative condensed proprietary fund financial statements and other selected information provides key financial data and indicators for management, monitoring, and planning.

Condensed Statements of Net Position
(In Thousands of Dollars)
As of June 30, 2025, 2024 and 2023

	2025	As Restated 2024	As Restated 2023
ASSETS AND DEFERRED OUTFLOWS			
Current Assets	$ 59,815	$ 53,493	$ 51,753
Capital Assets:			
Producing - Net	234,827	229,430	227,076
Construction in Progress	8,579	9,593	6,552
Other	312	1,106	1,076
Total Assets	303,534	293,622	286,456
Deferred Outflows of Resources	1,513	2,281	2,124
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 305,047	$ 295,903	$ 288,580
LIABILITIES AND DEFERRED INFLOWS			
Current Liabilities	$ 7,964	$ 7,944	$ 6,838
Non-Current Liabilities	148,301	153,852	157,052
Total Liabilities	156,265	161,797	163,890
Deferred Inflows of Resources	291	292	384
NET POSITION			
Net Investment in Capital Assets	96,036	87,768	78,943
Restricted	0	767	710
Unrestricted	52,456	45,280	44,653
Total Net Position	148,491	133,815	124,306
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 305,047	$ 295,903	$ 288,580

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS (Continued)

Condensed Statements of Revenues, Expenses, and Changes in Net Position
(In Thousands of Dollars)
For the Years Ended June 30, 2025, 2024 and 2023

	2025	As Restated 2024	As Restated 2023
Operating Revenues			
Water, Net	$ 14,713	$ 12,786	$ 12,289
Wastewater	20,098	18,990	18,271
Connection Fees	2,971	2,054	1,186
Low Pressure Pump Sales	121	115	77
Customer Forfeited Discounts	325	286	325
Service Fees	227	145	128
Wastewater Inspection Fees	51	26	11
Miscellaneous	559	432	363
Total Operating Revenues	39,065	34,835	32,649
Operating Expenses			
Water Purification and Supply	2,023	1,843	1,849
Wastewater Collection and Treatment	5,760	5,119	4,935
Water Treatment and Distribution	6,507	5,278	4,791
Capacity Management Operations Maintenance (CMOM)	2,241	1,911	1,560
Shop and General Maintenance	557	486	503
Customer Accounting	531	500	450
Administrative and General	4,123	3,986	3,570
Depreciation	9,168	8,796	8,636
Total Operating Expenses	30,910	27,918	26,294
Operating Income	8,155	6,918	6,355
Non-Operating Revenues (Expenses)	(3,323)	(3,828)	(4,913)
Increase (Decrease) in Net Position Before Capital Contributions	4,831	3,089	1,442
Capital Contributions	9,846	6,419	2,518
Change in Net Position	14,677	9,509	3,961
Net Position, Beginning of Year	133,814	124,306	120,345
Net Position, End of Year	$ 148,491	$ 133,814	$ 124,306

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

OTHER SELECTED INFORMATION

	2025	As Restated 2024	As Restated 2023
Employees at Year-End	105	93	90
Average Employees	99	92	86
Customers (Billing Units) at Year End:			
Water	34,286	32,651	31,639
Wastewater	28,923	27,355	26,450
Water (Millions of Gallons)			
Pumped	2,531	2,520	2,407
Sold and Consumed	2,073	2,080	1,910
Wastewater Treated (Millions of Gallons)	1,465	1,411	1,391
Per Average Employee:			
Operating Revenues	$ 394,594	$ 380,715	$ 381,859
Operating Expenses	312,225	305,111	307,534
Average Realized Rates per 1,000 Gallons of Water Sold:			
Water	$ 7.14	$ 6.19	$ 6.47
Wastewater	9.69	9.13	9.56
Ratio of Operating Revenues to:			
Operating Expenses	1.26	1.25	1.24
Operating Expenses - Net of Depreciation	1.80	1.82	1.85
Total Assets	0.13	0.12	0.11
Net Position	0.26	0.26	0.26
Debt Related Ratios:			
Long-Term Liabilities to Net Position	1.00	1.15	1.26
Long-Term Liabilities to Total Assets and Deferred Outflows	0.49	0.52	0.54
Operating Coverage	2.00	1.74	1.62

GENERAL TRENDS AND SIGNIFICANT EVENTS

PROPRIETARY FUND FINANCIAL CONDITION

Total assets and deferred outflows at year-end 2025, 2024 and 2023 were $305.0, $295.9, and $288.6 million and exceeded liabilities and deferred inflows by $148.5, $133.8, and $124.3 million. Of the total net position, $52.5, $45.3 and $44.7 million was unrestricted and was available to support operations. During 2025, 2024 and 2023, net position increased by $14.7, $9.5, and $4.0 million.

Net accounts receivable at year-end 2025, 2024 and 2023 were $5.0, $4.7 and $4.1 million, which increased (decreased) by 7.0%, 12.6%, and 7.5% than the previous years. At 2025 year-end, 80.6% of billed accounts receivable were current within 30 days. The District's bad debt expense for 2025, 2024 and 2023 was $94, $90, and $72 thousand. Changes in year-end net accounts receivable are impacted by the timing of customer route billings and changes in billing rates.

PROPRIETARY FUND RESULTS OF OPERATIONS

Operating Revenues

Revenues from operations fall into three broad categories: water service, wastewater service and ancillary charges. Ancillary charges include connection fees, account set up and penalty fees, and charges for miscellaneous billed services. Operating revenues were $39.1, $34.8, and $32.6 million during 2025, 2024 and 2023, an increase (decrease) of $4.2, $2.2, and $1.4 million, respectively from the previous years.

The average realized rate from water sales was $7.14 per thousand gallons in 2025, $6.19 in 2024, and $6.47 in 2023. The average realized rate from wastewater revenues per thousand gallons of water sold was $9.69 in 2025, $9.13 in 2024, and $9.56 in 2023.

Expenses

Operating expenses, excluding depreciation, increased (decreased) by $2.6, $1.5, and $1.3 million in 2025, 2024 and 2023, respectively. This was a result of significant increases (decreases) in:

	2025	As Restated 2024	As Restated 2023
Salaries and Benefits	$ 1,522,416	$ 1,003,167	$ 1,089,045
Power Purchased	(138,797)	408,075	71,426
Repairs and Maintenance - Vehicles & Shop	71,670	(16,967)	48,993
Chemicals	88,057	19,344	127,616
Legal Services	56,283	(53,921)	(38,575)
Insurance	57,900	(1,672)	41,398
Water Treatment Supplies	(2,938)	37,238	(9,149)
Treatment of Wastewater	39,369	(62,488)	(7,749)
Sludge Disposal	59,609	54,242	113,771
Information Technology	(15,820)	146,436	63,221
Professional Services	(62,686)	576	(11,551)
Repairs and Maintenance - Electrical	115,432	206,062	(24,835)
Low-Pressure Pumps	(34,944)	49,766	(749,634)
Other	865,523	(327,031)	617,295
Total	$ 2,621,074	$ 1,462,827	$ 1,331,272

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

GENERAL TRENDS AND SIGNIFICANT EVENTS (Continued)

Over the period covering fiscal years 2023 through 2025, the District experienced significant fluctuations in operating expenses, driven by workforce growth, inflationary pressures, rising supply costs, and strategic investments in infrastructure and technology.

In 2025 and 2024, operating expenses rose by $2,621,074. Salaries and benefits increased by $1,522,416, reflecting ongoing efforts to maintain competitive wages, address inflation, and support workforce growth. Repairs and maintenance – electrical increased by $115,432 due to heightened maintenance needs at plants, pump stations, and booster stations. Sludge disposal costs increased by $59,609, and chemicals expenses rose by $88,057 due to higher usage and supply costs. Legal services and insurance expenses increased by $56,283 and $57,900, respectively. Other expenses increased by $865,523, reflecting various operational adjustments. These increases were partially offset by decreases in power purchased ($138,797), Low-Pressure Pumps ($34,944), professional services ($62,686), and information technology ($15,820), reflecting operational efficiencies and reclassifications.

During 2024 and 2023, operating expenses increased by $1,462,827. Salaries and benefits rose by $1,003,167, supporting workforce retention and inflationary adjustments. Power purchased expenses increased by $408,075, driven in part by a retroactive billing adjustment for the water treatment plant. Information technology costs rose $146,436 due to investments in upgrading and acquiring new computer and network equipment to improve operational efficiency. Repairs and maintenance – electrical increased by $206,062, while sludge disposal costs rose by $54,242 due to higher disposal fees. Chemicals expenses increased modestly by $19,344, reflecting inflationary pressures and increased demand. Conversely, legal services expenses decreased by $53,921, treatment of wastewater decreased by $62,488, and repairs and maintenance – vehicles & shop decreased by $16,967. Minor fluctuations occurred in other categories, such as insurance ($1,672) and water treatment supplies $37,238.

For 2023 and 2022, operating expenses increased by $1,331,272. Salaries and benefits rose by $1,089,045 to support workforce growth, competitive wages, and inflationary adjustments. Chemicals expenses increased by $127,616 due to supply chain pressures and higher demand for water and wastewater treatment processes. Sludge disposal costs rose by $113,771, reflecting ongoing regional trends affecting waste management. Information technology expenses increased by $63,221 to support infrastructure upgrades across facilities. Repairs and maintenance – vehicles & shop rose by $48,993, while repairs and maintenance – electrical decreased by $24,835. Power purchase expenses increased modestly by $71,426 due to higher energy rates. Low-Pressure Pump expenses decreased significantly by $749,634, primarily due to reclassification and inventory adjustments. Legal services decreased by $38,575, and other expenses increased by $617,295, reflecting a combination of operational and administrative adjustments.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

GENERAL TRENDS AND SIGNIFICANT EVENTS (Continued)

PROPRIETARY FUND CAPITAL ASSETS

The District continues its water and wastewater line replacement, relocation, and extension program to address aging infrastructure, accommodate growth, and support road-related relocations of water and sewer lines.

During 2025, 2024 and 2023, the District increased its capital assets before depreciation by $13.3, $14.2, and $6.4 million, respectively. This increase is due to the following:

	2025	2024	2023
Water Line Extensions and Improvements	$ 4,369,190	$ 3,608,509	$ 1,337,869
Water Plant Upgrades	1,603,528	153,279	428,491
Wastewater Lines	6,629,905	3,234,343	940,816
Wastewater Plant Improvements	752,606	3,528,179	463,708
Office, Vehicles and Equipment	1,187,848	622,976	1,115,729
Land and Easements	22,376	3,250	190,949
Disposals	(278,506)	(9,780)	0
	14,286,947	11,140,756	4,477,562
Construction in Progress - Net	(1,013,982)	3,041,786	1,947,208
Total	$ 13,272,965	$ 14,182,542	$ 6,424,770

During 2025 and 2024, the District increased its capital assets before depreciation by $13.3 million. Major investments included $4.4 million in water line extensions and improvements, $1.6 million in water plant upgrades, $6.6 million in wastewater line projects, and $752,606 in wastewater plant improvements. Office, vehicles, and equipment investments totaled $1.2 million, and land and easements increased by $22,376. Construction in progress decreased by $1,013,982, reflecting ongoing project completions. Key FY 2025 projects completed and in progress included: Pellissippi Sewer Pump Station Replacement, Beaver Ridge Road Waterline Replacement, Schaad Road waterline and sewer line relocations, Covered Bridge Pump Station and Force Main Upgrades, Hickory Creek Water Line, exterior water tank repairs and modifications at the Pellissippi and Westop Water Tanks, flow monitoring and other system rehabilitation projects, Coward Mill Road relocation, Sludge Dewatering, and Berrywood Booster Pump Station Upgrades.

During 2024 and 2023, the District made significant investments in infrastructure, with $3.6 million allocated to water line extensions and improvements, reflecting the ongoing expansion of the water distribution system to meet growing demand and address aging infrastructure. The investment in wastewater lines increased by $3.2 million, supporting efforts to replace and enhance the wastewater system, while wastewater plant improvements saw a $3.5 million increase to improve efficiency in processes and facility upgrades. Additionally, the District allocated $153,279 for water plant upgrades, and $622,976 for office, vehicles, and equipment, covering office assets and fleet upgrades. Construction in progress - net rose by $3.0 million, indicating ongoing infrastructure development. The District also completed several key projects in 2024 and 2023, including a stormwater improvement project at the wastewater treatment plant, and a wastewater pipeline creek crossing replacement in the Devanshire neighborhood. Furthermore, water main replacements were completed in the Goose Landing neighborhood and on Troutman Lane, alongside the extension of an 8-inch water main on Corridor Place.

In 2023 and 2022, the District increased its capital assets before depreciation by $6.4 million. Water line extensions and improvements totaled $1.3 million, while water plant upgrades were $428,491. Wastewater lines and plant improvements accounted for $940,816 and $463,708, respectively. Investments in office, vehicles, and equipment totaled $1.1 million, and land and easements increased by $190,949. Construction in progress rose by $1,947,208, reflecting ongoing projects. Important FY 2023 projects included Flying J Phase 2 Pump Station and Sewer Line Replacement, Gray Hendrix Water Line Replacement, Hickory Creek Roundabout Water Line Relocation, Coward Mill Water and Sewer Line Relocations, and Schaad Road Water and Sewer Line Improvements

Depreciation expense of the District's system increased (decreased) by $372, $161 and $178 thousand in 2025, 2024 and 2023, respectively.

The District's capital asset activity for 2025 and 2024 is described in Notes 4 and 5 to the financial statements.

PROPRIETARY FUND DEBT

At year-end 2025, 2024 and 2023, the District had $147.2, $151.3, and $155.2 million in long and short-term debt, a decrease of $(4.1), $(3.9) and $(3.6) million. During 2025, 2024 and 2023, the District paid principal of $3.9, $3.7, and $3.4 million, respectively.

The long-term debt to total asset and deferred outflows ratio was 0.49, 0.52, and 0.54 in 2025, 2024 and 2023 respectively.

More detailed information about the District's long-term debt is described in Note 6 to the financial statements.

ECONOMIC FACTORS AND FISCAL YEAR 2026

The District's operating budget for FY 2026 has projected revenues of $48.1 and expenses of $38.4, with an estimated increase of $9.6 million in net position. The District does not anticipate issuing any further revenue bonds to provide for the financing of capital projects.

CONTACTING THE DISTRICT

This annual comprehensive financial report is designed to provide our customers, creditors and regulatory agencies with a general overview of the District's finances. If you have any questions about this report or need additional information, you may contact the District at:

Jim Reese, General Manager
West Knox Utility District
2328 Lovell Road
Knoxville, TN 37932
865-690-2521
www.wkud.com

WEST KNOX UTILITY DISTRICT

PROPRIETARY FUND STATEMENTS OF NET POSITION

As of June 30,	2025	As Restated 2024
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 23,557,581	$ 29,240,578
Cash and Cash Equivalents - Restricted	51,116	0
Investments, at Fair Value	25,161,695	19,145,219
Accounts Receivable - (Net of Allowance for Uncollectible Accounts of $0 for 2025 and 2024)	4,982,182	4,658,303
Grants Receivable	5,782,613	0
Other Receivables	0	202,643
Inventory - Materials	173,880	158,612
Prepaid Expenses	106,214	87,755
Total Current Assets	59,815,281	53,493,110
NON-CURRENT ASSETS		
Capital Assets - Net	243,406,537	239,023,099
Other Assets		
Net Pension Asset - TCRS Pension Plan	0	767,035
Regulatory Asset - Debt Issuance Costs	311,352	338,196
Other Deposits	560	560
Total Other Assets	311,912	1,105,791
Total Non-Current Assets	243,718,449	240,128,890
TOTAL ASSETS	303,533,730	293,622,000
DEFERRED OUTFLOWS OF RESOURCES		
Pension Plans	1,336,685	2,060,001
Other Postemployment Benefits	18,683	34,152
Deferred Bond Refunding Loss	157,835	187,060
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,513,203	2,281,213
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 305,046,933	$ 295,903,213

WEST KNOX UTILITY DISTRICT

PROPRIETARY FUND STATEMENTS OF NET POSITION (Continued)

As of June 30,	2025	As Restated 2024
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	$ 1,010,043	$ 1,085,243
Accounts and Retainage Payable - Construction	664,388	468,883
Payroll and Related Liabilities	727,847	643,715
Other Accrued Liabilities	1,178,250	1,510,300
Accrued Revenue Bond Interest Payable	363,281	371,257
Revenue Bonds - Current Portion	4,020,000	3,865,000
Total Current Liabilities	7,963,809	7,944,398
NON-CURRENT LIABILITIES		
Revenue Bonds - Net of Current Portion	143,206,851	147,446,947
Net Pension Liability - Defined Benefit Plan	5,019,622	6,275,317
Net Other Postemployment Benefits (OPEB) Liability	74,234	129,994
Total Non-Current Liabilities	148,300,707	153,852,258
TOTAL LIABILITIES	156,264,516	161,796,656
DEFERRED INFLOWS OF RESOURCES		
Pension Plans	240,048	257,364
Other Postemployment Benefits	50,955	34,605
TOTAL DEFERRED INFLOWS OF RESOURCES	291,003	291,969
NET POSITION		
Net Investment in Capital Assets	96,035,601	87,767,525
Restricted:		
Pensions	0	767,035
Unrestricted	52,455,813	45,280,028
TOTAL NET POSITION	148,491,414	133,814,588
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 305,046,933	$ 295,903,213

The accompanying notes are an integral part of these financial statements.

WEST KNOX UTILITY DISTRICT

PROPRIETARY FUND STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30,	2025	As Restated 2024
OPERATING REVENUES		
Water, Net	$ 14,712,585	$ 12,785,861
Wastewater	20,097,753	18,989,971
Connection Fees	2,971,316	2,054,478
Low Pressure Pump Fees	121,064	115,085
Customer Forfeited Discounts	325,056	286,355
Service Fees	226,590	145,245
Wastewater Inspection Fees	51,220	26,165
Miscellaneous	559,246	432,218
Total Operating Revenues	39,064,830	34,835,378
OPERATING EXPENSES		
Water Purification and Supply	2,023,391	1,842,694
Wastewater Collection and Treatment	5,760,224	5,119,021
Water Treatment and Distribution	6,506,784	5,277,589
Wastewater Capacity Management Operations Maintenance (CMOM)	2,241,330	1,910,944
Shop and General Maintenance	557,210	485,540
Customer Accounting	530,760	499,777
Administrative and General	4,122,523	3,985,582
Depreciation - Water System	2,751,036	2,664,482
Depreciation - Wastewater System	5,795,382	5,562,773
Depreciation - Other	621,615	569,210
Total Operating Expenses	30,910,255	27,917,612
OPERATING INCOME	8,154,575	6,917,766

WEST KNOX UTILITY DISTRICT

PROPRIETARY FUND STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Continued)

For the Years Ended June 30,	2025	As Restated 2024
NON-OPERATING REVENUES (EXPENSES)		
Investment Income, Net	2,283,815	1,868,015
Contributions in Aid of Construction	6,071,031	0
Interest Expense	(5,645,356)	(6,031,571)
Write-down of Plant for Costs Recovered through Contributions	(6,071,031)	0
Gain (Loss) on Sale of Easement	0	335,100
Gain (Loss) on Sales or Disposals of Capital Assets	38,132	50
Total Non-Operating Revenues (Expenses), Net	(3,323,409)	(3,828,406)
INCREASE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	4,831,166	3,089,360
CAPITAL CONTRIBUTIONS	9,845,660	6,419,370
CHANGE IN NET POSITION	14,676,826	9,508,730
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	133,814,588	124,349,787
PRIOR PERIOD ADJUSTMENT - SEE NOTE 13	0	(43,929)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	133,814,588	124,305,858
NET POSITION, END OF YEAR	$ 148,491,414	$ 133,814,588

The accompanying notes are an integral part of these financial statements.

WEST KNOX UTILITY DISTRICT

PROPRIETARY FUND STATEMENTS OF CASH FLOWS

For the Years Ended June 30,	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	$ 38,839,027	$ 34,374,959
Payments to Employees	(10,887,254)	(9,047,161)
Payments to Suppliers	(11,116,490)	(9,231,386)
Net Cash Provided by Operating Activities	16,835,283	16,096,412
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Received from Developers, Individuals, and Grantors for Capital Purposes	288,418	0
Acquisition and Construction of Capital Assets	(9,581,337)	(7,328,885)
Proceeds from Sale of Easement	0	335,100
Proceeds from Sales of Capital Assets	38,132	50
Interest Paid on Bonds Payable	(5,614,716)	(6,393,980)
Principal Paid on Bonds Payable	(3,865,000)	(3,705,000)
Net Cash Used in Capital and Related Financing Activities	(18,734,503)	(17,092,715)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income Received	2,015,986	1,498,498
Purchases of Investments	(14,148,647)	(12,724,079)
Proceeds from Sales and Maturities of Investments	8,400,000	12,425,000
Net Cash Provided by (Used in) Investing Activities	(3,732,661)	1,199,419
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,631,881)	203,116
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	29,240,578	29,037,462
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 23,608,697	$ 29,240,578
Cash and Cash Equivalents at End of Year Consist of:		
Unrestricted Cash and Cash Equivalents	$ 23,557,581	$ 29,240,578
Restricted Cash and Cash Equivalents	51,116	0
Total	$ 23,608,697	$ 29,240,578

The accompanying notes are an integral part of these financial statements.

WEST KNOX UTILITY DISTRICT

PROPRIETARY FUND STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended June 30,	2025	As Restated 2024
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	$ 8,154,575	$ 6,917,766
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	9,168,033	8,796,465
Bad Debt Expense	94,427	90,009
Changes in:		
Accounts Receivable	(418,306)	(610,749)
Other Current Assets	(33,727)	(145,421)
Accounts and Retainage Payable	(75,200)	(46,821)
Payroll and Related Liabilities	84,132	50,562
Other Accrued Liabilities	(332,050)	490,447
Net Pension Asset and Liability	(488,660)	824,524
Net Other Postemployment Benefits (OPEB) Liability	(55,760)	8,680
Deferred Outflows and Inflows for Pension Plans	706,000	(275,812)
Deferred Outflows and Inflows for OPEB	31,819	(3,238)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 16,835,283	$ 16,096,412
Noncash Investing, Capital and Financing Activities:		
Gain on Investments	$ 267,829	$ 369,517
Net Amortization of Bond Premiums	220,096	225,205
Amortization of Deferred Cost of Defeased Bonds	(29,225)	(30,450)
Amortization of Regulatory Asset - Debt Issuance Costs	(26,844)	(27,235)
Developers Contributions of Capital Assets	9,845,660	6,419,370

WEST KNOX UTILITY DISTRICT

STATEMENTS OF FIDUCIARY NET POSITION - PENSION AND OPEB TRUST FUNDS

As of June 30,	2025	2024
ASSETS		
Investments, at Fair Value		
Cash and Cash Equivalents	$ 163,312	$ 1,111,642
Mutual Funds:		
Domestic Equity	5,100,033	4,096,358
International Equity	2,997,240	2,366,268
Fixed Income	4,522,100	4,072,552
Real Estate	633,736	626,736
Market Neutral & Alternative	395,350	246,534
Total Investments	13,811,771	12,520,090
TOTAL ASSETS	$ 13,811,771	$ 12,520,090
LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts Payable	$ 0	$ 0
NET POSITION		
Restricted for Pension	13,770,007	12,505,039
Restricted for OPEB	41,764	15,051
TOTAL NET POSITION	13,811,771	12,520,090
TOTAL LIABILITIES AND NET POSITION	$ 13,811,771	$ 12,520,090

The accompanying notes are an integral part of these financial statements.

WEST KNOX UTILITY DISTRICT

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION - PENSION AND OPEB TRUST FUNDS

For the Years Ended June 30,	2025	2024
ADDITIONS		
Employer Contributions	$ 1,729,916	$ 720,000
Net Investment Earnings	1,354,641	1,065,985
Other	11,000	0
Total Additions	3,095,557	1,785,985
DEDUCTIONS		
Benefit Payments	1,796,745	454,453
Administrative Expenses	7,131	5,679
Total Deductions	1,803,876	460,132
CHANGE IN NET POSITION	1,291,681	1,325,853
TOTAL NET POSITION, BEGINNING OF YEAR	12,520,090	11,194,237
TOTAL NET POSITION, END OF YEAR	$ 13,811,771	$ 12,520,090

The accompanying notes are an integral part of these financial statements.

WEST KNOX UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

West Knox Utility District (WKUD or the District) was established on October 18, 1954 under the authority of Title 7, Chapter 82 of the 1937 Utility District Law of the State of Tennessee.

The WKUD Board of Commissioners are appointed by the Knox County Mayor for a term of four years. Knox County does not have any fiscal or budgetary control over WKUD. The operations of WKUD are funded by water and wastewater rates established by the Board of Commissioners.

Basis of Accounting and Presentation - The District's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

All operating activities (other than fiduciary fund activities related to the defined benefit pension and other postretirement benefits plans) of the District are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The District makes a distinction between operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with its principal ongoing operations. The principal operating revenues of the District are water and wastewater charges to customers. Operating expenses consist of salaries, benefits, utilities, operating contracts for maintenance, insurance, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets plus deferred outflows, net of total liabilities plus deferred inflows) are segregated into net investment in capital assets; restricted for capital assets activity and debt service; and unrestricted components.

The fiduciary funds are used to account for resources held in trust for the benefit of participants in the District's pension and other post-employment benefits (OPEB) plans. These resources are not included in the District's proprietary fund financial statements because they are not available to support the operations of the District. The accounting used for the fiduciary funds are essentially the same as that used for the proprietary fund, using the same measurement focus and basis of accounting. The WKUD Board of Commissioners provides fiduciary responsibility for the administration and investment of the plans reported as the pension trust fund and OPEB trust fund.

Budgeting - The District adopts flexible annual operating and capital budgets. Budgets are adopted on a basis consistent with generally accepted accounting principles. The current operating budget details the District's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year. The capital budget details the plan to receive and expend cash basis capital contributions, grants, borrowings and certain revenues for capital projects. The District's budgets are not legally binding. During the year, management is authorized to transfer budgeted amounts between line items within the District's departments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Equivalents, Deposits and Investments - Cash and cash equivalents, for purposes of the statement of cash flows, include restricted and unrestricted cash on hand or on deposit, certificates of deposit, and debt security investments with a maturity at purchase of three months or less.

Investments are reported at their estimated fair value (see Note 3). Realized gains and (losses) from the sale of investments are calculated separately from the change in the fair value. Realized gains or (losses) in the current period include unrealized amounts from prior periods. Purchases and sales of securities are recorded on the trade-date basis. Interest income is recorded on the accrual basis.

Investments - Fiduciary Funds - The pension and OPEB trust funds' investments are stated at their estimated fair value (see Note 3). Investment income includes realized gains (losses) from the sale of investments, unrealized gains (losses) in the change in market values, and interest and dividend income earned during the year. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

Restricted Assets - Restricted assets represent cash and investments maintained in accordance with bond resolutions, loan agreements, grant awards, and other resolutions and formal actions of the District or by agreement for the purpose of funding certain debt service payments, depreciation and contingency activities, and improvements and extensions to the system. Restricted assets are generally not available for current operating expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Receivables, Revenues and Unbilled Revenues - Revenues are billed monthly to customers on a cyclical meter reading basis. Recognition has been given to unbilled revenue in the financial statements.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The District provides for estimated uncollectible receivables through a reduction of gross water revenues and a credit to an allowance based on its assessment of the current status of individual accounts and historical write-off experience. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Operating revenues consist of water and wastewater revenues net of allowance for uncollectibles, and forfeited discounts, inspection fees and various service fees. Connection (tap) fees are recorded as revenue to the extent of expenses incurred in connecting a customer to the system. Connection fees in excess of costs, if any, are recorded as cash capital contributions.

Non-operating revenue consists of investment income. Investment income is interest earned, the accretion of interest on zero coupon debt instruments and the change in the fair value of investment securities.

Expenses - Operating expenses consist of the cost of water and wastewater collection, treatment, storage and distribution. Other operating expenses include customer billing, collections, administrative and general and depreciation of capital assets.

Non-operating expenses consist of interest on long-term liabilities, and the loss on the disposal or impairment of capital assets.

Inventories - Material and supply inventories are stated at cost using the first-in, first-out method. Incidental supplies and chemicals are not included in inventory.

Debt Issuance Costs - In accordance with regulatory accounting, the District records debt issuance costs as a noncurrent asset. Amortization of these amounts is recorded over the life of the applicable debt as amortization expense.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets - Property, plant and equipment in service and construction in progress are recorded at cost if purchased or constructed. Assets acquired through contributions from developers or other customers are capitalized at their estimated acquisition value, if available, or at engineers' estimated acquisition value or cost to construct at the date of the contribution. Utility systems acquired from other governmental service providers are recorded at the purchase price, limited to acquisition value.

Maintenance and repairs that do not significantly extend the value or life of property, plant, or equipment are expensed as incurred. The District defines capital assets as an asset with an initial individual cost, or a project with a cumulative cost, of more than $5,000 and an estimated useful life in excess of one year.

Assets are depreciated on the straight-line method. Depreciation is calculated using the following estimated useful lives:

	Years
Source of Supply Equipment	15-50
Water Treatment Plant	40-50
Wastewater Treatment Plant	40-50
Transmission and Distribution Systems	40-50
Equipment	5-20
Structures and Improvements	10-50
Office Furniture, Equipment and Vehicles	5-20

Long-Term Obligations and Costs - Long-term obligations are reported at face value, net of applicable premiums and discounts. Premiums and discounts, and gains or losses on advance refundings and defeasances are deferred and amortized over the life of the related bonds.

Accrued Compensated Absences - Accrued compensated absences consist of unpaid accumulated vacation leave. In accordance with the provisions of GASB Statement No. 101, *Compensated Absences*, compensated absences are recognized as a liability when the obligation is attributable to services already rendered, the payment is probable, and the amount can be reasonably estimated. This includes leave that is expected to be used in future periods and leave that will be paid out upon termination or retirement. The liability is measured using current pay rates as of the financial statement date, including any applicable salary-related costs.

Pension Plans - For purposes of measuring the District's net pension liability, pension expense, deferred outflow of resources and deferred inflows of resources related to the single-employer pension plan, management determines these amounts using the same basis as they are reported in the pension trust fund financial statements. Benefit payments are recognized by the Plan when due and payable in accordance with the benefit terms and the Plan reports its investments at estimated fair value. The Plan's financial statements are presented in the accompanying financial statements as a pension trust fund.

For purposes of measuring the net pension asset, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the District's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Presentation of Certain Taxes - The District collects various taxes from customers and remits these amounts to applicable taxing authorities. The District's accounting policy is to exclude these taxes from revenues and cost of operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions in Aid of Construction and Capital Contributions - Contributions in aid of construction are cash collections from customers, grantors, or others for a particular purpose, generally the construction of new facilities to serve new customers in excess of the investment the District is willing to make for a particular incremental revenue source. The District reduces the plant account balances to which contributions relate by the actual amount of the contribution and recognizes the contributions as non-operating revenue in accordance with Statement 62.

Capital contributions represent contributions of utility plant infrastructure constructed by developers and others in industrial parks and other developments and transferred to the District upon completion of construction and the initiation of utility service. In accordance with GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*, such contributions are recognized as revenues and capital assets upon receipt.

Deferred Outflows/Inflows of Resources - In addition to assets, the statements of net position report a separate section for deferred outflows of resources, which represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources which represent an acquisition of net assets that applies to future periods and so will not be realized as an inflow of resources (revenue) until then.

Net Position - Proprietary Fund - Net position comprises the various net earnings from operating and non-operating revenues, expenses, and contributions of capital. Net position is classified in the following three components: net investment in capital assets; restricted for capital assets activity, debt service, and pensions; and unrestricted net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation and deferred outflows of resources and deferred inflows of resources and is reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those assets; debt or deferred inflow of resources attributable to unspent proceeds or other restricted cash and investments are excluded from the determination. Restricted for capital assets activity, debt service and pensions consist of net positions for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates. The net position restricted for pensions is restricted due to state statutes, and the plan assets which are in trust, are to be used only for the benefit of retirees and beneficiaries and are protected from the District's creditors. The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Net Position - Fiduciary Funds - Net fiduciary position consists of results from net investment income (loss), employer contributions, benefits paid, and administrative expenses of the District's defined benefit pension and OPEB plans (pension and OPEB trust funds). Fiduciary net position is classified as follows: restricted for pension and restricted for OPEB.

Net Position Flow Assumption - Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of net position and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts and certain claims and judgment liabilities, among other amounts. Actual results may differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standards - The District implemented the provisions of GASB Statement No. 101, *Compensated Absences*, during the 2025 fiscal year. This statement established updated recognition and measurement guidance for liabilities related to compensated absences. Under GASB Statement No. 101, liabilities for compensated absences are recognized when leave is attributable to services already rendered, payment is probable, and the amount can be reasonable estimated. This included both accumulated leave expected to be used in future periods and leave payable upon an employee's separation from service. The liability is measured using current pay rates as of the financial statement date, including any applicable salary-related costs. The Statement's effect on the financial statements is more fully explained in Note 13.

The District implemented the provisions of GASB Statement No. 102, *Certain Risk Disclosures*, during the 2025 fiscal year. This statement provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The pronouncement did not have a significant impact on the District's financial statements.

Pending Accounting Pronouncements - In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The pronouncement is effective for fiscal years beginning after June 15, 2025. The District is currently evaluating the impact of the adoption of Statement No. 103 on its financial statements.

Reclassifications - Certain items in the 2024 financial statements and related footnotes have been reclassified to conform with the presentation of the 2025 financial statements and related footnotes.

Subsequent Events - Management has evaluated subsequent events through December 16, 2025, which is the date the financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure.

NOTE 2 - DEPOSITS AND INVESTMENTS

At June 30, 2025 and 2024, the District had the following deposits and investments:

	Proprietary Fund				Fiduciary Funds			
	2025		2024		2025		2024	
	Fair Value	Weighted Average Maturity (Years)	Fair Value	Weighted Average Maturity (Years)	Fair Value	Weighted Average Maturity (Years)	Fair Value	Weighted Average Maturity (Years)
Deposits:								
Cash & Cash Equivalents	$ 19,589,527	N/A	$ 20,753,076	N/A	$ 163,312	N/A	$ 1,111,642	N/A
Certificates of Deposit	4,019,170	0.7	8,487,502	1.0	0	N/A	0	N/A
Total Deposits	23,608,697		29,240,578		163,312		1,111,642	
Investments:								
Federal Agency Debt Securities	10,229,074	1.1	8,789,270	0.8	0	N/A	0	N/A
U.S. Treasuries	14,932,621	1.0	10,355,949	1.1	0	N/A	0	N/A
Mutual Funds	0	N/A	0	N/A	13,648,459	N/A	11,408,448	N/A
Total Investments	25,161,695		19,145,219		13,648,459		11,408,448	
Total	$ 48,770,392		$ 48,385,797		$ 13,811,771		$ 12,520,090	

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

A summary of the deposits and investments on the proprietary fund balance sheets at June 30, 2025 and 2024 is as follows:

	2025	2024
Current Assets:		
Cash and Cash Equivalents	$ 23,557,581	$ 29,240,578
Cash and Cash Equivalents - Restricted	51,116	0
Investments, at Fair Value	25,161,695	19,145,219
Total	$ 48,770,392	$ 48,385,797

As of June 30, 2025 and 2024, the District's investments were in the following:

	Proprietary Fund		Fiduciary Funds	
	2025	2024	2025	2024
Federal Agency Debt Securities	40.7%	45.9%	0.0%	0.0%
U.S. Treasuries	59.3%	54.1%	0.0%	0.0%
Mutual Funds	0.0%	0.0%	100.0%	100.0%
Total	100.0%	100.0%	100.0%	100.0%

Deposits - Custodial Credit Risk

Tennessee Code Annotated (TCA) Section 7-82-108 and bond covenants restrict the types of depositories available to the District. The District is limited to demand or certificates of deposits with state or national chartered banks, or credit unions located in the United States. The District's deposits, with a carrying amount of $22,759,146 and $28,855,948 at June 30, 2025 and 2024, respectively, were covered by FDIC insurance, government securities, or the bank collateral pool administered by the Treasurer of the State of Tennessee. The bank may use one of three different pledged security levels (90%, 100% or 105%) depending on the specific bank holding the deposit. Participating banks determine the aggregate balance of their public fund accounts for the District. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are insured and classified as Category 1, under GASB Statement No. 40, for purposes of custodial credit risk disclosure.

Investments, at Fair Value

The District's proprietary fund investments at June 30, 2025 and 2024, with a carrying amount of $25,161,695 and $19,145,219, respectively, are in U.S. government and federal agency debt securities which are registered in the District's name. The carrying value of investments is presented at fair value.

Investment Income, Net

Investment income, net, for the proprietary fund for 2025 and 2024 consisted of the following:

	2025	2024
Interest Income	$ 2,015,986	$ 1,498,498
Realized and Unrealized Gains (Losses) - Net	267,829	369,517
Total Net Investment Income	$ 2,283,815	$ 1,868,015

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Investment Policies - Proprietary Fund

State statute (T.C.A. § 7-82-108) authorizes the District to invest in obligations of the federal government, federal agency securities, State of Tennessee, state local government investment pool (SLGIP), state and municipal bonds, certificates of deposit and other time deposits and repurchase agreements. The District may also invest in collateralized certificates of deposit or repurchase agreements by banks pledging specific debt securities or those which participate in the state collateral pool.

Custodial Credit Risk: The District's investment policy requires that investment securities be registered in the name of West Knox Utility District.

Credit Risk: The District's investment policy and state law limits investments in non-federal obligations to issuers that are rated in the two highest rating categories by a nationally recognized rating agency of such obligations. Ratings were obtained from either Moody's or Standard & Poor's.

At June 30, 2025 and 2024, the District's investments in marketable debt securities were rated as follows:

	2025		2024	
	Fair Value	Moody's	Fair Value	Moody's
Federal Agency Debt Securities	$ 10,229,074	Aa1	$ 8,789,270	Aaa
U.S. Treasuries	14,932,621	Aa1	10,355,949	Aaa
Total	$ 25,161,695		$ 19,145,219	

Interest Rate Risk: The District's Investment Policy limits its holdings to obligations having a final maturity on the date of investment of not to exceed forty-eight (48) months, or which may be tendered by the holder to the issuer thereof, or an agent of the issuer, at not less than forty-eight (48) month intervals. Investments are made based upon prevailing market conditions with the intent to hold the instrument until maturity. If the performance of the portfolio can be improved upon by the sale of an investment prior to maturity, the policy allows for the implementation of this strategy.

Investment Policies - Fiduciary Funds

See Note 7-A for information concerning the investment policies for the West Knox Utility District Defined Benefit Plan. See Note 8 for information concerning the investment policies for the District's postretirement medical insurance plan.

NOTE 3 - FAIR VALUE OF INVESTMENTS

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described below:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Investments whose values are based upon quoted market prices in active markets, and are therefore classified within Level 1, primarily include certain U.S. Government Obligations, federal agency debt securities and mutual funds. These investments are traded daily in public markets in the United States and other foreign countries. The fair value of these investments is based on the last reported sales price on the last day of the fiscal year.

NOTE 3 - FAIR VALUE OF INVESTMENTS (Continued)

Investments that trade in markets that are not considered to be actively traded on a daily basis, but are valued based on quoted market prices, dealer and broker quotations, bid prices, or alternative pricing sources using observable inputs, are classified within Level 2. These include certain federal agency debt securities, interest rate swaps and state and municipal bonds.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 investments include private equity funds, real estate investments, limited partnerships, certain mortgage and asset backed and common and collective trust funds that are primarily invested in real estate. The fair value of these investments is determined by estimates provided by independent pricing sources in asset classes, non-binding bid prices from industry vendors and managers, and the net asset value on the last day of the fiscal year. During 2025 and 2024, the District did not have any Level 3 investments.

The District and its Pension Trust Funds have the following recurring fair value measurements as of June 30, 2025 and 2024:

Debt Securities - This category includes U.S. Treasuries, Federal Agency Debt and State and Municipal bonds. Values are based on actively traded individual debt securities at the quoted market prices for identical assets in active markets. For non-actively traded individual debt securities are valued using pricing models that maximize the use of observable inputs for similar securities which includes the yield currently available on comparable securities of issuers with similar maturities and credit ratings. Debt securities are classified as a Level 1 or 2 in the fair value hierarchy.

Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the District's Pension Trust Fund are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission (SEC). These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Pension Trust Funds are deemed to be actively traded and are classified as a Level 1 in the fair value hierarchy.

The following table summarizes the assets and liabilities of the Proprietary and Pension and OPEB Trust Funds for which fair values are determined on a recurring basis as of June 30, 2025 and 2024:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
June 30, 2025				
Investments				
Proprietary Fund				
Federal Agency Debt Securities	$ 0	$ 10,229,074	$ 0	$ 10,229,074
U.S. Treasuries	14,932,621	0	0	14,932,621
Total Proprietary Fund	14,932,621	10,229,074	0	25,161,695
Pension and OPEB Trust Funds				
Mutual Funds	13,648,459	0	0	13,648,459
Total Investments, at Fair Value	$ 28,581,080	$ 10,229,074	$ 0	$ 38,810,154
June 30, 2024				
Investments				
Proprietary Fund				
Federal Agency Debt Securities	$ 0	$ 8,789,270	$ 0	$ 8,789,270
U.S. Treasuries	10,355,949	0	0	10,355,949
Total Proprietary Fund	10,355,949	8,789,270	0	19,145,219
Pension and OPEB Trust Funds				
Mutual Funds	11,408,448	0	0	11,408,448
Total Investments, at Fair Value	$ 21,764,397	$ 8,789,270	$ 0	$ 30,553,667

NOTE 4 - CAPITAL ASSETS

A summary of capital asset activity and changes in accumulated depreciation for the year ended June 30, 2025 is as follows:

	Balance 07/01/24	Additions	Deletions Retirements Transfers	Balance 06/30/25
Capital Assets Not Being Depreciated				
Water System:				
Land and Easements	$ 408,587	$ 22,376	$ 0	$ 430,963
Construction in Progress	3,289,481	7,340,191	(3,037,026)	7,592,646
Wastewater System:				
Land and Easements	4,413,745	0	0	4,413,745
Construction in Progress	6,303,944	976,924	(6,294,867)	986,001
Office Property and Equipment:				
Land and Easements	244,189	0	0	244,189
Construction in Progress	0	796	0	796
Total Capital Assets Not Being Depreciated	14,659,946	8,340,287	(9,331,893)	13,668,340
Capital Assets Being Depreciated				
Water System:				
Mains, Lines and Equipment	74,838,907	4,369,190	0	79,208,097
Treatment Facilities	37,962,703	1,603,528	0	39,566,231
Wastewater System:				
Collection Lines and Equipment	132,607,100	6,629,905	0	139,237,005
Treatment Facilities	87,554,217	752,606	0	88,306,823
General & Office Property and Equipment	10,670,982	1,187,848	(278,506)	11,580,324
Total Capital Assets Being Depreciated	343,633,909	14,543,077	(278,506)	357,898,480
Less Accumulated Depreciation				
Water System:				
Mains, Lines and Equipment	(33,415,108)	(1,760,573)	0	(35,175,681)
Treatment Facilities	(17,013,128)	(990,463)	0	(18,003,591)
Wastewater System:				
Collection Lines and Equipment	(41,699,130)	(3,125,562)	0	(44,824,692)
Treatment Facilities	(21,079,755)	(2,669,820)	0	(23,749,575)
General & Office Property and Equipment	(6,063,635)	(621,615)	278,506	(6,406,744)
Total Accumulated Depreciation	(119,270,756)	(9,168,033)	278,506	(128,160,283)
Total Capital Assets Being Depreciated, Net	224,363,153	5,375,044	0	229,738,197
Total Capital Assets	$ 239,023,099	$ 13,715,331	$ (9,331,893)	$ 243,406,537

Depreciation expense was $9,168,033 for 2025.

NOTE 4 - CAPITAL ASSETS (Continued)

A summary of capital asset activity and changes in accumulated depreciation for the year ended June 30, 2024 is as follows:

	Balance 07/01/23	Additions	Deletions Retirements Transfers	Balance 06/30/24
Capital Assets Not Being Depreciated				
Water System:				
Land and Easements	$ 408,587	$ 0	$ 0	$ 408,587
Construction in Progress	100,128	3,940,570	(751,217)	3,289,481
Wastewater System:				
Land and Easements	4,410,495	3,250	0	4,413,745
Construction in Progress	6,451,511	2,931,488	(3,079,055)	6,303,944
Office Property and Equipment:				
Land and Easements	244,189	0	0	244,189
Total Capital Assets Not Being Depreciated	11,614,910	6,875,308	(3,830,272)	14,659,946
Capital Assets Being Depreciated				
Water System:				
Mains, Lines and Equipment	71,230,398	3,608,509	0	74,838,907
Treatment Facilities	37,809,424	153,279	0	37,962,703
Wastewater System:				
Collection Lines and Equipment	129,372,757	3,234,343	0	132,607,100
Treatment Facilities	84,026,038	3,528,179	0	87,554,217
General & Office Property and Equipment	10,057,786	622,976	(9,780)	10,670,982
Total Capital Assets Being Depreciated	332,496,403	11,147,286	(9,780)	343,633,909
Less Accumulated Depreciation				
Water System:				
Mains, Lines and Equipment	(31,725,626)	(1,689,482)	0	(33,415,108)
Treatment Facilities	(16,038,128)	(975,000)	0	(17,013,128)
Wastewater System:				
Collection Lines and Equipment	(38,656,911)	(3,042,219)	0	(41,699,130)
Treatment Facilities	(18,559,201)	(2,520,554)	0	(21,079,755)
General & Office Property and Equipment	(5,504,205)	(569,210)	9,780	(6,063,635)
Total Accumulated Depreciation	(110,484,071)	(8,796,465)	9,780	(119,270,756)
Total Capital Assets Being Depreciated, Net	222,012,332	2,350,821	0	224,363,153
Total Capital Assets	$ 233,627,242	$ 9,226,129	$ (3,830,272)	$ 239,023,099

Depreciation expense was $8,796,465 for 2024.

NOTE 5 - CONSTRUCTION IN PROGRESS

Construction in progress including the remaining contractual commitments at June 30, 2025 and 2024 consists of:

Project	2025 Actual To Date	2025 Remaining Contractual Commitments	2024 Actual To Date	2024 Remaining Contractual Commitments
Ball Camp Road Water and Sewer Lines Relocation - Engineering	$ 686,495	$ 283,116	$ 5,765,153	$ 812,064
Sludge Dewatering	153,698	1,780,300	0	0
Highgate Sewer Line Interceptor	0	0	407,950	0
Beaver Ridge Water Line - Daughtery WTP	115,328	736,943	107,708	0
Meter Change Out Project	7,248,008	0	2,985,757	0
Pellissippi Sewer Lift Station Upgrade	145,808	1,980,985	130,841	0
Solway-Burchfield Heights Water	229,310	0	196,016	0
Other Small Projects	796	0	0	0
Total	$ 8,579,443	$ 4,781,344	$ 9,593,425	$ 812,064

NOTE 6 - REVENUE BONDS

Overview

Revenue bonds at June 30, 2025 and 2024 consisted of the following:

	2025	2024
Revenue Bonds:		
Water and Sewer Revenue Refunding Bonds, Series 2022, $25,435,000 Issued March 31, 2022	$ 24,650,000	$ 24,965,000
Local Government Public Improvement Revenue Bonds, Series V-F-1, $15,000,000 Issued June 28, 2019	13,870,000	14,170,000
Water and Sewer Revenue Bonds, Series 2019, $20,000,000 Issued June 28, 2019	18,295,000	18,755,000
Water and Sewer Revenue Bonds, Series 2018, $8,535,000 Issued November 1, 2018	7,725,000	7,940,000
Water and Sewer Revenue Bonds, Series 2016, $27,015,000 Issued December 22, 2016	23,370,000	23,850,000
Local Government Public Improvement Revenue Bonds, Series 2016 V-E-1, $25,000,000 Issued December 23, 2016	19,860,000	20,485,000
Water and Sewer System Revenue Bonds Build America Bonds (BABS), Series 2010, $35,000,000 Issued November 30, 2010	17,325,000	17,325,000
Public Building Authority of Sevier County, Tennessee Loan Agreement Series 2009 V-B-1, $35,425,000 Issued August 1, 2009	19,410,000	20,880,000
Total Revenue Bonds	144,505,000	148,370,000
Add: Unamortized Premium	2,721,851	2,941,947
	147,226,851	151,311,947
Less: Current Portion	(4,020,000)	(3,865,000)
Total	$ 143,206,851	$ 147,446,947

NOTE 6 - REVENUE BONDS (Continued)

Overview (Continued)

The District has pledged all its revenues to secure the revenue bonds until all outstanding debt has been repaid. In addition, the bondholders have statutory mortgage liens upon the District as created by T.C.A. § 7-82-101 that remain in effect until the various bond issues are paid in full. The revenue bond covenants require a minimum debt service coverage ratio of 1.60; for the years ended June 30, 2025 and 2024 the ratio was 2.00 and 1.74, respectively.

Interest expense for 2025 and 2024 consisted of the following:

	2025	2024
Interest Paid	$ 5,817,359	$ 6,191,337
Change in Accrued Interest Payable	(7,976)	7,754
Amortization of Bond Issuance Costs	26,844	27,235
Amortization of Bond Premiums	(220,096)	(225,205)
Amortization of Deferred Cost of Refunding	29,225	30,450
Total	$ 5,645,356	$ 6,031,571

Activity

Long-term debt activity during 2025 and 2024 was as follows:

	2025				
	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Revenue Bonds	$ 148,370,000	$ 0	$ (3,865,000)	$ 144,505,000	$ 4,020,000
Other Revenue Bond Items:					
Add: Bond Premiums	2,941,947	0	(220,096)	2,721,851	214,678
Total	$ 151,311,947	$ 0	$ (4,085,096)	$ 147,226,851	$ 4,234,678

	2024				
	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Revenue Bonds	$ 152,075,000	$ 0	$ (3,705,000)	$ 148,370,000	$ 3,865,000
Other Revenue Bond Items:					
Add: Bond Premiums	3,167,152	0	(225,205)	2,941,947	220,096
Total	$ 155,242,152	$ 0	$ (3,930,205)	$ 151,311,947	$ 4,085,096

NOTE 6 - REVENUE BONDS (Continued)

Debt Service

The annual debt service requirements for revenue bonds as of June 30, 2025 are as follows:

	Revenue Bonds				
Fiscal Years Ending June 30,	Principal	Coupon Interest	BABS Treasury Rebate	Net Interest	Total
2026	$ 4,020,000	$ 6,011,349	$ (400,268)	$ 5,611,081	$ 9,631,081
2027	4,205,000	5,834,089	(400,268)	5,433,821	9,638,821
2028	4,375,000	5,650,801	(400,268)	5,250,533	9,625,533
2029	4,545,000	5,471,862	(400,268)	5,071,594	9,616,594
2030	4,720,000	5,286,613	(400,268)	4,886,345	9,606,345
2031-2035	26,725,000	23,458,230	(2,001,340)	21,456,890	48,181,890
2036-2040	32,305,000	18,131,300	(2,001,340)	16,129,960	48,434,960
2041-2045	41,095,000	10,610,475	(1,238,928)	9,371,547	50,466,547
2046-2050	15,900,000	2,386,463	0	2,386,463	18,286,463
2051-2054	6,615,000	631,500	0	631,500	7,246,500
Total	$ 144,505,000	$ 83,472,682	$ (7,242,948)	$ 76,229,734	$ 220,734,734

Water and Sewer Revenue Refunding Bonds - Series 2022

The District has issued $25,435,000 in non-taxable water and sewer revenue refunding bonds, Series 2022. The bonds were to provide refunding of the Series 2015 bonds and a portion of the Series 2010 bonds under the debt agreement dated March 31, 2022. Interest payments are made semi-annually at an average interest rate of 4.48% beginning December 1, 2022. The annual loan principal payments of between $165,000 to $3,465,000 begin June 1, 2023 and continue through June 1, 2045. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt totaling $65,232. This difference is reported in the accompanying financial statements as a deferred bond refunding loss and is being charged to operations through the year 2045 using the proportionate-to-stated interest requirements method. Although the reacquisition price exceeded the net carrying amount of the old debt, the District reduced its aggregate debt service payments by $5,497,573. The amount of the reacquisition price recorded as part of the bond interest expense was $4,158 and $4,219 for 2025 and 2024.

Local Government Public Improvement Revenue Bonds - Series V-F-1

The Public Building Authority of Sevier County, Tennessee issued $15,000,000 in Local Government Public Improvement Bonds, Series V-F-1. The bonds are to provide the District financing for certain water and sewer improvement projects under a loan agreement dated June 28, 2019. Interest payments are made semi-annually beginning December 1, 2019. This loan had a variable rate based upon an index rate agreement dated June 28, 2019 that calculated monthly interest of not more than 69% of the London Interbank Offered Rate (LIBOR) plus not more than 49 basis points. This agreement was amended as of April 1, 2023 to calculate monthly interest of 79% of the Secured Overnight Financing Rate (SOFR) plus 49 basis points. This debt issue was unrated. The variable interest rate as of June 30, 2025 and 2024 was 3.96% and 4.70%. The annual loan principal payments of between $230,000 to $1,745,000 begin June 1, 2022 to June 1, 2038 and continue from June 1, 2047 through June 1, 2054.

Water and Sewer Revenue Bonds - Series 2019

The District has issued $20,000,000 in non-taxable water and sewer revenue bonds, Series 2019. The funds are to provide the District financing for certain water and sewer improvement projects under the debt agreement dated June 28, 2019. Interest payments are made semi-annually at an average interest rate of 4.12% beginning June 1, 2019. The annual loan principal payments of between $395,000 to $1,050,000 begin June 1, 2022 and continue through June 1, 2049.

NOTE 6 - REVENUE BONDS (Continued)

Debt Service (Continued)

Water and Sewer Revenue Bonds - Series 2018

The District has issued $8,535,000 in non-taxable water and sewer revenue bonds, Series 2018. The funds are to provide the District financing for certain water and sewer improvement projects under the debt agreement dated November 1, 2018. Interest payments are made semi-annually at an average interest rate of 3.68% beginning June 1, 2019. The annual loan principal payments of between $190,000 to $495,000 begin June 1, 2022 and continue through June 1, 2048.

Water and Sewer Revenue Bonds - Series 2016

The District has issued $27,015,000 in non-taxable water and sewer revenue bonds, Series 2016. The funds are to provide the District financing for certain water and sewer improvement projects under the debt agreement dated December 22, 2016. Interest payments are made semi-annually at an average interest rate of 4.16% beginning June 1, 2017. The annual loan principal payments of between $240,000 to $2,045,000 begin June 1, 2020 and continue through June 1, 2046.

Local Government Improvement Revenue Bonds - Series 2016 V-E-1

The Public Building Authority of Sevier County, Tennessee issued $25,000,000 in Local Government Public Improvement Bonds, Series 2016 V-E-1. The bonds are to provide the District financing for certain water and sewer improvement projects under a loan agreement dated December 23, 2016. Interest payments are made monthly beginning June 1, 2017. This loan had a variable rate based upon an index rate agreement dated December 23, 2016 that calculated monthly interest of 70% of the London Interbank Offered Rate (LIBOR) plus 55 basis points. This agreement was amended as of December 1, 2021 to calculate monthly interest at 100% of the Securities Industry & Financial Markets Association Index (SIFMA Index) plus 51 basis points. This debt issue was unrated. The average variable interest rate as of June 30, 2025 and 2024 was 3.16% and 3.45%. The annual loan principal payments of between $95,000 to $5,890,000 began June 1, 2018 and continue through June 1, 2046.

Revenue Bonds - Build America Bonds (BABS) - Series 2010

The District has issued $35,000,000 in taxable water and sewer revenue bonds, Series 2010 (Federally Taxable – Build America Bonds – Direct Subsidy). The funds are to provide the District financing for certain water and sewer improvement projects under the agreement dated November 30, 2010. Interest payments are made semi-annually at a gross interest rate of 6.83%, or at a net rate of 4.44% after subsidies. The annual loan principal payments of between $250,000 to $3,800,000 begin June 1, 2021 and continues through June 1, 2045. Beginning in fiscal year 2026 there is a mandatory redemption of bonds with various maturity dates. The District receives a direct subsidy of 35% from the United States Government that reduces its interest costs. The District has no assurance that the United States Government will continue to make the direct subsidy payments at a gross interest rate of 6.83% or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments. Interest subsidies received by the District during 2025 and 2024 were $400,268 and $400,268, respectively. During FY 2025 and 2024, due to the U.S. Congressional budget sequestration, the interest rate subsidy was reduced by 5.7%. These bonds were partially refunded during the year ended June 30, 2022.

NOTE 6 - REVENUE BONDS (Continued)

Debt Service (Continued)

Loan Payable to Public Building Authority of Sevier County - Series 2009 V-B-1

The Public Building Authority of Sevier County, Tennessee issued $35,425,000 in Local Government Public Improvement Bonds, Series 2009 V-B-1. The bonds are to provide refunding of Series 1997 I-A-1, 2000 II-D-2, and 2005 IV-C-1 Bonds. Interest payments are made the first of each month. Monthly payments include a reimbursement to the letter of credit provider. One monthly payment each quarter includes additional interest and swap payments and fees, in addition to the LOC reimbursement. The loan was amended as of April 1, 2023 to calculate monthly interest based on a weekly variable rate determined by Truist Bank. The average variable interest rate as of June 30, 2025 and 2024 was 3.14% and 3.34%. The annual loan principal payments of between $795,000 to $2,395,000 began June 1, 2010 and are due on June 1 of each year through 2035. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt totaling $634,946. This difference is reported in the accompanying financial statements as a deferred bond refunding loss and is being charged to operations through the year 2035 using the proportionate-to-stated interest requirements method. Although the reacquisition price exceeded the net carrying amount of the old debt, the District reduced its aggregate debt service payments by $1,237,925. No economic gain or loss was obtained since the transaction exchanged old variable rate debt with new variable rate debt. The amount of the reacquisition price recorded as part of the bond interest expense was $25,067 and $26,231 for 2025 and 2024.

NOTE 7 - RETIREMENT PLANS

A. Single-Employer Pension Plan - West Knox Utility District Defined Benefit Plan

General Information about the Defined Benefit Pension Plan

Plan Description - The District's single-employer defined benefit pension plan, West Knox Utility District Defined Benefit Pension Plan (the DB Plan), provides pension benefits for all full-time employees of the District who have been employed for at least 6 months and are at least 21 years old. The Plan is a single-employer noncontributory retirement plan and assets are held in trust with Commercial Bank and Trust Company. The DB Plan is administered by USI Consulting Group.

Benefits Provided - The DB Plan provides retirement, disability and death benefits. Retirement benefits are calculated as 2.25% per year of service (limited to 100%) times the highest average of 36 consecutive months of compensation. The Plan provides participants with a life annuity with ten years certain, with several other options for retirement benefit payments, including several annuity choices or a lump sum payment. Vesting begins at 20% per year after one year of service. An employee becomes fully vested after five years of service and normal retirement age is 65.

Article V.A. of the DB Plan document also includes a provision for supplemental retirement accounts for certain designated personnel. Designated personnel are determined by the Board of Commissioners. Contribution credits are added to the balance of the supplemental retirement account equal to 10% of the participant's annual rate of salary. Interest is also credited to the balance of the supplemental retirement account at an annual rate of 5%. The account balance can be paid out in the form of a lump sum or under any other form of benefit permitted by the Plan. If a participant terminates employment prior to their early retirement date, the supplemental retirement account is forfeited.

The District's Board of Commissioners has the authority to amend or change the Plan and its benefit terms. The Plan does not issue separate financial statements.

NOTE 7 - RETIREMENT PLANS (Continued)

A. Single-Employer Pension Plan - West Knox Utility District Defined Benefit Plan (Continued)

General Information about the Defined Benefit Pension Plan (Continued)

The District's Board of Commissioners amended the Plan on November 21, 2013 to provide another option that can be chosen, whereby the beneficiary of a participant who dies after annuity benefit payments under the Plan begin will be entitled to a death benefit equal to the excess, if any, of the lump sum value of the participant's total accrued benefit compared to the total amount of benefit payments made to the participant prior to their death. However, the District's Board of Commissioners amended the Plan on October 25, 2018 to limit the optional lump sum form of benefit payment to 33-1/3% of the vested accrued benefit accrued after October 25, 2018. This amendment also modified the Actuarial Equivalent used to calculate the present value of the lump sum portion of a benefit payment. The lump sum value will now be based on the applicable interest rate or 4%, whichever produces the lower distribution amount. Effective January 1, 2018, the District's Board of Commissioners froze the plan to new participants. New employees hired by the District after December 31, 2017 are required to participate in the defined contribution retirement plan (see section D).

Employees Covered by Benefit Terms - At June 30, 2025 and 2024, the following number of employees were covered by the benefit terms:

	2025	2024
Inactive Employees, or Beneficiaries, Currently Receiving Benefits	14	12
Inactive Employees, Entitled to, but not yet Receiving Benefits	19	19
Active Employees	43	44
Total	76	75

Contributions - The Board of Commissioners establishes contribution amounts based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability for past service costs. For the years ended June 30, 2025 and 2024, the District's contributions were approximately 59% and 21%, respectively, of annual covered payroll.

NOTE 7 - RETIREMENT PLANS (Continued)

A. Single-Employer Pension Plan - West Knox Utility District Defined Benefit Plan (Continued)

Plan Financial Statements

The District's Statements of Fiduciary Net Position contain the following amounts for the DB Plan as of June 30:

	2025	2024
ASSETS		
Investments, at Fair Value		
Cash and Cash Equivalents	$ 160,885	$ 1,111,498
Mutual Funds:		
Domestic Equity	5,081,600	4,089,485
International Equity	2,995,551	2,365,639
Fixed Income	4,504,938	4,065,970
Real Estate	631,683	625,913
Market Neutral & Alternative	395,350	246,534
Total Investments	13,770,007	12,505,039
TOTAL ASSETS	$ 13,770,007	$ 12,505,039
LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts Payable	$ 0	$ 0
NET POSITION		
Restricted for Pension	13,770,007	12,505,039
TOTAL LIABILITIES AND NET POSITION	$ 13,770,007	$ 12,505,039

The District's Statements of Changes in Fiduciary Net Position contain the following amounts for the DB Plan for the years ended June 30:

	2025	2024
ADDITIONS		
Employer Contributions	$ 1,709,916	$ 720,000
Net Investment Earnings (Loss)	1,352,470	1,065,255
Total Additions	3,062,386	1,785,255
DEDUCTIONS		
Benefit Payments	1,796,745	454,453
Administrative Expenses	673	0
Total Deductions	1,797,418	454,453
CHANGE IN NET POSITION	1,264,968	1,330,802
NET POSITION, BEGINNING OF YEAR	12,505,039	11,174,237
NET POSITION, END OF YEAR	$ 13,770,007	$ 12,505,039

NOTE 7 - RETIREMENT PLANS (Continued)

A. Single-Employer Pension Plan - West Knox Utility District Defined Benefit Plan (Continued)

Net Pension Liability

The District's net pension liability was measured as of June 30, 2025 and 2024, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2024 and 2023.

Actuarial Assumptions - The total pension liability in the July 1, 2024 and 2023 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method: Individual Entry Age Normal
Amortization Method: Level Dollar Amount
Remaining Amortization Period: 19 Years (2024), 20 (2023)
Asset Valuation Method: Actuarial Value of Plan Assets
Asset Smoothing Method: Investment gains and losses will be recognized and phased-in over 5 years. There is also a 20% corridor around the fair value of assets
Investment Rate of Return: 7.20% (2024) and 7.25% (2023) per Annum
Discount Rate: 7.00% (2024 and 2023)
Salary Increases: 4.00% per Annum
Lump Sums: 50% Election Rate
Retirement Age: 33.33% retire at the initial attainment of unreduced Early Retirement (Rule of 90) eligibility, the remaining retire at Normal Retirement age
Cost of Living Increase: 0.00%
Mortality: RP-2014 Blue Collar Mortality Table with Scale MP-2021 (2024) and PRI-2012 Blue Collar Mortality Table with Scale MP-2021 (2023) projected on a fully generational basis

The actuarial assumptions used in the July 1, 2024 and 2023 valuations were based on the results of actual experience with the plan for the period July 1, 2018 through June 30, 2023.

Investment Policies and Strategies - The Plan's trustees have adopted an investment policy to ensure that sufficient investment income can be generated to accumulate resources to pay benefits. The long-term expected rate of return on pension plan investments was determined using a modified building blocks methodology in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding an assumed inflation rate of 2.44% per annum for the years ending June 30, 2025 and 2024. The target allocation and best estimates of average long-term expected real rates of return for each major asset class as of June 30, 2025 and 2024 are summarized in the following table:

		Average Long-Term Expected Real Rate of Return	
Asset Class	Target Allocation	2025	2024
Domestic Equity	33%	6.28%	6.57%
International Equity	14%	7.42%	7.72%
Fixed Income	39%	2.59%	2.49%
Market Neutral/Alternative	7%	3.98%	3.97%
Real Estate	5%	4.82%	4.89%
Cash & Other	2%	0.98%	0.74%
Total	100%		

Rates of Return (Loss) - The annual money-weighted rates of return (losses) on the Plan's investments, net of investment expenses for the fiscal years 2025 and 2024 was 10.99% and 9.44%, respectively.

NOTE 7 - RETIREMENT PLANS (Continued)

A. Single-Employer Pension Plan - West Knox Utility District Defined Benefit Plan (Continued)

Net Pension Liability (Continued)

Discount Rate - The discount rate used to measure the total pension liability for fiscal years 2025 and 2024 was 7.00%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Tennessee State Law for Local Government Sponsored Defined Benefit Plans - In May 2014, the Tennessee General Assembly passed "The Public Employee Defined Benefit Financial Security Act of 2014", Tennessee Code Section 9-3-501, which requires the District to make annual employer contributions equal to 100% of its actuarially determined contributions (ADC), use the entry age normal cost method, limit future pension benefit improvements if the net pension plan funded ratio is less than 60% and other requirements beginning in fiscal year 2016 with various provisions phased in through FY 2020.

Changes in the net pension liability for the measurement periods ending June 30, 2025 and 2024 are shown below:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
For the Fiscal Year Ended June 30, 2025	(a)	(b)	(a) - (b)
Balances at June 30, 2024	$ 18,780,356	$ 12,505,039	$ 6,275,317
Changes for the Year:			
Service Cost	233,523	0	233,523
Interest	1,269,149	0	1,269,149
Difference between Expected and Actual Experience	300,013	0	300,013
Changes of Assumptions	3,333	0	3,333
Contributions - Employer	0	1,709,916	(1,709,916)
Net Investment Income (Loss)	0	1,352,470	(1,352,470)
Benefit Payments	(1,796,745)	(1,796,745)	0
Administrative Expenses	0	(673)	673
Net Changes	9,273	1,264,968	(1,255,695)
Balances at June 30, 2025	$ 18,789,629	$ 13,770,007	$ 5,019,622
For the Fiscal Year Ended June 30, 2024			
Balances at June 30, 2023	$ 16,567,803	$ 11,174,237	$ 5,393,566
Changes for the Year:			
Service Cost	224,498	0	224,498
Interest	1,201,256	0	1,201,256
Difference between Expected and Actual Experience	644,702	0	644,702
Changes of Assumptions	596,550	0	596,550
Contributions - Employer	0	720,000	(720,000)
Net Investment Income (Loss)	0	1,065,255	(1,065,255)
Benefit Payments	(454,453)	(454,453)	0
Net Changes	2,212,553	1,330,802	881,751
Balances at June 30, 2024	$ 18,780,356	$ 12,505,039	$ 6,275,317

The DB Plan's fiduciary net position as a percentage of the total pension liability was 73.29% and 66.59% for the years ended June 30, 2025 and 2024, respectively.

NOTE 7 - RETIREMENT PLANS (Continued)

A. Single-Employer Pension Plan - West Knox Utility District Defined Benefit Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the District as of June 30, 2025 and 2024, calculated using the discount rate of 7.00%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Net Pension Liability	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
2025	$ 7,249,779	$ 5,019,622	$ 3,136,500

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
2024	$ 8,409,122	$ 6,275,317	$ 4,474,470

Pension Expense and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Plan

For the years ended June 30, 2025 and 2024, the District recognized pension expense of $1,154,493 and $1,330,162, respectively for the Plan. At June 30, 2025 and 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows Resources	Deferred Outflows of Resources	Deferred Inflows Resources
Differences Between Expected and Actual Experience	$ 934,732	$ 79,534	$ 1,068,003	$ 111,475
Changes of Assumptions	401,953	97,310	600,785	145,889
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	63,204	385,485	0
Total	$ 1,336,685	$ 240,048	$ 2,054,273	$ 257,364

Amounts reported as deferred outflows of resources and deferred inflow of resources related to the Plan will be recognized in pension expense as follows:

For the Years Ended June 30,	
2026	$ 801,723
2027	189,678
2028	156,081
2028	(50,845)
Total	$ 1,096,637

Payable to Pension Plan

At June 30, 2025 and 2024, there was no employer contribution payable.

Trend Information

The schedule of changes in the District's net position liability and related ratios, schedule of the District's pension contributions and schedule of investment returns, as presented in required supplementary information (RSI) following the notes to financial statements, will present multi-year trend information in the future about whether the Plan's fiduciary net position is increasing or decreasing over time relative to the total pension liability and net pension liability and whether the District's contributions and investment returns are in accordance with the actuarially determined amounts.

NOTE 7 - RETIREMENT PLANS (Continued)

B. Agent Multiple-Employer Defined Benefit Pension Plan - Tennessee Consolidated Retirement System (TCRS)

Plan Description - Former employees of the District who retired prior to July 1, 1991 are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. TCRS was created by state statute under Tennessee Code Annotate (TCA) Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of TCRS. TCRS issues a publicly available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and-Governance/Reportingand-Investment-Policies. Effective July 1, 1991, this plan was closed to new participants and the District's eligible full-time employees were enrolled in the District's single-employer defined benefit plan. The District withdrew from TCRS on July 1, 1991. Active employees of the District as of that date transferred their account balances to the West Knox Utility District Defined Benefit Plan (see section A).

Benefits Provided - TCA Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by state statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 for members who are vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLA's) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July in the previous year. A COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms - At the measurement date of June 30, 2024 and 2023, the following employees were covered by the benefit terms:

	2024	2023
Inactive Employees, or Beneficiaries, Currently Receiving Benefits	0	0
Inactive Employees, Entitled to, but not yet Receiving Benefits	0	0
Active Employees	0	0
Total	0	0

Contributions - Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The District makes employer contributions at the rate set by the TCRS Board of Trustees as determined by an actuarial valuation. Based upon the District withdrawing from TCRS as of July 1, 1991, the employer contributions were fully funded at that time and no contributions are expected in the near term.

NOTE 7 - RETIREMENT PLANS (Continued)

B. Agent Multiple-Employer Defined Benefit Pension Plan - TCRS (Continued)

The District's net pension liability (asset) was measured as of June 30, 2024 and 2023, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of those dates.

Actuarial Assumptions - The total pension liability as of the June 30, 2024 and 2023 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment Rate of Return	6.75% net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125%

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2024 and 2023 actuarial valuations were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. The best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25% for 2024 and 2023. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Average Long-Term Expected Real Rate of Return
U.S. Equity	31%	4.88%
Developed Market International Equity	14%	5.37%
Emerging Market International Equity	4%	6.09%
Private Equity and Strategic Lending	20%	6.57%
U.S. Fixed Income	20%	1.20%
Real Estate	10%	4.38%
Short-Term Securities	1%	0.00%
Total	100%	

NOTE 7 - RETIREMENT PLANS (Continued)

B. Agent Multiple-Employer Defined Benefit Pension Plan - TCRS (Continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75% for 2024 and 2023 based on a blending of the factors described above.

Discount Rate - The discount rate used to measure the total pension liability was 6.75% for 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that employer contributions from the District will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

Changes in the net pension liability (asset) for the measurement periods ending June 30, 2024 and 2023 are shown below:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
For the Fiscal Year Ended June 30, 2025			
Balances at June 30, 2023	$ 0	$ 767,035	$ (767,035)
Changes for the Year			
Interest	(28,415)	0	(28,415)
Difference between Expected and Actual Experience	870,330	0	870,330
Net Investment Income	0	74,880	(74,880)
Distributions	(841,915)	(841,915)	0
Net Changes	0	(767,035)	767,035
Balances at June 30, 2024	$ 0	$ 0	$ 0
For the Fiscal Year Ended June 30, 2024			
Balances at June 30, 2022	$ 12,445	$ 722,253	$ (709,808)
Changes for the Year			
Interest	721	0	721
Difference between Expected and Actual Experience	(9,627)	0	(9,627)
Net Investment Income	0	48,427	(48,427)
Benefit Payments	(3,539)	(3,539)	0
Administrative Expenses	0	(106)	106
Net Changes	(12,445)	44,782	(57,227)
Balances at June 30, 2023	$ 0	$ 767,035	$ (767,035)

NOTE 7 - RETIREMENT PLANS (Continued)

B. Agent Multiple-Employer Defined Benefit Pension Plan - TCRS (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the net pension liability (asset) of the District calculated using the discount rate of 6.75% for 2024 and 2023, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the discount rate:

Net Pension Liability (Asset)	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
June 30, 2024	$ 0	$ 0	$ 0

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
June 30, 2023	$ (767,035)	$ (767,035)	$ (767,035)

Pension Income and Deferred Inflows of Resources

For the years ended June 30, 2025 and 2024, the District recognized (negative) pension expense of $804,454 and $(61,449) for the TCRS Plan. For the years ended June 30, 2025 and 2024, the District reported deferred outflows of resources and deferred inflows of resources as follows:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	$ 0	$ 0	$ 5,728	$ 0

Payable to the Pension Plan

Since the District has fully funded this Plan in prior years, as of June 30, 2025 and 2024, there is no employer contribution payable.

Required Supplementary Information

The District has presented as required supplementary information (RSI) following the notes to the financial statements, multiyear trend information about whether the net pension liability (asset) assets is increasing or decreasing over time relative to the plan's fiduciary net position and if the District has made its actuarial determined contributions as required by the TCRS.

NOTE 7 - RETIREMENT PLANS (Continued)

C. Aggregate Defined Benefit Pension Plans Note Disclosures

The aggregate defined benefit plan disclosures for the two pension plans as of and for the years ended June 30, 2025 and 2024 are as follows:

Plan	Net Pension Liability (Asset)	Deferred Outflows	Deferred Inflows	Pension Expense (Reduction)
2025				
WKUD Defined Benefit Plan	$ 5,019,622	$ 1,336,685	$ 240,048	$ 1,154,493
TCRS Defined Benefit Plan	0	0	0	804,454
Total	$ 5,019,622	$ 1,336,685	$ 240,048	$ 1,958,947
2024				
WKUD Defined Benefit Plan	$ 6,275,317	$ 2,054,273	$ 257,364	$ 1,330,162
TCRS Defined Benefit Plan	(767,035)	5,728	0	(61,449)
Total	$ 5,508,282	$ 2,060,001	$ 257,364	$ 1,268,713

D. Single-Employer Defined Contribution Plan

On January 1, 2018, the District's Board of Commissioners established the West Knox Utility District Defined Contribution Retirement Plan (the DC Plan), a single-employer defined contribution retirement plan for full-time employees who are automatically enrolled in the Plan after a 90-day probationary period and are over the age of 21. The DC Plan requires a mandatory employee contribution of 3% of annual compensation and the District will make a mandatory non-elective employer contribution of 12% of employees' annual compensation. Participants are immediately vested in the employee contributions and related investment earnings. Participants vest in the employer contributions at 25% per year and are 100% vested after completing four years of credited service. The Plan's investments are in trust at Charles Schwab. Forfeited non-vested amounts are used to reduce employer contributions, or to pay Plan expenses. Plan expenses were $327,686 and $228,421 as of June 30, 2025 and 2024, respectively. During 2025 and 2024 forfeitures were $51,174 and $28,163, respectively. As of June 30, 2025 and 2024 there were 64 and 42 active participants, respectively.

E. Single-Employer Deferred Compensation Plan

On January 1, 2018, the District's Board of Commissioners established the West Knox Utility District 457(b) Deferred Compensation Plan (the 457 Plan), a single-employer defined contribution retirement plan for full-time employees who are eligible to enroll in the Plan after a 90-day probationary period and are over the age of 21. The 457 Plan is funded 100% by employee deferral contributions subject to annual IRS limits. The Plan's investments are in trust at Wells Fargo Bank. As of June 30, 2025 and 2024 and there were 42 and 33 active participants, respectively.

F. Other

The defined benefit pension plans and the defined contribution plans are sponsored by a governmental entity; therefore, these plans are not subject to the statutory provisions of the Employee Retirement and Income Security Act of 1974 (ERISA). In addition, the two defined benefit plans are not covered by the Pension Benefit Guaranty Corporation, a U.S. Government Agency.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information About the OPEB Plan

Plan Description - In addition to the retirement benefits described in Note 7, the District's Board of Commissioners approved a single-employer postretirement medical insurance plan for employees. The Plan was originally funded on a pay-as-you-go basis and there were no assets accumulating in a trust that meet the criteria of paragraph 4 of GASB Statement No. 75. However, beginning in June 2023 the District began accumulating assets held in trust with Commercial Bank and Trust Company.

Benefits Provided - The District offers the Plan to provide partial payment of health insurance premiums through COBRA for eligible retirees age 62 and over and their dependents for a maximum length of 36 months or until the retiree reaches age 65. Dependents are eligible only during the period that the retiree is eligible. The District pays the following percentages of the premium based on years of service: 0% for 0-15 years of service, 50% for 15-20 years of service, and 75% for 20 plus years of service. Insurance coverage is the only postemployment benefit provided to retirees.

Employees Covered by Benefit Terms - At the actuarial valuation date of July 1, 2024, the following employees of the District were covered by the benefit terms of the Plan:

Inactive Employees, or Beneficiaries, Currently Receiving Benefits	2
Inactive Employees, Entitled to, but not yet Receiving Benefits	0
Active Employees	71
Total	73

Contributions – The District has adopted a written funding policy, dated May 25, 2023, which requires an annual employer contribution to equal, or exceed, the actuarially determined contribution (ADC) as calculated by an actuary. The District's OPEB employer contributions to the Plan for fiscal years ended June 30, 2025 and 2024 were $16,850 and $8,387, respectively.

Plan Financial Statements

The District's Statements of Fiduciary Net Position contain the following amounts for the OPEB Plan as of June 30:

	2025	2024
ASSETS		
Investments, at Fair Value		
Cash and Cash Equivalents	$ 2,427	$ 144
Mutual Funds:		
Domestic Equity	18,433	6,873
International Equity	1,689	629
Fixed Income	17,162	6,582
Real Estate	2,053	823
Total Investments	41,764	15,051
TOTAL ASSETS	$ 41,764	$ 15,051
LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts Payable	$ 0	$ 0
NET POSITION		
Restricted for OPEB	41,764	15,051
TOTAL LIABILITIES AND NET POSITION	$ 41,764	$ 15,051

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Plan Financial Statements (Continued)

The District's Statements of Changes in Fiduciary Net Position contain the following amounts for the OPEB Plan for the years ended June 30:

	2025	2024
ADDITIONS		
Employer Contributions	$ 20,000	$ 0
Net Investment Earnings	2,171	730
Other	11,000	0
Total Additions	33,171	730
DEDUCTIONS		
Administrative Expenses	6,458	5,679
Total Deductions	6,458	5,679
CHANGE IN NET POSITION	26,713	(4,949)
NET POSITION, BEGINNING OF YEAR	15,051	20,000
NET POSITION, END OF YEAR	$ 41,764	$ 15,051

Total OPEB Liability

Actuarial Assumptions - The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	6.50% in 2025 (3.93% in 2024)
Annual Payroll Increase	2.50%
Healthcare Cost Trend Rates	7.0% declining to an ultimate trend rate of 5.0% in 2029 (6.0% in 2024)

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. The entry age normal actuarial cost method is used in this valuation. Under this method, the actuarial present value of projected benefits of each individual included in the actuarial valuation is allocated on a level basis over future earnings of the individual between entry age and assumed exit ages.

The actuarial demographic assumptions used in the July 1, 2024 actuarial valuation were based on the results of past experience. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 headcount-weighted fully generational table with projection Scale MP-2021.

Discount Rate - The discount rate used to measure the total OPEB liability as of June 30, 2025 was 6.50% (3.93% as of June 30, 2024). This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer's 20-Year Municipal GO index.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Expected Investment Rates of Return – The long-term expected rate of return on OPEB plan investments will consider the assumed asset allocation of the plan's portfolio, and the long-term expected real rates of return for each major asset class. The best estimates of real rates of return and the target asset allocation for each major asset class as of June 30, 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity - Large Cap	22%	5.81%
U.S. Equity - Small/Mid Cap	16%	7.06%
Non-U.S. Equity - Developed	4%	6.64%
U.S. Corporate Bonds - Core	36%	2.60%
U.S. Corporate Bonds - High Yield	10%	4.42%
U.S. Treasuries	7%	1.00%
Real Estate	5%	4.94%
Total	100%	

Changes in the Total OPEB Liability

	Increase (Decrease)			
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Non-Trust Contributions (c)	Net OPEB Liability (Asset) (a) - (b) - (c)
Balances at June 30, 2023	$ 141,314	$ 20,000	$ 0	$ 121,314
Changes for the Year				
Service Cost	9,840	0	0	9,840
Interest	5,365	0	0	5,365
Investment Income	0	730	0	(730)
Changes in Assumptions	(3,087)	0	0	(3,087)
Contributions - Employer	0	0	8,387	(8,387)
Benefit Payments	(8,387)	0	(8,387)	0
Administrative Expenses	0	(5,679)	0	5,679
Net Changes	3,731	(4,949)	0	8,680
Balances at June 30, 2024	$ 145,045	$ 15,051	$ 0	$ 129,994
Changes for the Year				
Service Cost	8,600	0	0	8,600
Interest	5,728	0	0	5,728
Differences between Expected and Actual Experience	(361)	0	0	(361)
Investment Income	0	2,171	0	(2,171)
Changes in Assumptions	(26,164)	0	0	(26,164)
Contributions - Employer	0	20,000	16,850	(36,850)
Benefit Payments	(16,850)	0	(16,850)	0
Administrative Expenses	0	(6,458)	0	6,458
Other	0	11,000	0	(11,000)
Net Changes	(29,047)	26,713	0	(55,760)
Balances at June 30, 2025	$ 115,998	$ 41,764	$ 0	$ 74,234

The OPEB Plan's fiduciary net position as a percentage of the total pension liability was 36.00% and 10.38% for the years ended June 30, 2025 and 2024, respectively.

Changes in Assumptions - The discount rate was changed from 3.93% as of June 30, 2024 to 6.5% as of June 30, 2025. This change in assumption decreased the total OPEB liability.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

***Changes in the Total OPEB Liability* (Continued)**

Sensitivity of Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability related to the Plan, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the discount rate.

Total OPEB Liability	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
2025	$ 84,060	$ 74,234	$ 65,251

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
2024	$ 141,242	$ 129,994	$ 119,409

Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability related to the Plan, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the healthcare cost trend rate.

Total OPEB Liability	1% Decrease (6.00% decreasing to 4.00%)	Healthcare Cost Trend Rates (7.00% decreasing to 5.00%)	1% Increase (8% decreasing to 6.00%)
2025	$ 64,484	$ 74,234	$ 85,396

	1% Decrease (5.00% decreasing to 4.00%)	Healthcare Cost Trend Rates (6.00% decreasing to 5.00%)	1% Increase (7.00% decreasing to 6.00%)
2024	$ 116,458	$ 129,994	$ 145,530

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Expense - The District recognized OPEB expense of $12,909 and $13,829 for fiscal years ended June 30, 2025 and 2024, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources - For the fiscal years ended June 30, 2025 and 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 10,541	$ 14,639	$ 15,515	$ 18,185
Changes in Assumptions	8,142	34,827	14,094	16,420
Net Difference Between Projected and Actual Earnings on OPEB Investments	0	1,489	4,543	0
Total	$ 18,683	$ 50,955	$ 34,152	$ 34,605

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

For the Years ended June 30,	
2026	$ (2,601)
2027	(2,861)
2028	(10,116)
2029	(9,039)
2030	(4,296)
Thereafter	(3,359)
Total	$ (32,272)

In the table above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

NOTE 9 - NET POSITION

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. The net position for 2025 and 2024 is as follows:

	2025	As Restated 2024
Net Investment in Capital Assets:		
Net Capital Assets	$ 243,406,537	$ 239,023,099
Less: Revenue Bonds - Net of Discounts, Premiums, and Deferred Refunding Losses	(146,757,664)	(150,786,691)
Less: Reclassification from Restricted for Capital Assets Activity	(613,272)	(468,883)
	96,035,601	87,767,525
Restricted for Capital Assets Activity:		
Restricted Cash and Cash Equivalents	51,116	0
Less: Accounts Payable for Capital Assets	(664,388)	(468,883)
Reclassified to Net Investment in Capital Assets	613,272	468,883
	0	0
Restricted for Pensions	0	767,035
Unrestricted	52,455,813	45,280,028
Total Net Position	$ 148,491,414	$ 133,814,588

NOTE 10 - NET WATER REVENUES

Net water revenues earned during 2025 and 2024 were as follows:

	2025	2024
Gross Water Revenues	$ 14,807,012	$ 12,875,870
Less: Provision for Bad Debt Expense	(94,427)	(90,009)
Net Water Revenues	$ 14,712,585	$ 12,785,861

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District carries commercial insurance for general liability, fidelity, property & casualty and workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 12 - ECONOMIC CONCENTRATION

The majority of the District's customers reside in the northwestern portion of Knox County, Tennessee and a significant number of the District's customers are employed with various federal government contractors located in Oak Ridge, Tennessee. These contractors operate several U.S. Department of Energy (DOE) facilities and have contracts that are vital to scientific research and development, national defense and hazardous waste management. DOE operations are contingent upon annual U.S. congressional appropriations.

The District's ten largest customers approximate 8.5% and 6.7% of water and wastewater net revenues for 2025 and 2024, respectively. These customers are primarily rental properties, various corporations and a hospital.

NOTE 13 - RESTATEMENT

During 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. As a result of adopting GASB Statement No. 101, the District has restated its financial statements for the year ending June 30, 2024. The cumulative effect of applying this standard has been reported as a restatement of beginning net position as of July 1, 2023.

The following financial statement line items were affected by the restatement:

	As Originally Reported 2024	Effect of Change	As Restated 2024
BALANCE SHEET			
Current Assets	$ 53,493,110	$ 0	$ 53,493,110
Noncurrent Assets	240,128,890	0	240,128,890
Deferred Outflows of Resources	2,281,213	0	2,281,213
Total Assets and Deferred Outflows of Resources	$ 295,903,213	$ 0	$ 295,903,213
Current Liabilities	$ 7,893,790	$ 50,608	$ 7,944,398
Noncurrent Liabilities	153,852,258	0	153,852,258
Deferred Inflows of Resources	291,969	0	291,969
Net Position	133,865,196	(50,608)	133,814,588
Total Liabilities, Deferred Inflows, and Net Position	$ 295,903,213	$ 0	$ 295,903,213
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Operating Revenues	$ 34,835,378	$ 0	$ 34,835,378
Operating Expenses	(27,910,933)	(6,679)	(27,917,612)
Operating Income	6,924,445	(6,679)	6,917,766
Nonoperating Revenues (Expenses)	(3,828,406)	0	(3,828,406)
Capital Contributions	6,419,370	0	6,419,370
Change in Net Position	9,515,409	(6,679)	9,508,730
Net Position - Beginning of Year	124,349,787	(43,929)	124,305,858
Net Position - End of Year	$ 133,865,196	$ (50,608)	$ 133,814,588

REQUIRED SUPPLEMENTARY INFORMATION

WEST KNOX UTILITY DISTRICT

PENSION TRUST FUND

SCHEDULES OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS
SINGLE-EMPLOYER PLAN - WKUD DEFINED BENEFIT PLAN

For the Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	$ 233,523	$ 224,498	$ 245,776	$ 240,109	$ 252,529	$ 274,169	$ 253,077	$ 225,046	$ 303,182	$ 286,353
Interest	1,269,149	1,201,256	1,156,739	1,076,388	1,015,234	940,408	919,228	898,067	867,851	946,685
Changes of Benefit Terms	0	0	0	0	0	0	(951,309)	0	0	0
Differences between Expected and Actual Experience	300,013	644,702	(175,357)	621,177	106,057	473,338	5,350	580,975	376,284	(1,532,910)
Changes in Assumptions	3,333	596,550	3,567	(268,964)	75,181	(31,637)	382,654	195,120	0	0
Benefit Payments	(1,796,745)	(454,453)	(731,524)	(406,360)	(773,362)	(437,617)	(261,129)	(1,898,086)	(1,280,675)	(344,348)
Net Change in Total Pension Liability	9,273	2,212,553	499,201	1,262,350	675,639	1,218,661	347,871	1,122	266,642	(644,220)
Total Pension Liability - Beginning	18,780,356	16,567,803	16,068,602	14,806,252	14,130,613	12,911,952	12,564,081	12,562,959	12,296,317	12,940,537
Total Pension Liability - Ending (a)	$ 18,789,629	$ 18,780,356	$ 16,567,803	$ 16,068,602	$ 14,806,252	$ 14,130,613	$ 12,911,952	$ 12,564,081	$ 12,562,959	$ 12,296,317
Plan Fiduciary Net Position										
Contributions - Employer	$ 1,709,916	$ 720,000	$ 648,000	$ 648,000	$ 702,000	$ 1,098,000	$ 720,000	$ 1,080,000	$ 1,170,000	$ 990,000
Net Investment Income (Loss)	1,352,470	1,065,255	890,658	(1,755,632)	2,591,046	25,099	410,204	562,525	732,379	(70,346)
Benefit Payments	(1,796,745)	(454,453)	(731,524)	(406,360)	(773,362)	(437,617)	(261,129)	(1,898,086)	(1,280,675)	(344,348)
Administrative Expense	(673)	0	648	0	278	(23)	(3,067)	(8,142)	(7,286)	(2,323)
Net Change in Plan Fiduciary Net Position	1,264,968	1,330,802	807,782	(1,513,992)	2,519,962	685,459	866,008	(263,703)	614,418	572,983
Plan Fiduciary Net Position - Beginning	12,505,039	11,174,237	10,366,455	11,880,447	9,360,485	8,675,026	7,809,018	8,072,721	7,458,303	6,885,320
Plan Fiduciary Net Position - Ending (b)	$ 13,770,007	$ 12,505,039	$ 11,174,237	$ 10,366,455	$ 11,880,447	$ 9,360,485	$ 8,675,026	$ 7,809,018	$ 8,072,721	$ 7,458,303
Net Pension Liability - Ending (a) - (b)	$ 5,019,622	$ 6,275,317	$ 5,393,566	$ 5,702,147	$ 2,925,805	$ 4,770,128	$ 4,236,926	$ 4,755,063	$ 4,490,238	$ 4,838,014
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.29%	66.59%	67.45%	64.51%	80.24%	66.24%	67.19%	62.15%	64.26%	60.65%
Covered Payroll	$ 2,906,222	$ 3,355,321	$ 3,206,211	$ 3,117,787	$ 3,312,452	$ 3,312,845	$ 3,255,578	$ 3,294,366	$ 2,950,106	$ 2,694,442
Net Pension Liability as a Percentage of Covered Payroll	172.72%	187.03%	168.22%	182.89%	88.33%	143.99%	130.14%	144.34%	152.21%	179.56%

Notes:

A. This plan was frozen to employees hired after December 31, 2017.

B. *Changes in Assumptions:* In 2025, amounts reported as changes in assumptions resulted from changes to the investment rate of return and mortality. In 2024, amounts reported as changes in assumptions resulted from changes to the discount rate. In 2023, amounts reported as changes in assumptions resulted from changes to the amortization method, the asset valuation method, and retirement age. In 2022, amounts reported as changes in assumptions resulted from changes to mortality. In 2021, amounts reported as changes in assumptions resulted from changes to mortality. In 2020, amounts reported as changes in assumptions resulted from changes to mortality. In 2019, amounts reported as changes in assumptions resulted from changes to mortality. In 2018, amounts reported as changes in assumptions resulted from changes to mortality.

WEST KNOX UTILITY DISTRICT

PENSION TRUST FUND

SCHEDULES OF THE DISTRICT'S PENSION CONTRIBUTIONS
SINGLE-EMPLOYER PLAN - WKUD DEFINED BENEFIT PLAN

For the Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution (ADC)	$ 822,772	$ 683,337	$ 519,793	$ 422,596	$ 588,358	$ 584,736	$ 629,455	$ 599,266	$ 603,158	$ 804,412
Contributions in Relation to the Actuarially Determined Contribution	1,709,916	720,000	648,000	648,000	702,000	1,098,000	720,000	1,080,000	1,170,000	990,000
Contribution Deficiency (Excess)	$ (887,144)	$ (36,663)	$ (128,207)	$ (225,404)	$ (113,642)	$ (513,264)	$ (90,545)	$ (480,734)	$ (566,842)	$ (185,588)
Covered Payroll	$ 2,906,222	$ 3,355,321	$ 3,206,211	$ 3,117,787	$ 3,312,452	$ 3,312,845	$ 3,255,578	$ 3,294,366	$ 2,950,106	$ 2,694,442
Contributions as a Percentage of Covered Payroll	58.84%	21.46%	20.21%	20.78%	21.19%	33.14%	22.12%	32.78%	39.66%	36.74%

Actuarial Methods & Assumptions:

Valuation Date: July 1, 2024

Actuarial determined contribution rates are calculated as of June 30, 2025

Methods and Assumptions used to calculate the Actuarially Determined Contribution:

Actuarial Cost Method: Individual Entry Age Normal

Amortization Method: Level Dollar Amount. Unfunded Accrued Liability amortized over 30 years starting July 1, 2014. Gains/losses due to assumption changes are amortized over 30 years. Actuarial gains/losses are amortized over 10 years.

Asset Valuation Method: Actuarial Value of Plan Assets

Asset Smoothing Method: Investment gains and losses will be recognized and phased-in over 5 years. There is also a 20% corridor around the fair value of assets

Inflation: 0.0%

Salary Increases: 4.0% Average, including inflation

Investment Rate of Return: 7.00%

Retirement Age: 33.33% Retire at the initial attainment of unreduced early retirement (Rule of 90) eligibility, the remaining retirement at normal retirement age

Mortality: RP-2014 Blue Collar Mortality Table with Scale MP-2021 projected on a fully generational basis

WEST KNOX UTILITY DISTRICT

PENSION TRUST FUND

SCHEDULES OF INVESTMENT RETURNS (LOSSES)
SINGLE-EMPLOYER PLAN - WKUD DEFINED BENEFIT PLAN

For the Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual Money-Weighted Rate of Return (Loss), Net of Investment Expenses	10.99%	9.44%	8.54%	(14.64%)	27.99%	0.28%	5.09%	6.80%	10.35%	(0.98%)

WEST KNOX UTILITY DISTRICT

SCHEDULES OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS

For the Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Interest	$ (28,415)	$ 721	$ 1,408	$ 2,859	$ 2,870	$ 3,021	$ 3,204	$ 3,129	$ 3,297	$ 5,507
Differences between Expected and Actual Experience	870,330	(9,627)	(6,890)	(10,842)	10,638	10,424	9,637	10,118	9,507	(19,190)
Change of Assumptions	0	0	0	(1,804)	0	0	0	4,405	0	0
Distributions	(841,915)	0	0	0	0	0	0	0	0	0
Benefit Payments	0	(3,539)	(5,875)	(11,702)	(15,609)	(15,447)	(15,269)	(15,091)	(15,006)	(16,556)
Net Change in Total Pension Liability	0	(12,445)	(11,357)	(21,489)	(2,101)	(2,002)	(2,428)	2,561	(2,202)	(30,239)
Total Pension Liability - Beginning	0	12,445	23,802	45,291	47,392	49,394	51,822	49,261	51,463	81,702
Total Pension Liability - Ending (a)	$ 0	$ 0	$ 12,445	$ 23,802	$ 45,291	$ 47,392	$ 49,394	$ 51,822	$ 49,261	$ 51,463
Plan Fiduciary Net Position										
Net Investment Income	$ 74,880	$ 48,427	$ (28,847)	$ 156,431	$ 29,302	$ 42,014	$ 44,425	$ 56,014	$ 13,161	$ 15,299
Distributions	(841,915)	0	0	0	0	0	0	0	0	0
Benefit Payments	0	(3,539)	(5,875)	(11,702)	(15,609)	(15,447)	(15,269)	(15,091)	(15,006)	(16,556)
Administrative Expense	0	(106)	0	0	0	0	0	0	0	0
Net Change in Plan Fiduciary Net Position	(767,035)	44,782	(34,722)	144,729	13,693	26,567	29,156	40,923	(1,845)	(1,257)
Plan Fiduciary Net Position - Beginning	767,035	722,253	756,975	612,246	598,553	571,986	542,830	501,907	503,752	505,009
Plan Fiduciary Net Position - Ending (b)	$ 0	$ 767,035	$ 722,253	$ 756,975	$ 612,246	$ 598,553	$ 571,986	$ 542,830	$ 501,907	$ 503,752
Net Pension Liability (Asset) - Ending (a) - (b)	$ 0	$ (767,035)	$ (709,808)	$ (733,173)	$ (566,955)	$ (551,161)	$ (522,592)	$ (491,008)	$ (452,646)	$ (452,289)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	N/A	N/A	5803.56%	3180.30%	1351.80%	1262.98%	1158.01%	1047.49%	1018.87%	978.86%
Covered Payroll	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

A. In 2024, all remaining plan assets were distributed from this plan to the District's Single-Employer Pension and OPEB plan.

B. This plan is frozen and no active District employees participate in this plan. All active District employees participate in the West Knox Utility District Defined Benefit Plan, which was frozen as of December 31, 2017.

C. Schedule of District's Pension Contributions is not applicable for TCRS plan. This plan has been fully funded by the District since July 1, 1991; there were no actuarially determined contributions calculated for the years presented.

D. The amount presented for each fiscal year is based upon the measurement period which is the TCRS prior fiscal year end.

E. *Changes in Assumptions:* In 2017, amounts reported as changes in assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

F. *Changes in Assumptions:* In 2021, amounts reported as changes in assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements.

WEST KNOX UTILITY DISTRICT

SCHEDULES OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

For the Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service Cost	$ 8,600	$ 9,840	$ 9,774	$ 17,829	$ 17,254	$ 9,723	$ 8,937	$ 8,178
Interest	5,728	5,365	4,944	5,061	4,795	4,384	4,384	5,124
Changes in Benefit Terms	0	0	(54,606)	0	0	0	0	0
Differences between Expected and Actual Experience	(361)	0	(25,299)	0	35,411	0	(39,774)	0
Change in Assumptions	(26,164)	(3,087)	(1,160)	(22,968)	26,482	13,388	9,266	(2,966)
Benefit Payments	(16,850)	(8,387)	(4,247)	(8,950)	(3,295)	(5,436)	(5,610)	(8,415)
Net Change in Total OPEB Liability	(29,047)	3,731	(70,594)	(9,028)	80,647	22,059	(22,797)	1,921
Total OPEB Liability - Beginning	145,045	141,314	211,908	220,936	140,289	118,230	141,027	139,106
Total OPEB Liability - Ending	$ 115,998	$ 145,045	$ 141,314	$ 211,908	$ 220,936	$ 140,289	$ 118,230	$ 141,027
Plan Fiduciary Net Position								
Contributions - Employer	$ 20,000	$ 0	$ 20,000					
Expected Investment Income	2,171	730	0					
Other	11,000	0	0					
Administration Expenses	(6,458)	(5,679)	0					
Net Change in Plan Fiduciary Net Position	26,713	(4,949)	20,000					
Total Plan Fiduciary Net Position - Beginning	15,051	20,000	0					
Total Plan Fiduciary Net Position - Ending	$ 41,764	$ 15,051	$ 20,000					
Net OPEB Liability - Ending	$ 74,234	$ 129,994	$ 121,314					
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	36.00%	10.38%	14.15%					
Covered-Employee Payroll	N/A	N/A	N/A	$ 4,511,417	$ 4,401,382	$ 4,022,603	$ 3,924,491	$ 3,063,597
Net OPEB Liability as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	4.70%	5.02%	3.49%	3.01%	4.60%

Note: Prior to 2023, there were no assets accumulating in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 related to this OPEB plan. This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

WEST KNOX UTILITY DISTRICT

SCHEDULES OF OPEB CONTRIBUTIONS

For the Years Ended June 30,

	2025	2024	2023
Actuarially Determined Contribution (ADC)	$ 11,660	$ 13,011	$ 12,502
Contributions in Relation to the Actuarially Determined Contribution	(36,850)	(8,387)	(24,247)
Contribution Deficiency / (Excess)	$ (25,190)	$ 4,624	$ (11,745)
Covered Payroll	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A

Notes Prior to 2023, there were no assets accumulating in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 related to this OPEB plan. This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

Actuarial Methods & Assumptions:

Valuation Dates: 7/1/2024

Actuarial determined contribution rates are calculated as of June 30, 2025.

Methods and Assumptions used to calculate the Actuarially Determined Contribution:

Actuarial Cost Method:	Individual Entry Age Normal
Amortization Method:	Level percentage of payroll
Asset Valuation Method:	Fair value of assets
Asset Smoothing Method:	N/A
Inflation:	2.5%
Salary Increases:	3.5%
Investment Rate of Return:	6.50%
Average Assumed Retirement Age:	60
Mortality:	PUB-2010 headcount-weighted fully generational table with projection Scale MP-2021

WEST KNOX UTILITY DISTRICT

SCHEDULES OF OPEB INVESTMENT RETURNS (LOSSES)

For the Years Ended June 30,

	2025	2024	2023
Annual Money-Weighted Rate of Return (Loss), Net of Investment Expenses	6.50%	6.57%	N/A

Notes: Prior to 2023, there were no assets accumulating in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 related to this OPEB plan. This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

SUPPLEMENTARY INFORMATION SECTION

WEST KNOX UTILITY DISTRICT

COMBINING STATEMENTS OF FIDUCIARY NET POSITION
PENSION AND OPEB TRUST FUNDS

June 30, 2025

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Investments, at Fair Value			
Cash and Cash Equivalents	$ 160,885	$ 2,427	$ 163,312
Mutual Funds:			
Domestic Equity	5,081,600	18,433	5,100,033
International Equity	2,995,551	1,689	2,997,240
Fixed Income	4,504,938	17,162	4,522,100
Real Estate	631,683	2,053	633,736
Market Neutral & Alternative	395,350	0	395,350
Total Investments	13,770,007	41,764	13,811,771
TOTAL ASSETS	$ 13,770,007	$ 41,764	$ 13,811,771
LIABILITIES AND NET POSITION			
LIABILITIES			
Accounts Payable	$ 0	$ 0	$ 0
NET POSITION			
Restricted for Pension	13,770,007	0	13,770,007
Restricted for OPEB	0	41,764	41,764
TOTAL NET POSITION	13,770,007	41,764	13,811,771
TOTAL LIABILITIES AND NET POSITION	$ 13,770,007	$ 41,764	$ 13,811,771

WEST KNOX UTILITY DISTRICT

COMBINING STATEMENTS OF FIDUCIARY NET POSITION
PENSION AND OPEB TRUST FUNDS

June 30, 2024

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Investments, at Fair Value			
Cash and Cash Equivalents	$ 1,111,498	$ 144	$ 1,111,642
Mutual Funds:			
Domestic Equity	4,089,485	6,873	4,096,358
International Equity	2,365,639	629	2,366,268
Fixed Income	4,065,970	6,582	4,072,552
Real Estate	625,913	823	626,736
Market Neutral & Alternative	246,534	0	246,534
Total Investments	12,505,039	15,051	12,520,090
TOTAL ASSETS	$ 12,505,039	$ 15,051	$ 12,520,090
LIABILITIES AND NET POSITION			
LIABILITIES			
Accounts Payable	$ 0	$ 0	$ 0
NET POSITION			
Restricted for Pension	12,505,039	0	12,505,039
Restricted for OPEB	0	15,051	15,051
TOTAL NET POSITION	12,505,039	15,051	12,520,090
TOTAL LIABILITIES AND NET POSITION	$ 12,505,039	$ 15,051	$ 12,520,090

WEST KNOX UTILITY DISTRICT

COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OPEB TRUST FUNDS

For the Year Ended June 30, 2025

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS			
Employer Contributions	$ 1,709,916	$ 20,000	$ 1,729,916
Net Investment Earnings	1,352,470	2,171	1,354,641
Other	0	11,000	11,000
Total Additions	3,062,386	33,171	3,095,557
DEDUCTIONS			
Benefit Payments	1,796,745	0	1,796,745
Administrative Expenses	673	6,458	7,131
Total Deductions	1,797,418	6,458	1,803,876
CHANGE IN NET POSITION	1,264,968	26,713	1,291,681
TOTAL NET POSITION RESTRICTED FOR PENSION & OPEB, BEGINNING OF YEAR	12,505,039	15,051	12,520,090
TOTAL NET POSITION RESTRICTED FOR PENSION & OPEB, END OF YEAR	$ 13,770,007	$ 41,764	$ 13,811,771

WEST KNOX UTILITY DISTRICT

COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OPEB TRUST FUNDS

For the Year Ended June 30, 2024

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS			
Employer Contributions	$ 720,000	$ 0	$ 720,000
Net Investment Earnings	1,065,255	730	1,065,985
Total Additions	1,785,255	730	1,785,985
DEDUCTIONS			
Benefit Payments	454,453	0	454,453
Administrative Expenses	0	5,679	5,679
Total Deductions	454,453	5,679	460,132
CHANGE IN NET POSITION	1,330,802	(4,949)	1,325,853
TOTAL NET POSITION RESTRICTED FOR PENSION & OPEB, BEGINNING OF YEAR	11,174,237	20,000	11,194,237
TOTAL NET POSITION RESTRICTED FOR PENSION & OPEB, END OF YEAR	$ 12,505,039	$ 15,051	$ 12,520,090

WEST KNOX UTILITY DISTRICT

SCHEDULE OF DEBT SERVICE REQUIREMENTS

June 30, 2025

Fiscal Year Ending June 30,	$35,425,000 Public Improvement Revenue Bonds Series 2009-V-B-1		$35,000,000 Water and Sewer Revenue Bonds (BABS) - Series 2010		$25,000,000 Local Government Improvement Revenue Bonds Series 2016 V-E-1		$27,015,000 Water and Sewer Revenue Bonds Series 2016		$8,535,000 Water and Sewer Revenue Bonds Series 2018	
	Principal	Interest (a)	Principal	Interest (b)	Principal	Interest (c)	Principal	Interest	Principal	Interest
2026	$ 1,545,000	$ 824,925	$ 0	$ 812,482	$ 615,000	$ 794,400	$ 510,000	$ 958,681	$ 225,000	$ 289,218
2027	1,620,000	759,263	0	812,482	605,000	769,800	565,000	933,182	235,000	280,219
2028	1,700,000	690,413	0	812,482	630,000	745,600	595,000	904,931	240,000	273,169
2029	1,785,000	618,162	0	812,482	585,000	720,400	690,000	887,081	245,000	265,969
2030	1,875,000	542,300	0	812,482	560,000	697,000	760,000	866,381	255,000	258,619
2031	1,970,000	462,612	0	812,482	590,000	674,600	755,000	841,681	260,000	250,650
2032	2,070,000	378,888	0	812,482	535,000	651,000	745,000	816,200	270,000	242,200
2033	2,170,000	290,913	0	812,482	520,000	629,600	815,000	790,125	280,000	233,088
2034	2,280,000	198,687	0	812,482	530,000	608,800	860,000	761,600	290,000	223,287
2035	2,395,000	101,787	0	812,482	525,000	587,600	905,000	730,425	300,000	213,138
2036	0	0	0	812,482	525,000	566,600	945,000	696,488	310,000	202,637
2037	0	0	0	812,482	500,000	545,600	1,035,000	661,050	320,000	191,400
2038	0	0	0	812,482	565,000	525,600	1,040,000	609,300	335,000	179,800
2039	0	0	0	812,482	1,250,000	503,000	1,045,000	557,300	345,000	166,400
2040	0	0	0	812,482	1,360,000	453,000	1,040,000	505,050	360,000	152,600
2041	0	0	3,150,000	812,482	1,450,000	398,600	1,045,000	453,050	375,000	138,200
2042	0	0	3,275,000	664,757	535,000	340,600	2,045,000	400,800	390,000	123,200
2043	0	0	3,475,000	511,171	590,000	319,200	2,025,000	319,000	405,000	107,600
2044	0	0	3,625,000	348,206	685,000	295,600	2,005,000	238,000	420,000	91,400
2045	0	0	3,800,000	178,206	815,000	268,200	1,985,000	157,800	440,000	74,600
2046	0	0	0	0	5,890,000	235,600	1,960,000	78,400	455,000	57,000
2047	0	0	0	0	0	0	0	0	475,000	38,800
2048	0	0	0	0	0	0	0	0	495,000	19,800
Total	$ 19,410,000	$ 4,867,950	$ 17,325,000	$ 14,702,052	$ 19,860,000	$ 11,330,400	$ 23,370,000	$ 13,166,525	$ 7,725,000	$ 4,072,994

Notes: (a) Variable rate - the interest assumes a long-term rate of 4.25%.
(b) The interest related to the BABS is net of the 35% subsidy payment from the U.S. Government.
(c) Variable rate - the interest assumes a long-term rate of 4.0%.

WEST KNOX UTILITY DISTRICT

SCHEDULE OF DEBT SERVICE REQUIREMENTS (Continued)

June 30, 2025

Fiscal Year Ending June 30,	$20,000,000 Water and Sewer Revenue Bonds Series 2019		$15,000,000 Local Government Improvement Revenue Bonds Series V-F-1		$25,435,000 Water and Sewer Revenue Bonds Series 2022		Total	Total	Total Debt
	Principal	Interest	Principal	Interest (d)	Principal	Interest	Principal	Interest	Service
2026	$ 480,000	$ 602,200	$ 300,000	$ 520,125	$ 345,000	$ 809,050	$ 4,020,000	$ 5,611,081	$ 9,631,081
2027	505,000	578,200	325,000	508,875	350,000	791,800	4,205,000	5,433,821	9,638,821
2028	530,000	552,950	325,000	496,688	355,000	774,300	4,375,000	5,250,533	9,625,533
2029	555,000	526,450	325,000	484,500	360,000	756,550	4,545,000	5,071,594	9,616,594
2030	585,000	498,700	325,000	472,313	360,000	738,550	4,720,000	4,886,345	9,606,345
2031	610,000	475,300	375,000	460,125	390,000	720,550	4,950,000	4,698,000	9,648,000
2032	630,000	450,900	375,000	446,062	515,000	701,050	5,140,000	4,498,782	9,638,782
2033	650,000	432,000	375,000	432,000	525,000	675,300	5,335,000	4,295,508	9,630,508
2034	670,000	412,500	375,000	417,937	525,000	654,300	5,530,000	4,089,593	9,619,593
2035	690,000	392,400	400,000	403,875	555,000	633,300	5,770,000	3,875,007	9,645,007
2036	710,000	371,700	400,000	388,875	3,080,000	611,100	5,970,000	3,649,882	9,619,882
2037	730,000	350,400	400,000	373,875	3,165,000	518,700	6,150,000	3,453,507	9,603,507
2038	755,000	328,500	400,000	358,875	3,275,000	423,750	6,370,000	3,238,307	9,608,307
2039	775,000	305,850	0	343,875	3,375,000	325,500	6,790,000	3,014,407	9,804,407
2040	800,000	282,600	0	343,875	3,465,000	224,250	7,025,000	2,773,857	9,798,857
2041	825,000	258,600	0	343,875	685,000	120,300	7,530,000	2,525,107	10,055,107
2042	850,000	233,850	0	343,875	760,000	99,750	7,855,000	2,206,832	10,061,832
2043	875,000	208,350	0	343,875	805,000	76,950	8,175,000	1,886,146	10,061,146
2044	1,000,000	182,100	0	343,875	870,000	52,800	8,605,000	1,551,981	10,156,981
2045	1,000,000	152,100	0	343,875	890,000	26,700	8,930,000	1,201,481	10,131,481
2046	1,000,000	122,100	0	343,875	0	0	9,305,000	836,975	10,141,975
2047	1,000,000	92,100	275,000	343,875	0	0	1,750,000	474,775	2,224,775
2048	1,020,000	62,100	275,000	333,563	0	0	1,790,000	415,463	2,205,463
2049	1,050,000	31,500	500,000	323,250	0	0	1,550,000	354,750	1,904,750
2050	0	0	1,505,000	304,500	0	0	1,505,000	304,500	1,809,500
2051	0	0	1,565,000	248,063	0	0	1,565,000	248,063	1,813,063
2052	0	0	1,620,000	189,375	0	0	1,620,000	189,375	1,809,375
2053	0	0	1,685,000	128,625	0	0	1,685,000	128,625	1,813,625
2054	0	0	1,745,000	65,437	0	0	1,745,000	65,437	1,810,437
Total	$ 18,295,000	$ 7,903,450	$ 13,870,000	$ 10,451,813	$ 24,650,000	$ 9,734,550	$ 144,505,000	$ 76,229,734	$ 220,734,734

Notes: (d) Variable rate - the interest assumes a long-term rate of 3.75%.

WEST KNOX UTILITY DISTRICT

SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

June 30, 2025

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding July 1, 2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding June 30, 2025
Bonds Payable									
V-B-1 Local Gov't Public Improvement Revenue Bonds	$ 35,425,000	Variable %	8/1/2009	6/1/2035	$ 20,880,000	$ 0	$ 1,470,000	$ 0	$ 19,410,000
2010 Water and Sewer Revenue Bonds	35,000,000	4.15 - 7.00	11/30/2010	6/1/2045	17,325,000	0	0	0	17,325,000
2016 Water and Sewer Revenue Refunding & Improvement Bonds	27,015,000	3.00 - 5.00	12/22/2016	6/1/2046	23,850,000	0	480,000	0	23,370,000
V-E-1 Local Gov't Public Improvement Revenue Bonds	25,000,000	Variable	12/23/2016	6/1/2046	20,485,000	0	625,000	0	19,860,000
2018 Water and Sewer Revenue Bonds	8,535,000	3.00 - 4.00	11/1/2018	6/1/2048	7,940,000	0	215,000	0	7,725,000
2019 Water and Sewer Revenue Bonds	20,000,000	3.00 - 5.00	6/28/2019	6/1/2049	18,755,000	0	460,000	0	18,295,000
V-F-1 Local Gov't Public Improvement Revenue Bonds	15,000,000	Variable	6/28/2019	6/1/2054	14,170,000	0	300,000	0	13,870,000
2022 Water and Sewer Revenue Refunding Bonds	25,435,000	3.00 - 5.00	3/31/2022	6/1/2045	24,965,000	0	315,000	0	24,650,000
Total Bonds Payable					148,370,000	0	3,865,000	0	144,505,000
Total					$ 148,370,000	$ 0	$ 3,865,000	$ 0	$ 144,505,000

WEST KNOX UTILITY DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2025

Federal Agency/Pass-Through Agency/State Grantor Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
Federal Awards:			
U.S. Department of the Treasury:			
Pass-Through Program From:			
Knox County			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	22-846	$ 6,071,031
			$ 6,071,031

NOTE 1 - BASIS OF PRESENTATION

The schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal and state grant activity of the West Knox Utility District (the "District) and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal* Awards (Uniform Guidance).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principals contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown in the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 - INDIRECT COST RATE

The District has elected to not use the 10% de minimus indirect cost rate as allowed under Uniform Guidance.

WEST KNOX UTILITY DISTRICT

SCHEDULES OF WATER RATES AND STATISTICS

June 30, 2025 and 2024

1. As of June 30, 2025 and 2024, the District serviced water and wastewater customers as shown below. Hotels, motels and apartments are billed on a commercial, per unit basis.

	Water Customers	Billing Units	Wastewater Customers	Billing Units
2025				
Residential	29,086	29,086	24,161	24,161
Commercial	1,150	1,150	712	712
Multi-Space Units	41	4,050	41	4,050
Total	30,277	34,286	24,914	28,923
2024				
Residential	28,220	28,220	23,355	23,355
Commercial	1,133	1,133	702	702
Multi-Space Units	40	3,298	40	3,298
Total	29,393	32,651	24,097	27,355

2. Monthly Water Rate Schedule - (Effective July 1, 2024)

	2025	2024
(a) Residential Water Rate:		
Customer Charge	$16.15 minimum bill	$14.00 minimum bill
	$4.24 per 1,000 Gal.	$4.00 per 1,000 Gal.
(b) Commercial, Municipal, Public Schools, Hospital Service Rate:		
Customer Charge	Based upon Meter Size	Based upon Meter Size
	$4.24 per 1,000 Gal.	$4.00 per 1,000 Gal.
(c) Hotel, Motel, Multi-Family Master Meter per Unit or Space:		
Customer Charge	$6.11 minimum bill	$6.11 minimum bill
	$4.24 per 1,000 Gal.	$4.00 per 1,000 Gal.

3. Monthly Wastewater Rate Schedule - (Effective July 1, 2024)

	2025	2024
(a) Residential Rate:		
Customer Charge	$27.77 minimum bill	$26.77 minimum bill
1st	13,000 Gal. - $7.64 per 1,000 Gal.	13,000 Gal. - $7.64 per 1,000 Gal.
All over	13,000 Gal. - No Charge	13,000 Gal. - No Charge
(b) Commercial, Municipal, Public Schools, Hospital Rate:		
Customer Charge	Based upon Meter Size	Based upon Meter Size
	$7.64 per 1,000 Gal.	$7.64 per 1,000 Gal.
(c) Hotel, Motel, Multi-Family Master Meter per Unit or Space:		
Customer Charge	$16.92 minimum bill	$16.92 minimum bill
	$7.64 per 1,000 Gal.	$7.64 per 1,000 Gal.
(d) Industrial Rate determined on an individual basis.		

	2025	2024
4. Wastewater Treated (In Thousands of Gallons)	1,464,680	1,411,430

STATISTICAL SECTION

This part of the District's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents **Pages**

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time 57-59

Revenue Capacity

These schedules contain information to help the reader assess the District's operating revenues and customer statistics 60-65

Debt Capacity

This schedule presents information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future 66-67

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place 68-69

Operating Information

These schedules contain service data to help the reader understand how the information in the District's financial report relates to the water and wastewater services provided by the District 70-72

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

WEST KNOX UTILITY DISTRICT

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Year	Net Investment in Capital Assets	Restricted			As Restated Unrestricted	Total
		Capital Activity	Debt Service	Pensions		
2025	$ 96,035,601	0	0	0	$ 52,455,813	$ 148,491,414
2024	87,767,525	0	0	767,035	45,280,028	133,814,588
2023	78,943,215	0	0	709,808	44,652,835	124,305,858
2022	75,008,020	0	0	733,173	44,604,019	120,345,212
2021	70,727,388	0	0	566,955	41,605,410	112,899,753
2020	73,636,934	0	0	551,161	34,147,827	108,335,922
2019	87,057,438	0	0	522,592	16,879,118	104,459,148
2018	73,657,081	0	0	491,008	25,773,016	99,921,105
2017	70,455,998	0	0	452,646	22,648,421	93,557,065
2016	75,637,610	0	67,346	452,289	11,131,345	87,288,590

WEST KNOX UTILITY DISTRICT

CHANGES IN NET POSITION

Last Ten Fiscal Years

	2025	As Restated 2024	As Restated 2023	2022	2021
Operating Revenues					
Water, Net	$ 14,712,585	$ 12,785,861	$ 12,288,730	$ 11,300,941	$ 10,748,092
Wastewater	20,097,753	18,989,971	18,270,556	16,985,622	16,159,287
Connection Fees	2,971,316	2,054,478	1,186,351	1,588,684	1,998,500
Low Pressure Pump Fees	121,064	115,085	77,097	591,000	1,419,000
Customer Forfeited Discounts	325,056	286,355	324,845	297,445	310,671
Service Fees	226,590	145,245	127,666	179,070	162,207
Wastewater Inspection Fees	51,220	26,165	10,925	20,375	23,910
Miscellaneous	559,246	432,218	362,739	274,634	291,548
Total Operating Revenues	39,064,830	34,835,378	32,648,909	31,237,771	31,113,215
Operating Expenses:					
Water Purification & Supply	2,023,391	1,842,694	1,848,768	1,558,296	1,364,413
Wastewater Collection & Treatment	5,760,224	5,119,021	4,935,166	5,349,306	5,353,888
Water Treatment & Distribution	6,506,784	5,277,589	4,791,382	3,885,100	3,927,958
Wastewater CMOM Program	2,241,330	1,910,944	1,560,381	1,364,990	1,142,385
Shop & General Maintenance	557,210	485,540	502,507	453,514	342,125
Customer Accounting	530,760	499,777	449,788	426,850	431,720
Administrative & General	4,122,523	3,985,582	3,570,328	3,288,992	3,213,556
Depreciation	9,168,033	8,796,465	8,635,823	8,458,253	8,191,238
Total Operating Expenses	30,910,255	27,917,612	26,294,143	24,785,301	23,967,283
Operating Income	8,154,575	6,917,766	6,354,766	6,452,470	7,145,932
Non-Operating Revenues (Expenses):					
Investment Income, Net	2,283,815	1,868,015	537,554	(507,170)	169,735
Interest Expense	(5,645,356)	(6,031,571)	(5,734,643)	(5,140,744)	(4,968,442)
Change in Fair Value of Derivative - Interest Rate Swap	0	0	270,240	1,192,911	1,000,407
Other	38,132	335,150	14,304	9,493	(8,087)
Total Non-Operating Revenues (Expenses), Net	(3,323,409)	(3,828,406)	(4,912,545)	(4,445,510)	(3,806,387)
Increase (Decrease) in Net Position Before Capital Contributions	4,831,166	3,089,360	1,442,221	2,006,960	3,339,545
Capital Contributions	9,845,660	6,419,370	2,518,425	5,438,499	1,224,286
Change in Net Position	$ 14,676,826	$ 9,508,730	$ 3,960,646	$ 7,445,459	$ 4,563,831

WEST KNOX UTILITY DISTRICT

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years

	2020	2019	2018	2017	2016
Operating Revenues					
Water, Net	$ 10,789,576	$ 9,487,077	$ 9,195,039	$ 9,609,490	$ 9,089,180
Wastewater	16,180,046	14,253,528	13,051,070	13,303,536	12,123,653
Connection Fees	1,481,283	983,807	1,180,754	950,074	945,437
Low Pressure Pump Fees	789,450	375,000	171,150	107,100	30,600
Customer Forfeited Discounts	288,068	352,785	507,151	340,649	297,708
Service Fees	140,700	146,565	158,336	130,075	129,075
Wastewater Inspection Fees	17,580	12,035	15,900	11,675	14,225
Miscellaneous	229,841	466,135	352,573	303,529	282,617
Total Operating Revenues	29,916,544	26,076,932	24,631,973	24,756,128	22,912,495
Operating Expenses:					
Water Purification & Supply	1,473,656	1,171,594	1,366,020	1,206,442	1,164,483
Wastewater Collection & Treatment	4,752,955	3,578,095	3,837,316	3,172,119	3,036,124
Water Treatment & Distribution	3,936,095	3,451,334	2,939,754	3,287,313	2,879,875
Wastewater CMOM Program	1,257,520	1,247,631	1,414,184	1,591,203	1,560,603
Shop & General Maintenance	302,950	278,583	327,055	422,083	389,611
Customer Accounting	358,761	157,447	136,472	136,867	131,648
Administrative & General	3,092,193	2,659,965	2,925,821	2,313,634	2,102,988
Depreciation	5,756,766	5,861,519	5,878,528	5,604,703	5,375,093
Total Operating Expenses	20,930,896	18,406,168	18,825,150	17,734,364	16,640,425
Operating Income	8,985,648	7,670,764	5,806,823	7,021,764	6,272,070
Non-Operating Revenues (Expenses):					
Investment Income, Net	1,052,950	1,149,793	781,765	73,202	187,435
Interest Expense	(5,636,465)	(4,917,374)	(4,134,864)	(3,644,922)	(2,642,317)
Change in Fair Value of Derivative - Interest Rate Swap	(668,570)	(444,607)	578,958	993,190	(905,655)
Debt Issuance Expense	0	(712,442)	0	(468,987)	(245,259)
Other	(2,733,429)	(143,946)	32,207	11,478	26,286
Total Non-Operating Revenues (Expenses), Net	(7,985,514)	(5,068,576)	(2,741,934)	(3,036,039)	(3,579,510)
Increase (Decrease) in Net Position Before Capital Contributions	1,000,134	2,602,188	3,064,889	3,985,725	2,692,560
Capital Contributions	2,876,640	1,935,855	3,442,615	2,282,750	1,957,324
Change in Net Position	$ 3,876,774	$ 4,538,043	$ 6,507,504	$ 6,268,475	$ 4,649,884

WEST KNOX UTILITY DISTRICT

CUSTOMER STATISTICS AND RATES

Last Ten Fiscal Years

Fiscal Year	Customer Billing Units		Water		Wastewater	
	Water	Wastewater	Minimum Bill	Rates per 1,000 Gallons	Minimum Bill	Rates per 1,000 Gallons
2025	34,286	28,923	$ 16.15	$ 4.24	$ 27.77	$ 7.64
2024	32,651	27,355	14.00	4.00	26.77	7.64
2023	31,639	26,450	14.00	4.00	26.77	7.64
2022	31,085	26,007	13.65	3.75	24.27	7.54
2021	30,489	25,454	13.05	3.71	23.27	7.54
2020	29,535	24,690	13.05	3.71	23.27	7.54
2019	28,832	23,378	13.05	3.46	23.27	6.79
2018	29,170	23,162	13.05	3.46	23.27	6.79
2017	28,335	22,484	13.05	3.46	22.27	6.34
2016	26,555	21,819	13.05	3.46	22.27	5.84

Notes: (a) Rates are based upon a single family residence.
(b) The water and wastewater rates are per 1,000 gallons.

WEST KNOX UTILITY DISTRICT

WATER PRODUCED, SOLD AND CONSUMED

Last Ten Fiscal Years

Fiscal Year	Gallons of Water (In Thousands)			Percent Lost
	Water Pumped	Water Sold and Consumed	Water Unbilled	
2025	2,530,700	2,073,392	457,308	18.07
2024	2,519,993	2,080,246	439,747	17.45
2023	2,406,528	1,910,152	496,376	20.63
2022	2,264,013	1,827,203	436,810	19.29
2021	2,205,230	1,810,067	395,163	17.92
2020	2,341,407	1,800,779	540,628	23.09
2019	2,072,034	1,704,155	367,879	17.75
2018	1,769,765	1,572,336	197,429	11.16
2017	1,900,844	1,671,373	229,471	12.07
2016	2,418,193	1,787,642	630,551	26.08

WEST KNOX UTILITY DISTRICT

ANNUAL TAP SALES

Last Ten Fiscal Years

Fiscal Year	Water Meter Taps Sold	Wastewater Taps Sold	Total Taps
2025	1,922	1,681	3,603
2024	1,118	1,053	2,171
2023	596	514	1,110
2022	920	811	1,731
2021	1,060	941	2,001
2020	771	653	1,424
2019	497	444	941
2018	779	717	1,496
2017	561	465	1,026
2016	621	575	1,196

WEST KNOX UTILITY DISTRICT

NUMBER OF WATER AND SEWER CUSTOMERS BY TYPE

Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Hotel/Motel/ Multi-Family Master Meter	Total
Water				
2025	29,086	1,150	41	30,277
2024	28,220	1,133	40	29,393
2023	27,244	1,098	39	28,381
2022	26,677	1,070	40	27,787
2021	25,966	1,045	41	27,052
2020	25,029	1,025	40	26,094
2019	24,203	1,018	40	25,261
2018	24,781	1,129	40	25,950
2017	24,067	878	62	25,007
2016	22,341	1,028	60	23,429
Wastewater				
2025	24,161	712	41	24,914
2024	23,355	702	40	24,097
2023	22,474	679	39	23,192
2022	22,002	668	40	22,710
2021	21,320	656	40	22,016
2020	20,534	675	40	21,249
2019	19,774	671	40	20,485
2018	19,132	645	58	19,835
2017	18,501	613	59	19,173
2016	18,041	592	58	18,691

WEST KNOX UTILITY DISTRICT

WATER AND WASTEWATER RATES (*)

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Water Rates										
Base Rate										
Residential	$16.15	$14.00	$14.00	$13.65	$13.05	$13.05	$13.05	$13.05	$13.05	$13.05
Commercial	(b)	(b)	(b)	21.00	21.00	21.00	21.00	21.00	21.00	16.00
Hotel/Motel/Multi-Family Master Meter (per unit)	6.11	6.11	6.11	6.11	6.11	6.11	6.11	6.11	6.11	6.11
Usage Rates										
(Per 1,000 Gallons)										
Residential	$4.24	$4.00	$4.00	$3.75	$3.71	$3.71	$3.46	$3.46	$3.46	$3.46
Commercial	4.24	4.00	4.00	3.75	3.71	3.71	3.46	3.46	3.46	3.46
Hotel/Motel/Multi-Family Master Meter (per unit)	4.24	4.00	4.00	3.75	3.71	3.71	3.46	3.46	3.46	3.46
Wastewater Rates										
Base Rate										
Residential	$27.77	$26.77	$26.77	$24.27	$23.27	$23.27	$23.27	$23.27	$22.27	$22.27
Commercial	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	30.80	30.80
Hotel/Motel/Multi-Family Master Meter (per unit)	16.92	16.92	16.92	16.92	16.92	16.92	16.92	16.92	16.92	16.92
Usage Rates										
(Per 1,000 Gallons)										
Residential										
0 to 13,000	$7.64	$7.64	$7.64	$7.54	$7.54	$7.54	$6.79	$6.79	$6.34	$5.84
Commercial	$7.64	$7.64	$7.64	$7.54	$7.54	$7.54	$6.79	$6.79	$6.34	$5.84
Hotel/Motel/Multi-Family Master Meter (per unit)	$7.64	$7.64	$7.64	$7.54	$7.54	$7.54	$6.79	$6.79	$6.34	$5.84

***Notes:** (a) Rates must be approved by the Board of Commissioners.
(b) Commercial water and wastewater rates will be based on meter size.

WEST KNOX UTILITY DISTRICT

TEN LARGEST CUSTOMERS

Current Fiscal Year and Nine Years Ago

Customer	Type of Business	FY 2025 (a) Total Annual Sales	FY 2025 Percentage of Total Sales	FY 2016 (a) Total Annual Sales	FY 2016 Percentage of Total Sales
Parkwest Medical Center	Medical	$ 722,021	2.07 %	$ 361,604	1.70 %
Goldelm at Metropolitan	Rental Real Estate	303,564	0.87	260,975	1.23
Woodlands West Apartments	Rental Real Estate	295,866	0.85	288,629	1.36
Country Club Apartments	Rental Real Estate	778,768	2.24	180,561	0.85
Knox County Board of Education	School System	202,125	0.58	N/A	N/A
Brendon Park Apartments	Rental Real Estate	83,950	0.24	177,482	0.84
Knoxville Ephant Group	Hospitality	191,989	0.55	136,476	0.64
Goldelm at Cedar Bluff	Rental Real Estate	141,429	0.41	149,829	0.71
Blue Beacon Truck Wash	Semi-Truck Wash	122,751	0.35	N/A	N/A
Pellissippi ST Community College	School / College	112,418	0.32	N/A	N/A
Warren House Apartments	Rental Real Estate	N/A	N/A	113,154	0.53
Hampton Inn	Hospitality	N/A	N/A	78,999	0.37
Tennessee Veterans Home	Medical	N/A	N/A	64,199	0.30
Total		$ 2,954,881	8.49 %	$ 1,811,908	8.54 %

Note: (a) Sales include only water and wastewater net revenues.
(b) Goldelm at Metropolitan Apartments was formerly known as Sunchase Apartments.
(c) Goldelm at Cedar Bluff Apartments was formerly known as Cedar Bluff Apartments.

WEST KNOX UTILITY DISTRICT

OUTSTANDING DEBT PER CUSTOMER

Last Ten Fiscal Years

Fiscal Year	Revenue Bonds	Notes Payable	Total (a)	Number of Customers (b)	Outstanding Debt per Customer
2025	$ 147,226,851	$ 0	$ 147,226,851	34,286	$ 4,294
2024	151,311,947	0	151,311,947	32,651	4,634
2023	155,242,152	0	155,242,152	31,639	4,907
2022	158,926,843	0	158,926,843	31,225	5,090
2021	161,983,335	0	161,983,335	30,489	5,313
2020	164,599,862	0	164,599,862	29,535	5,573
2019	166,901,181	0	166,901,181	28,832	5,789
2018	123,567,102	1,350,000	124,917,102	29,170	4,282
2017	126,239,820	1,350,000	127,589,820	28,335	4,503
2016	75,401,917	3,039,906	78,441,823	26,555	2,954

Notes: (a) Outstanding debt is net of unamortized bond premiums and discounts.

(b) Number of customers is based upon water customer billing units.

(c) No debt to personal income ratio is shown because personal income for the District's service area is not available.

WEST KNOX UTILITY DISTRICT

PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	(a) Gross Revenues	As Restated (b) Operating Expenses	Net Revenues Available for Debt Service	Debt Service Requirements Principal	(c) Interest Paid	Total	Coverage Ratio
2025	$ 41,080,816	$ 21,742,222	$ 19,338,594	$ 3,865,000	$ 5,817,359	$ 9,682,359	2.00
2024	36,333,876	19,121,147	17,212,729	3,705,000	6,191,337	9,896,337	1.74
2023	33,109,684	17,658,320	15,451,364	3,435,000	6,114,297	9,549,297	1.62
2022	31,381,602	16,327,048	15,054,554	3,435,000	5,067,110	8,502,110	1.77
2021	31,597,591	15,776,045	15,821,546	2,510,000	5,052,033	7,562,033	2.09
2020	30,667,721	15,174,130	15,493,591	2,195,000	5,713,590	7,908,590	1.96
2019	26,844,371	12,544,649	14,299,722	1,245,000	4,959,903	6,204,903	2.30
2018	25,540,856	12,946,622	12,594,234	2,625,000	4,144,916	6,769,916	1.86
2017	25,184,812	12,129,661	13,055,151	2,166,232	3,503,196	5,669,428	2.30
2016	23,032,159	11,265,332	11,766,827	1,017,926	2,536,212	3,554,138	3.31

Notes: (a) Includes operating revenues and interest income received.
(b) Does not include depreciation expense.
(c) Interest includes interest paid, paying agent's fees and service charges net of capitalized construction period interest.
(d) Does not include notes payable.

WEST KNOX UTILITY DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Calendar Year	Population (c)	Personal Income (Thousands of Dollars) (d)	Per Capita Personal Income	Unemployment Rate (e)	
				County	State
2024	506,764	N/A	N/A	3.5%	3.9%
2023	500,669	33,706,390	67,323	3.2%	3.7%
2022	494,574	31,402,606	63,494	3.5%	4.0%
2021	486,677	29,168,574	59,934	4.1%	5.3%
2020	475,609	25,988,024	54,642	7.7%	9.9%
2019	469,363	24,342,690	51,863	3.5%	3.9%
2018	464,819	23,142,739	49,789	3.6%	4.1%
2017	459,396	22,243,142	48,418	2.9%	3.3%
2016	456,132	21,121,133	46,305	3.7%	3.6%
2015	451,324	20,241,530	44,849	4.8%	5.6%

Notes: (a) N/A = Data not available.
(b) Demographic and economic information is for Knox County, Tennessee. This information for the District's service area is not available.
(c) Population – U.S. Bureau of the Census.
(d) Income – Bureau of Economic Analysis, U.S. Department of Commerce.
(e) Unemployment Rates – Tennessee Department of Labor and Workforce Development for June.

WEST KNOX UTILITY DISTRICT

PRINCIPAL EMPLOYERS

Current Calendar Year and Nine Years Ago

		2024		2015	
Employer (a)	Industry	Number of Employees	% of Total Knox County Workforce	Number of Employees	% of Total Knox County Workforce
U.S. DOE - Oak Ridge	Government	16,975	6.67 %	11,986	5.23 %
Covenant Health	Health Care	12,231	4.80	10,304	4.49
University of Tennessee	Education	11,671	4.58	6,609	2.88
Knox County Schools	Education	10,070	3.96	7,241	3.16
Walmart	Retail	5,863	2.30	5,951	2.60
University Health System	Health Care	5,387	2.12	4,941	2.16
Clayton Homes	Manufacturing	5,104	2.01	N/A	N/A
DENSO Manufacturing TN	Automotive Manufacturing	5,000	1.96	3,800	1.66
K-VA-T Food Stores/Food City	Retail Grocery	4,366	1.72	3,913	1.71
State of Tennessee	Government	3,811	1.50	3,153	1.38
Tennova Healthcare	Health Care	N/A	N/A	3,997	1.74
Total		80,478	31.62 %	61,895	27.01 %

Notes: (a) Only Knox County presented.

Source: Knoxville Chamber

WEST KNOX UTILITY DISTRICT

NUMBER OF EMPLOYEES BY ACTIVITY

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
WATER										
Water Plant Operations	10	10	9	8	8	8	8	9	9	10
Water Plant Sample Technician	1	0	0	0	0	0	0	0	0	0
Water Plant Maintenance	2	2	2	2	2	4	3	2	2	2
Water Systems Maintenance	27	21	20	18	19	18	19	17	17	16
WATER SUBTOTAL	40	33	31	28	29	30	30	28	28	28
SEWER										
Sewer Plant Operations	4	4	4	4	4	4	3	3	3	3
Sewer Plant Maintenance	11	12	12	11	11	10	9	8	10	9
Sewer Systems Maintenance (CMOM)	18	14	12	10	10	11	13	13	10	11
SEWER SUBTOTAL	33	30	28	25	25	25	25	24	23	23
ENGINEERING/ INSPECTION/ELECTRICAL										
Engineering	8	8	9	5	6	6	6	5	1	1
Inspections	2	2	2	2	2	2	2	2	2	2
Electrical	4	3	3	5	5	2	2	2	2	2
ENG/INSP/ELEC SUBTOTAL	14	13	14	12	13	10	10	9	5	5
ADMINISTRATION										
Billing/Customer Service	9	8	8	7	8	8	8	7	8	8
Meter Reading	4	4	4	4	4	4	4	3	3	3
Human Resources	1	1	1	1	1	1	1	1	1	1
Finance & Accounting	2	2	2	2	2	2	2	1	1	1
Executive Administration	2	2	2	2	2	2	2	2	2	2
ADMINISTRATION SUBTOTAL	18	17	17	16	17	17	17	14	15	15
TOTAL EMPLOYEES	105	93	90	81	84	82	82	75	71	71

Source: The District's payroll records.

WEST KNOX UTILITY DISTRICT

ANNUAL WASTEWATER PLANT FLOWS AND CAPACITY
IN MILLIONS OF GALLONS

Last Ten Fiscal Years

Fiscal Year	Annual Wastewater Plant Flow	Annual Design Flow	Unused Plant Capacity	Percent of Plant Utilization
2025	1,464.68	2,190.00	725.32	66.9 %
2024	1,411.43	2,190.00	778.57	64.4
2023	1,391.26	2,190.00	798.74	63.5
2022	1,401.85	2,190.00	788.15	64.0
2021	1,446.19	2,190.00	743.81	66.0
2020	1,580.57	2,190.00	609.43	72.2
2019	1,404.76	1,460.00	55.24	96.2
2018	1,373.12	1,460.00	86.88	94.0
2017	1,387.87	1,460.00	72.13	95.1
2016	1,489.60	1,460.00	(29.60)	102.0

Note: Flows expressed in millions of gallons.
Source: Monthly operating reports to the Tennessee Department of Environment and Conservation.

WEST KNOX UTILITY DISTRICT

OPERATING AND CAPITAL INDICATORS

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Area in Square Miles:	72	72	72	72	72	72	72	72	72	72
Water System:										
Miles of Water Mains	432	422	419	416	414	408	398	394	396	389
Number of Treatment Plants	2	2	2	2	2	2	2	2	2	2
Number of Water Customers	30,277	29,393	28,381	27,787	27,052	26,094	25,261	25,950	25,007	23,429
Number of Fire Hydrants	1,788	1,717	1,678	1,650	1,601	1,473	1,473	1,473	1,435	1,373
Daily Average Water Treated in Gallons	7.21 million	7.12 million	6.83 million	6.49 million	6.33 million	6.41 million	6.05 million	5.9 million	5.9 million	5.9 million
Maximum Daily Capacity of Plants in Gallons	18.00 million	18.00 million	18.00 million	18.00 million	18.00 million	18.00 million	18.00 million	18.00 million	18.00 million	18.00 million
Wastewater System:										
Miles of Sanitary Sewers	351	335	328	323	313	312	295	292	296	289
Number of Treatment Plants	1	1	1	1	1	1	1	1	1	1
Number of Service Connections	24,914	24,097	23,192	22,710	22,016	21,249	20,485	19,835	19,173	18,691
Daily Average Treatment in Gallons	4.01 million	3.87 million	3.81 million	3.84 million	3.96 million	4.33 million	3.85 million	3.77 million	3.80 million	4.08 million
Maximum Daily Capacity of Treatment Plant in Gallons	6 million	6 million	6 million	6 million	6 million	6 million	4 million	4 million	4 million	4 million

Source: Various water and wastewater monthly operational reports and engineering records.

INTERNAL CONTROL, COMPLIANCE
AND SINGLE AUDIT SECTION

PARSONS & WRIGHT

CERTIFIED PUBLIC ACCOUNTANTS

Joe Savage
Rebecca Hutsell

Stephen J. Parsons - Retired
Earl O. Wright - 1988 - 2002
William R. Scandlyn - 1988 - 1999

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
The West Knox Utility District of Knox County
Knoxville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activities of West Knox Utility District of Knox County ("the District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 16, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Parsons& Wright

Parsons & Wright
Certified Public Accountants
Kingston, Tennessee

December 16, 2025

PARSONS & WRIGHT

CERTIFIED PUBLIC ACCOUNTANTS

Joe Savage
Rebecca Hutsell

Stephen J. Parsons - Retired
William R. Scandlyn - 1988 - 1999
Earl O. Wright - 1988 - 2002

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
West Knox Utility District
Knoxville, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited West Knox Utility District's ("the District") compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards,

Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Parsons & Wright

Parsons & Wright
Certified Public Accountants
Kingston, Tennessee

December 16, 2025

Section 1 – Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued:	Unmodified

Internal Control Over Financial Reporting:

• Material Weakness(es) Identified?	None Reported
• Significant Deficiency(ies) Identified?	None Reported
Noncompliance Material to Financial Statements Noted?	None Reported

Federal Awards

Internal Control Over Major Federal Programs:

• Material Weakness(es) Identified?	None Reported
• Significant Deficiency(ies) Identified?	None Reported
Type of Auditor's Report Issued on Compliance for Major Federal Programs:	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR Section 200.516(a)?	None Reported

Identification of Major Program:

ALN 21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar Threshold to Distinguish Between Type A and Type B Programs: $750,000.

Auditee Qualified as Low-Risk Auditee?	No

Section 2 – Financial Statement Findings

There were no financial statement findings reported during the 2025 audit.

Section 3 – Summary of Auditor's Results

There were no federal award findings or questioned costs reported during the 2025 audit.

See accompanying independent auditor's report.

WEST KNOX UTILITY DISTRICT

SCHEDULE OF DISPOSITION OF PRIOR YEAR AUDIT FINDINGS

For the Year Ended June 30, 2025

There were no prior year findings to report.

APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

INFORMATION RELATED TO THE DEPOSITORY TRUST COMPANY

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized Book-Entry-Only Transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will

not receive certificates representing their ownership interests in Securities, except in the event that use of the Book-Entry-Only System for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Director Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such

Participant and not of DTC, Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividends to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the District or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

10. The District may decide to discontinue use of the system of Book-Entry-Only Transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

11. The information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.