



Jason E. Mumpower
Comptroller

September 28, 2026

Mr. Jim Reese, General Manager
and Board of Commissioners
West Knox Utility District
P.O. Box 51370
Knoxville, Tennessee 37950

Dear Mr. Reese and Board of Commissioners:

Thank you for your request. We acknowledge receipt on September 23, 2026, of a request from the West Knox Utility District ("District") for approval to issue heightened risk debt as explained below. The District plans to execute a refunding loan agreement with the Public Building Authority of Sevier County, Tennessee (the "PBA"), Series V-H-1, at an estimated \$51,200,000 (the "2026 Refunding Loan Agreement") for the refunding and restructuring of debt to remove a restrictive covenant, reduce risks, and extend the maturity of the debt to create a level or declining debt service.

Heightened Risk Debt

The Series 2026 Refunding Loan Agreement is defined as heightened risk debt pursuant to Tenn. Code Ann. § 9-21-409 because the proposed debt contains a variable interest rate supported by a letter of credit.

Pursuant to the District's request, local officials are aware of the risks associated with the terms of the proposed debt and have practices and policies in place to manage those risks. Local officials indicated in their request that the proposed debt is in the best interest of the public because the proposed debt provides flexibility by including prepayment and conversion features, allowing the District to convert to a fixed rate or refinance if market conditions change. This flexibility enables the District to respond to future interest rate environments and protect long-term financial stability.

The bonds are callable at anytime after one-year without penalty, so the District can refund the issue at anytime to lock in fixed rates on all or a portion of the outstanding debt.

Approval

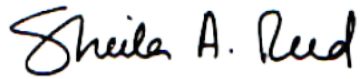
Pursuant to Tenn. Code Ann. § 9-21-409, the Comptroller of the Treasury or the Comptroller's designee shall evaluate each request to issue heightened risk debt based upon each local government's particular circumstances and shall approve the request only if a determination is made that the debt terms are in the public's interest. Based upon our review in accordance with statute, the District's request is approved.

September 28, 2026
West Knox Utility District

While this letter addresses our approval for heightened risk debt, our report on the plan of finance to issue the \$51,200,000 Refunding Loan Agreement with the Public Building Authority of Sevier County, Series V-H-1 (2026), is addressed in a separately issued letter and accompanying report and should be read and reviewed by the members of the District's governing board.

If you should have questions or need assistance, please refer to our online resources or feel free to contact your financial analyst, William Wood, at 615.401.7893 or William.Wood@cot.tn.gov.

Sincerely,

A handwritten signature in black ink that reads "Sheila A. Reed". The signature is written in a cursive, flowing style.

Sheila Reed, Director
Division of Local Government Finance

cc:

Yhuliana Lopez, Comptroller, West Knox Utility District
Chris Bessler, Cumberland Securities
Mark Mamantov, Bass, Berry & Sims

SR:ww