

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES AUTHORITY BOARD
January 23, 2026

A regular meeting of the Cleveland Utilities Authority (CUA) Board was called to order at 12:30 p.m. in Cleveland Utilities' Tom Wheeler Training Center (TWTC).

The following board members were present: Aubrey Ector, Chairman; Joe Cate, Vice Chairman; Eddie Cartwright; Councilman David May, Jr.; Councilwoman Marsha McKenzie; and Debbie Melton. Absent: Mayor Kevin Brooks.

Others in attendance were Tim O. Henderson, President/CEO; John Corum, VP Administrative Services; Amy Ensley, Utility Board Secretary; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Kenny Longley, Electric Engineering Manager; Joe Fivas, City Manager; and Tim Siniard, *Cleveland Daily Banner*. Matt Wood with ATA attended virtually via Microsoft Teams.

Following the Pledge of Allegiance to the American Flag, Kenny Longley delivered the invocation.

PUBLIC COMMENTS-NONE

MANAGER'S UPDATE & ANNOUNCEMENTS

Winter Weather Report

CU has attended daily weather briefings with Cleveland/Bradley County EMA throughout the week to receive the latest updates on the upcoming weekend forecast. CU has also participated in calls with TVA, with an additional call scheduled this afternoon to gain clearer insight into generation expectations and potential impacts to utilities.

All CU teams have been actively meeting and preparing, from ensuring vehicles are fueled and equipment is inspected to confirming appropriate staffing levels. As a 24/7/365 emergency service provider, CU remains in a constant state of readiness.

Ice poses the most significant threat to the electric system. Henderson emphasized that CU's proactive tree-trimming program provides substantial benefits during weather events like this. While it does not eliminate risk entirely, maintaining a strong, progressive vegetation management program serves as the first line of defense. Henderson said, "We prepare for the worst and pray for the best."

Fiber Project Update

Henderson reported that fiber construction is now complete, including both overhead and underground work. The three remaining design areas are ready to open; however, CU is temporarily holding off due to the current volume of orders awaiting installation. These areas account for approximately 600 pre-registrations. CU's goal is to avoid customers experiencing one- to two-month delays after finalizing their orders. Openings will be staggered to ensure installations are completed efficiently and to prevent creating a significant backlog.

Stinnett reported that this is the first month the Fiber Division has achieved a positive net income. In December, CU recorded approximately \$6,000 in net income. While minimal, this milestone is significant given that the division has been operating for only 20 months. CU is encouraged by achieving income above \$0 and continues progressing toward positive net cash

flow. Although expenses currently exceed revenues, the division remains well ahead of schedule.

Stinnett also shared that CU now serves more than 2,200 active customers, with just over 600 orders in queue. Efforts to strengthen staffing are ongoing. This week, CU onboarded its first quality control specialist, a contracted position dedicated solely to ensuring installation quality. This role will provide direct feedback and training to installers to ensure each installation is completed correctly and that properties are left in as good as or better condition than before service. Phone services launched several months ago, creating additional training opportunities.

With construction complete, the budget is being finalized. Stinnett reported that the project is expected to come in under budget from a construction standpoint. An additional complex circuit is scheduled for installation soon. The robust and interconnected fiber network is enabling CU to provide Cleveland with a level of service previously unavailable.

Stinnett thanked the Board for its continued support of the fiber project. Chairman Ector expressed appreciation to CU staff for delivering an exceptional fiber product.

In response to a question from Cartwright regarding product performance, Stinnett stated that the product has performed better than anticipated. He noted that CU's nimbleness and lack of bureaucratic constraints have contributed to its success. He also recognized the outstanding work of the fiber team and emphasized that employees across all divisions have supported the project, highlighting the value of interconnected utility divisions in delivering enhanced service to customers.

Stinnett reported that the Electric Division has recently established its own service crew, primarily dedicated to supporting fiber installations within the electric system. Because the fiber network is owned by the electric system and much of it runs through electric conduits or occupies electric space, having a journeyman lineman available to assist with installations both accelerates the process and provides specialized field expertise that enhances the fiber team's capabilities. He noted that this approach allows the division to leverage the flexibility and advanced training of the electric staff to better support fiber operations.

Chairman Ector shared that he experienced two minor issues with his fiber service, both of which CU resolved promptly and effectively. In one instance, he was notified of the issue before he was even aware of it. He added that he has heard similar positive feedback from others regarding their fiber service.

Vineyard added that he and Stinnett have plans to bring in possibly three to four more employees onboard in areas that have been identified. This will impact the positive net income. He also noted the fiber crews have been making preparations and are ready to respond in the event there is damage resulting from the winter storm in the weekend's forecast.

Chairman Ector stated that he appreciated the staff's comments regarding the support received from all departments. He noted that while the Fiber Division receives attention as a new division, it is important to recognize and value the contributions of all departments across the organization, emphasizing that CU operates as one unified entity.

Electric Supervisory Control and Data Acquisition (SCADA) & Automated Metering Infrastructure (AMI) Project Report

Henderson welcomed Electrical Engineering Manager Kenny Longley to discuss CU's upcoming SCADA/AMI system upgrades. There are associated purchase orders for consideration under today's consent agenda.

SCADA System Upgrade

Longley presented an overview of the current SCADA system, which has been in operation since 1977. Over the past decade, vendor support has declined following company acquisitions and a shift in focus away from municipal utilities.

An RFP was issued, and five proposals were received. After evaluation and consultant assistance, two vendors were shortlisted. Survalent was selected based on scoring and system capabilities. The new system will provide enhanced reporting, automated operational summaries, real-time dashboards, and improved engineering analysis. It will also enable advanced distribution automation, including Fault Location, Isolation, and Restoration (FLISR), supporting smart grid functionality and faster outage response.

The new SCADA system will operate in parallel with the existing system during implementation. Initial substations will be configured by the vendor, with utility staff completing the remaining buildout. Each substation will be individually transferred and fully tested before final conversion. The anticipated implementation timeline is approximately one year.

AMI Upgrade

Longley then presented information regarding the current automated meter reading system, originally installed around 2010. The system has experienced increasing support challenges and extended meter lead times. The manufacturer has announced that current meters will be discontinued by 2026 and are not compatible with newer versions.

After evaluating alternatives and consulting with other utilities, staff recommended transitioning to the Tantalus AMI system. A purchase order for 10,000 meters (approximately one-third of the system) is on today's agenda for consideration, with full deployment to be phased over multiple budget years.

The new system will utilize the utility's fiber network for communications. Isom and Longley explained that both the existing and new AMI systems can operate simultaneously, allowing for a gradual meter replacement process.

Additional advantages include shorter meter lead times, improved vendor support, and the ability to competitively bid meters from multiple manufacturers. The new system also replaces large pole-mounted collectors with smaller neighborhood-based communication devices, reducing the number of customers affected if a device fails and improving maintenance accessibility.

Meter installation will initially be performed by internal staff, with the potential to evaluate third-party assistance if needed.

In conclusion, both the SCADA and AMI upgrades align with the utility's long-term modernization strategy and maximize the value of the fiber infrastructure investment. These projects are intended to enhance reliability, improve reporting and operational efficiency, and strengthen overall system resiliency.

Presidents' Day Holiday

CU offices will be closed Monday, February 16th, in observance of Presidents' Day. As always, the 24/7 Call Center/Plants will be operational and regular emergency/standby services will be maintained.

Public Informational Session

Cleveland Utilities will hold a public information session on Friday, February 27th, at 2:00 p.m.

CONSENT AGENDA

Councilman David May, Jr., made a motion to approve the following items from the Consent Agenda. The motion was seconded by Vice Chairman Joe Cate, and the Utility Authority Board voted unanimously to approve the Consent Agenda.

A. Approval of the Minutes from December 19, 2025

B. Approval of the following written Financial, Electric, and Water/Wastewater Division Reports:

FINANCIAL REPORT

1. **Electric Division December 2025** – During the month of December, the cost of purchased power as a percentage of retail sales was 74.1 percent and can be compared to the budgeted percentage of 72.0 percent for FY 2026. The results for the month are an electric sales revenue of \$10,448,286 which was offset by a purchased power expense of \$7,746,751. This resulted in an operating margin of \$2,701,535 and can be compared to the budgeted margin of \$2,487,555 for the month. Operating expenses for the month were \$2,257,980 and can be compared to a budgeted operating expense of \$2,303,120. The division serviced 35,116 customers during the month. The net income for the month was \$872,321 and can be compared with a budgeted net income of \$607,727 for the month.
2. **Water Division December 2025** – During the month of December, water sales revenue was \$2,050,192 and can be compared to the budgeted amount of \$1,950,875. Other revenue sources contributed an additional \$304,978 for the month. The division serviced 35,756 customers during the month. Operating expenses for the month were \$1,783,155 and can be compared to the budgeted amount of \$1,839,005. The division recorded an operating income of \$572,015 which can be compared to a budgeted operating income of \$243,131 for the month.
3. **Wastewater Division December 2025** – For the month of December, wastewater treatment revenue was \$1,673,992 and can be compared to the budgeted amount of \$1,631,463. Other revenue sources contributed an additional \$171,045 for the month. The division serviced 22,045 customers. Operating expenses for the month were \$1,398,296 and can be compared to the budgeted amount of \$1,465,846. The division recorded an operating income of \$446,741, which is compared to the budgeted operating income of \$255,352 for the month.
4. **Fiber Division December 2025** – For the month of December, fiber sales revenue was \$195,057 and can be compared to the budgeted amount of \$130,721. Operating expenses for the month were \$198,214 and can be compared to the budgeted amount of \$249,260. The division serviced 1,935 customers during the month. The net income for the month was \$6,479, which is compared to a budgeted operating loss of \$113,872 for the month.

ELECTRIC REPORT

1. In December, two vendors, Survalent and QEI, completed a live demonstration at the CUA office. Each demonstration lasted at least 6 hours. A script was given to the

vendors by electric engineering so that both would stay on the same agenda, which aids in giving a fair evaluation. The vendors were also given room to showcase “unique” features that maybe only they can offer. Electric engineering also invited Eddie Facey Consulting to watch the demo, which proved to be a great help because of his familiarity with different SCADA systems on the market. An evaluation sheet was completed for each vendor and will be used to make the final decision in January.

2. Electric engineering and operations use Milsoft’s solution for engineering analysis (WindMil) and outage management (DisPatch) software. WindMil is used for system analysis including capacitor bank placement, circuit load balancing, voltage drop, fault current, etc. The DisPatch software is used daily by the call center reps and operations to log/track electric outages on the system. In December, the Milsoft system was upgraded. This upgrade was needed to fix some software bugs, and it should have performance improvements.
3. The AMI Pilot Project has been successfully installed and proven to be the technology the Electric Division is going to utilize. This new system will be using CU’s new fiber backbone as the communications back hall. CU is budgeting to replace the existing aging Elster AMI system over the next 4 years.
4. A local contractor is constructing a new building just west of the new Food City on Georgetown Road. The occupant of the building will be Ziebert Auto. This is a national chain that sells automotive accessories. Engineering met the contractor onsite in December to create a plan for the electric service. The conduit will be installed across the front of the property to a new junction box on a new property line. This will be used to serve a potential new building on the next property to the west. The contractor has also installed a 3-phase transformer pad on the Ziebert property for a new 3-phase transformer. In December, conduit was installed, and the transformer pad was poured. A work order for the electric facilities should be released in January. It will be a few months before the business is open.
5. In late December, Epperson Homes contacted electric engineering concerning the new Willow Run Subdivision on Freewill Road, across from 22nd Street NW. This subdivision will have 103 lots. The developer is planning to build out the subdivision in at least two phases. The first phase has been in progress for a couple of months, but no electric conduit has been installed. The contractor plans to begin installing electric conduit in January. Additional updates will be available in the next report.
6. Electric Engineering has had several conversations over the past few weeks about a new health rehabilitation facility on Stuart Road. It is to be located on the west lot of the Dakota Sage development (across from First Baptist). Electric Engineering has been working with the engineering team of the facility to lay out the plan for the electric service. The building will require a 500 kVA or 750 kVA, 3-phase, 480-volt transformer. There were a couple of options for the primary feed to the transformer, but a final decision was made in December. Work should begin on the site in January.
7. Operations and the Meter Lab completed a work order to replace the pad-mounted transformer, metering, and two poles at ADM Milling on Central Avenue. The transformer had been leaking and required replacement. There was also a 45S metering installation that needed to be upgraded along with a rotten wooden pole. A new steel pole, primary meter rack, and Schweitzer SEL-735 meter were installed. The meter has been connected to the broadband fiber system and can now be read from the office. The estimated cost of the project was \$35,943.85.
8. Engineering issued a work order to install streetlights in Parkstone Village Subdivision. The work order called to install eight 60-watt LED decorative poles and one 40-watt LED cobra throughout the subdivision. The estimated cost of the project was \$20,269.85.

9. Engineering issued a work order to replace 15 fiberglass decorative poles with aluminum ones in Summerfield Subdivision. The estimated cost of the project was \$19,641.59.
10. Operations established a new Fiber Service Crew. An internal employee Matt Rymer was promoted from CU's line crew to be the new foreman for the new crew. External candidate Taylor Pease was chosen to be the new assistant. Pease is an experienced fiber worker from EPB's fiber contractor. This crew's main task will be facilitating new installs that require using existing electric conduit or working in the power zone on existing electric poles where someone with certified lineman credentials are required to perform this work.
11. A comprehensive Reliability Statistics report for 2023 through 2025 was provided:
 - The ASAI (Average Service Availability Index) statistics is the percentage of time the system was available through the year. CU achieved 99.9892 percent in 2025 compared to 99.9883 percent in 2024 and 99.9955 percent in 2023.
 - CAIDI (Customer Average Interruption Duration Index) is defined as the average length of time that a customer's outage lasts in minutes. CU per customer average was 64.3498 minutes in 2025, 68.522 minutes in 2024, and 62.331 minutes in 2023.
 - SAIDI (System Average Interruption Duration Index) is the average outage duration for each customer served. CU's total was 56.75304 minutes in 2025, compared to 61.168 minutes in 2024 and 58.864 minutes in 2023.
 - SAIFI (System Average Interruption Frequency Index) is the average number of interruptions that every customer would experience. The average for CU was 0.8819 for 2025, compared to 0.893 in 2024 and 0.944 in 2023.
12. An update for traffic lighting was presented:
 - The City Manager and his senior staff met with Cleveland Utilities Management Team in December to announce their intentions to purchase the existing traffic light system from CU. Cleveland Utilities has gotten permission from TVA for the sale of the facilities and is presently working with general counsel to facilitate an agreement for the purchase of the facilities and the transition of maintenance and on-call duties to the City as they decide how they want to transition to their own workforce or contractor for these services. This purchase and transition are anticipated to take a year and a half to two years to complete.
13. Electric engineering completed 80 work orders during the month of December.

WATER & WASTEWATER REPORT

1. In reference to the Wastewater Treatment Plant (WWTP) Non-Potable Reuse Project, the contractor has poured the bottom slab and will be working in the walls.
2. The final payment for the Cleveland Filter Plant (CFP) Sodium Hypochlorite (Bleach) Project has been completed. Total costs amounted to \$409,492 for engineering services and \$4,297,533 for construction.
3. The CFP Window Replacement Project includes 32 windows, and construction is underway.
4. HL Construction completed the Eldridge Drive SW Project. The project required an additional 50 feet of waterline construction.
5. The Old Chattanooga Pike/Bigsby Creek Road Water Main Extension Project is complete.
6. Bids for the Harris Creek Trail and Bettis Avenue Waterline Replacement Project are being received on January 27th.
7. Engineering is reviewing plans for Holloway Farms Subdivision on Holloway Road & Industrial Way SW. The project includes 159 single family lots, 600 feet of 8-inch DIP

waterline, 4,318 feet of 6-inch DIP water main, 150 feet of 2-inch PEX water main, and 4,533 feet of 8-inch gravity sewer main.

8. The Meter Services Department has completed approximately 38% of the Badger Endpoint changeout and installation project within the rural areas of CU's water service territory. During this reporting period, crews installed 248 endpoints. To date, 3,202 of the total 8,500 planned endpoints have been completed.
 9. The Meter Department set 44 meters through December 2025, compared to 47 for December 2024 and 75 for December 2023. Of the 44 sets, 20 were single family homes, 14 were townhomes, 2 were apartments, 2 were duplexes, 4 were irrigation and 2 were commercial.
 10. The total amount of rainfall recorded at the CFP as of January 20, 2026, was 1.63 inches for the year. This can be compared to 10.90 inches for the same period in 2013 (highest rainfall totals through January 1996-2026) and 1.63 inches this year (lowest rainfall totals through January 1996-2026). The projected departure for 2026 is 39.52 inches below normal.
- C.** Approval of a purchase order with Survalent in the amount of \$241,365 for a Supervisory Control and Data Acquisition (SCADA) system. This will replace and upgrade the current electric SCADA system. Along with the basic SCADA solution, a Fault Location, Isolation and Service Restoration (FLISR) option is also included. This will allow quick and easy implementation of distribution automation once the base SCADA system is running. After months of evaluating solutions from 5 vendors that responded to an RFP sent out in October 2025, electric engineering recommends Survalent, not only to meet the current needs of the electric system, but also future needs. Survalent's ease of use and streamlined features will reduce system setup and maintenance time, which will reduce labor cost. This is a budgeted item for FY 2026.
- D.** Approval of the following purchase orders associated with the Electric AMI Project:
- Purchase order with Wesco in the amount of \$900,000 for the purchase of 10,000 Itron Class 200 residential meters with remote disconnect and the Tantalus communication module pre-installed. These meters are used as the standard residential/small commercial meters and use radio communications to communicate with the Tantalus communication collars.
 - Purchase order with Irby Utilities in the amount of \$74,640 for the purchase of 120 Tantalus TruSense fiber gateways. These gateway "collars" install between the single-phase electric meter and the metering socket to provide broadband communications between the meters in the field and the billing system. Each gateway is capable of communicating with up to 250 electric meters.
 - Purchase order with Irby Utilities in the amount of \$1,200,390 for the purchase of 500 Landis + Gyr Class 320 meters, 10,000 Tantalus Itron meter modules, 500 Tantalus Landis + Gyr meter modules, 10,500 software endpoint licenses, and deployment services. These modules and licenses are required to complete this portion of the Tantalus metering program installation. The Class 320 meters are used on residential and commercial 400-amp single-phase electrical services.
- E.** Approval of a purchase order with Waypoint in the amount of \$314,437.20 for the VMware system support renewal over a three-year term, paid annually.
- F.** Approval of a purchase order with HL Construction in the amount of \$322,800 for the installation of a new 8-inch ductile iron waterline along Lower River Road NW. Construction

will begin at the intersection of Lower River Rd NW and Old Lower River Road NW and extend west approximately 3,236 lineal feet along Lower River Road NW. This is to replace an existing 8-inch PVC water main that has broken 6 times in the last 2 years. This project is budgeted for FY 2025 and FY 2026.

- G.** Approval of a purchase order with Skilled Services Quality Construction, LLC in the amount of \$350,400 for the replacement of the handrails around the basins at the Cleveland Filter Plant. The existing handrails are fiberglass and have experienced severe UV degradation. There will be 2,500 lineal feet of handrail, nine self-locking gates, 270 lineal feet of chain-link on guardrails and patching and repair of areas where the old handrail is removed. The new handrail will be powder coated ASTM A-500 Schedule 40 steel. This project is budgeted for FY 2026.
- H.** Approval of a purchase order with the Dycho Company, Inc. in the amount of \$103,950 to supply Poly-Aluminum Chloride (PAC) to the Cleveland Filter Plant. This is for a one-year period and loads will be delivered as needed. This item is budgeted for FY 2026.

NEW BUSINESS

Presentation and Acceptance of the FY 2025 Audit Report

Matt Wood, representing ATA, reviewed the Required Auditors' Communications in relation to the Audit Report for the period from July 1, 2024, through June 30, 2025, via Microsoft Teams. Wood reported the financial statements present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Cleveland Utilities Authority as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. CUA received an unmodified (clean) audit opinion, indicating no material misstatements, no evidence of fraud, no material internal control issues, etc.

Details of the Audit Overview

CUA received over \$750,000 in federal grant funding during the fiscal year, triggering the requirement for a Single Audit. Due to a federal compliance supplement delay (issued Thanksgiving weekend instead of the customary April release), the audit report issuance was slightly delayed. Implementation of GASB Statement No. 101 (Compensated Absences) resulted in no material adjustments. Beginning next fiscal year, the Single Audit threshold will increase to \$1,000,000.

The following are key financial highlights:

- Total assets and deferred outflows of resources at year-end were \$430.46 million and exceeded liabilities and deferred inflows of resources in the amount of \$247.62 million (i.e. net position). Total assets and deferred outflows increased by \$24.80 million. This increase is largely related to the broadband project.
- Net Position increased \$21.51 million during the current year. Unrestricted net position increased by \$14.97 million due primarily to net income in the current year.
- During the year ended June 30, 2025, the Utility delivered 1,028,567,631 kWh and 3,015,812,250 gallons of water compared to 822,452,701 kWh and 2,536,095,000 gallons of water during the year ended June 30, 2024.
- Operating revenues for the year ended June 30, 2025 were \$167.67 million, compared to \$151.98 million for the year ended June 30, 2024.

- Operating expenses for the year ended June 30, 2025 were \$146.10 million, compared to \$135.70 million for the year ended June 30, 2024.
- The operating profit for the year ended June 30, 2025 was \$21.57 million as compared to a \$16.27 million profit for the year ended June 30, 2024.
- Ratios of operating income to total operating revenue were 12.86% and 10.71% for the year ended June 30, 2025 and the year ended June 30, 2024, respectively.

Departmental Highlights

Electric Department

- Capital Asset Additions: \$18,275,501(including broadband investment)
- Decrease in Long-Term Liabilities: \$7,711,119
- Increase in Unrestricted Net Position: \$8,413,128
- Positive Change in Net Position: \$7,907,838
- Cash decrease of \$11,474,816 due primarily to \$23,978,600 in planned construction without new debt issuance.
- Cash Balance: \$67,262,434

Water & Sewer Department

- Capital Asset Additions: \$15,072,538
- Positive Change in Net Position: \$13,603,733
- New Debt Issued: \$12,803,775
- Grant Revenue Received: \$2,701,036
- Cash Balance: \$17,628,245
- Total Federal Awards: \$9,650,076 (\$7,928,776 through TDEC Clean Water State Revolving Fund and \$1,721,300 through State of Tennessee ARPA funding)

Pension Plans

- The CSA Defined Benefit Plan net pension liability reduced to \$1,355,738 this reporting period, a significant decrease driven by strong investment returns.
- The TCRS Pension Plan (Shared with City of Cleveland) net pension liability reduced from \$20,682,012 to \$8,075,096 largely due to strong investment income and actuarial assumption changes. (Note: this schedule represents the activity for the entire City of Cleveland of which Cleveland Utility Authority percentage is currently 34.6398%).
- The new CUA TCRS Hybrid Plan net pension liability is \$369,762 and this will continue to modify.

Chairman Ector asked for questions or comments from the Board. None were raised.

Henderson expressed appreciation to Wood and his team for their professionalism and for developing a strong working relationship with management and staff, including Stinnett and his team.

Wood thanked the Board and staff and reaffirmed his team's availability for any future questions.

On motion by Eddie Cartwright, and seconded by Debbie Melton, the Utility Authority Board voted unanimously to approve and accept the FY 2025 Audit Report as presented.

OTHER ANNOUNCEMENTS

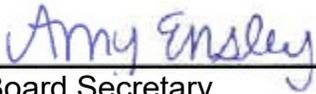
Future Meeting Dates

The next Authority Board Meetings will be held in the TWTC at 12:30 PM on the following dates/times:

- Friday, February 27
- Friday, March 27
- Friday, April 24
- Friday, May 22

ADJOURNMENT

There being no other business, Councilman David May, Jr., made a motion to adjourn the meeting. Vice Chairman Joe Cate seconded the motion. The motion carried unanimously, and the meeting adjourned at 1:28 P.M.



Board Secretary



Board Chairman

February 27, 2026

Date