

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES AUTHORITY BOARD
March 27, 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; Mayor Kevin Brooks; Eddie Cartwright; Councilman David May, Jr.; and Councilwoman Marsha McKenzie.

Absent: Debbie Melton.

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; Adam McCracken, Line Foreman; Tim Rader; and Will Bublitz, *Cleveland Daily Banner*.

Following the Pledge of Allegiance to the American Flag, Adam McCracken delivered the invocation.

PUBLIC COMMENTS-NONE

MANAGER'S UPDATE & ANNOUNCEMENTS

Public Information Session

Henderson expressed appreciation to all board members who were able to stay for the Public Information Session following February's board meeting. Positive feedback has been received from attendees, who conveyed gratitude for CUA's willingness to engage with developers within the community and hear their concerns. The tone of the meeting was constructive and productive. It was further observed that the communication regarding the complexities and challenges associated with the sewer system was conveyed, resulting in a stronger level of understanding among stakeholders.

Tennessee Legislation

Henderson informed the board about two state legislative bills that could affect municipal utilities. The first bill, SB2593/HB2418, concerns additional board representation based on county electric customers served. It failed to pass out of the House committee, though a Senate version remains pending. The second bill SB2102/HB2592, addressing annexation, remains active and is of significant concern per Henderson. As currently proposed, it would restrict CUA's ability to provide electric and fiber services in newly annexed areas and could allow neighboring cooperatives, such as Volunteer Energy, to serve those customers instead. It would create broad and potentially unintended consequences that have not been fully evaluated.

Management and board members discussed the substantial potential impacts of the annexation bill, including the possible loss of approximately 8,000 existing county CUA electric customers. Staff is particularly concerned with rate stability, bond ratings and system reliability. In Bradley County, Volunteer Energy Cooperative's residential electric customers pay a higher per kWh rate than those of Cleveland Utilities. The uncertainty of potential system sales would also disrupt bond ratings, financing agreements, long-term planning, and investments in infrastructure reliability.

This reduces transparency, public accountability, and regulatory review that communities have relied on for generations. Electric customers outside of the municipal corporate boundary would have no voice in their electric service provider should this bill be passed. Additionally, purchased electric customers would lose access to state-of-the-art fiber optic services offered by Cleveland Utilities to all its electric customers today. Finally, the bill would restrict municipal electric systems from serving newly annexed areas which could limit a city's ability to serve its own residents with City Services.

Staff reported ongoing advocacy efforts, including direct communication and scheduled meetings with local state delegation. Henderson has communicated impacts to City Manager Joe Fivas. Mayor Brooks and utility leadership have been actively engaging with local representation to communicate the potential negative impacts on the community. Support has also been received from organizations such as the Tennessee Municipal Electric Power Association, Tennessee Municipal League, and the Ocoee Region Builders Association. Board members were provided with informational materials and a sample letter to assist in contacting legislators.

The Board discussed the importance of individual outreach to elected officials, noting that constituent communication is highly influential. The board then discussed sending a formal letter from the Board in opposition to the annexation bill, though timing constraints were noted due to upcoming committee actions. Chairman Ector advised this will be discussed further under Other Business in today's meeting to authorize formal board communication. CUA staff will continue to monitor legislative developments while coordinating ongoing advocacy efforts.

Retirement – Adam McCracken

Line Department Foreman Adam McCracken will be retiring in April. The board and staff expressed appreciation to McCracken for his 31 years of service and wished him the best in this next chapter.

Tech Goes Home Program

Henderson announced CUA's newest workforce development initiative, Tech Goes Home—a program designed to help employees build essential computer skills. Corum then highlighted details of the program. In partnership with Cleveland State, this four-week course introduces participants to basic computer literacy, from turning on a computer and setting up email to working in programs like Word, Excel, and PowerPoint. By the end of the course, employees create and present their own projects—an impressive accomplishment in such a short time. The first class has already graduated, with a second cohort now underway. The program's focus is introducing basic computer skills to field employees whose job classifications limit their opportunities for computer use and skill development. As technology continues to play a bigger role in everything, initiatives like Tech Goes Home are helping ensure employees are ready for the future.

FY2027 Budget Update

Henderson reported that staff has been working diligently on the FY2027 budget. Stinnett advised that the development schedule remains on target, with plans to present the proposed budget to the CUA Board at the April meeting and seek Board consideration for approval in May. Staff plans to present the budget to the City Council during this timeframe to obtain feedback and comment. Preliminary indications show an improved budget position compared to the prior year.

Fiber Project Update

The fiber division continues to experience growth, both in customer numbers and in staffing. Vineyard reported that the current customer count is approaching 3,000 with approximately 500 orders in queue to be installed. Staffing efforts are underway for multiple key positions, including

an MDU (Multi-Dwelling Unit) Supervisor, Installation Supervisor, and a Senior Network Engineer. Offers have been extended and accepted for some roles, with new hires expected to start in the coming weeks. Plans are also in place to hire additional fiber technicians as the division continues to expand.

Stinnett reported that the fiber division has achieved profitability for the third consecutive month, marking the first month of significant profit. This success is attributed to exceeding customer onboarding targets, which are ahead of schedule compared to projections for the end of the fiscal year. The addition of the MDU Supervisor will allow focused coordination with property owners and developers for multi-dwelling buildings, facilitating more efficient and professional installations. CUA is strategically wiring entire buildings to simplify future installations and improve service quality. Agreements with certain local developers will also allow pre-wiring of new residential subdivisions, ensuring that homes are service-ready upon sale. These partnerships highlight confidence in the organization's level of service and operational capability.

Good Friday Holiday

CUA offices will be closed on Friday, April 3rd, in observance of Good Friday. As always, the Call Center/Plants will remain open and crews will be on standby to respond to any service-related issues.

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 February 27, 2026

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

FINANCIAL REPORT

1. **Electric Division February 2026** – During the month of February, the cost of purchased power as a percentage of retail sales was 76.8 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 \$9,858,076 which was offset by a purchased power expense of \$7,567,527. This resulted in an operating margin of \$2,290,548 and can be compared to the budgeted margin of \$2,910,000 for the month. Operating expenses for the month were \$2,271,476 and can be compared to a budgeted operating expense of \$2,303,120. The division serviced 35,160 customers during the month. The net income for the month was \$466,309 and can be compared with a budgeted net income of \$1,068,718 for the month.
2. **Water Division February 2026** – During the month of February, water sales revenue was \$2,070,616 and can be compared to the budgeted amount of \$1,973,079. Other revenue sources contributed an additional \$336,623 for the month. The division serviced 35,823 customers during the month. Operating expenses for the month were \$1,790,294 and can be compared to the budgeted amount of \$1,848,410. The division recorded an operating income of \$616,945, which can be compared to a budgeted operating income of \$257,424 for the month.
3. **Wastewater Division February 2026** – For the month of February, wastewater treatment revenue was \$1,665,232 and can be compared to the budgeted amount of \$1,656,988. Other revenue sources contributed an additional \$226,814 for the month. The division serviced 22,112 customers. Operating expenses for the month were \$1,386,331 and can be compared to the budgeted amount of \$1,476,593. The division

recorded an operating income of \$505,715, which is compared to the budgeted operating income of \$271,534 for the month.

4. **Fiber Division February 2026** – For the month of February, fiber sales revenue was \$240,831 and can be compared to the budgeted amount of \$153,371. Operating expenses for the month were \$196,798 and can be compared to the budgeted amount of \$249,260. The division serviced 2,412 customers during the month. The net income for the month was \$50,221, which is compared to a budgeted operating loss of \$91,222 for the month.

ELECTRIC REPORT

1. Operations staff, in coordination with the meter lab, completed the replacement of the electric meter at Mars Chocolate North America on Peerless Road NW. The previous Landis+Gyr meter, which monitored two separate primary metering racks connected to different substation circuits, was read by TVA via an outdated copper phone line. One primary metering rack was replaced, and two new SEL-735 meters were installed, with each meter reading a single primary metering rack. The SEL-735 meters are now configured to communicate through the broadband fiber system.
2. Following the issuance of the purchase order to Survalent, they requested the execution of a contract agreement. In February, CUA Electric Engineering engaged Miller and Martin law firm to review the contract agreement. Several concerns were identified, and proposed revisions were submitted to Survalent at the end of February. CUA is currently awaiting their response. As the contract was being reviewed, IT assisted electric engineering with obtaining pricing for the computer hardware needed for the new SCADA system. Equipment has been quoted, and orders will be placed once the contract agreement is finalized.
3. The Electric Engineering Department is collaborating with Glass Consulting Services to develop a service agreement and statement of work for a battery storage project at the Lang Street Substation. Glass Consulting will provide expertise in designing and implementing the first utility-grade battery-storage project for Cleveland Utilities. This will be used in load peak shaving events and brief outage situations.
4. Engineering has created a work order for Lee University's new engineering building. The contractor has poured the transformer pad, which has been inspected and approved by CUA. Once the building is ready for service, CUA plans to set a 225 kVA, three-phase, 208V transformer on the existing pad and bore under Trunk Street to intercept the primary conduits installed by the contractor.
5. Construction at the new Encompass Health site has progressed steadily since the beginning of the year. Part of the project includes construction of a new deceleration lane along the south side of Stuart Road, extending to Dakota Sage Road (formerly Stephens Road). To accommodate this work, CUA was requested to relocate one guy pole and two streetlight poles. In February, CUA electric crews began relocating these poles, with completion expected in early March. The estimated cost of this work is \$26,000, which will be reimbursed by Encompass.
6. Cleveland Utilities Authority and Tantalus Systems are finalizing the legal agreement with both parties' attorneys, focusing on key provisions such as warranty, liability, and support. Once completed, the first round of new meters will be deployed.
7. The contractor began installing conduit for the first phase of Deerfield Farms Subdivision (North Lee Highway at Sequoia Road-149 lots) in early February. At this time, only Phase 1 will be completed, consisting of 64 lots. No timeline has been provided for when home construction will begin, so it may be several weeks before electric service is

installed. Electric Engineering has released the work order for Phase 1, allowing operations to proceed when requested.

8. At the end of February, the Electric Operations Department was nearing completion of the three-phase overhead line upgrade along Pleasant Grove Church Road SW. One of the primary drivers for this upgrade is to help balance the single-phase load in the area. Electric Engineering issued a supplemental work order outlining how to balance the load along Pleasant Grove Church Road and across the broader P-224 circuit serving the area. Maintaining balanced loads across circuits improves overall system efficiency.
9. The Operations Department completed interviews to fill the Service Crew Foreman position vacated by Barry Marshall's retirement in December. The service crew plays a critical role in day-to-day electric operations, including responding to outages and restoring power during regular working hours; connecting temporary and new overhead services; repairing existing and installing new security and streetlights; assisting with fiber installations and transfers; and handling various other daily tasks. Six internal journeyman linemen applied for the position, and Wesley Triplett was selected. In addition, a journeyman electric lineman position has been posted to backfill both Wesley's former role and the position being vacated by Adam McCracken, who is retiring in mid-April. These postings are external only since a journeyman lineman certification is required.
10. Engineering has released a work order for a new commercial shell building at 4550 Cherokee Gateway Boulevard, adjacent to the Cherokee Gateway Substation. CUA plans to install approximately 300 feet of three-phase primary conductor to the existing pad installed by the contractor. CUA will also set a 150 kVA, 480V transformer to serve the shell building and fire pump until a tenant requires a larger transformer. The cost to the customer consisted of labor charges for a crew to spend one full day setting the transformer and installing the conductor.
11. An update for traffic lighting was presented:
 - The Traffic Signal Coordinator attended multiple meetings to organize specifics on the traffic signal design at Stuart Road and Dakota Sage. The design is being looked at again to incorporate the future public road to the north that will connect the Hardwick Farm property. The contractors of Encompass Health are responsible for pouring a raised concrete island that will be part of future pedestrian crosswalks. Coordination between them, a future traffic signal contractor, and the design engineer is crucial for a successful project.
 - The software maintenance agreement for Kinetic Signals was renewed for a one-year term. The software will be updated to the Q-Free Mobility platform sometime this year. Kinetic Signals serves as the central hub for all the city's traffic signals, maintaining database records and alarm notifications.
12. Electric engineering completed 76 work orders during the month of February.

WATER & WASTEWATER REPORT

1. The Wastewater Treatment Plant (WWTP) Non-Potable Reuse Project is approximately 41 percent complete. The electrical rough-in work has been completed at the slab. The suspended concrete slab has been poured. Masonry work has commenced and backfill has been completed.
2. The Cleveland Filter Plant (CFP) Window Replacement Project is complete.
3. In reference to the CFP Handrail Replacement Project, the handrails are currently being manufactured.
4. The Lower River Road Water Project is under construction and approximately 20 percent complete. The project comprises 3,210 feet of 8-inch water main replacement.

5. The Harris Creek Trail and Bettis Avenue Waterline Replacement Project is scheduled to begin the second week of April. The project consists of the installation of 2,080 feet of 6-inch DIP on Harris Creek Trail and 2,700 feet of 2-inch PVC on Bettis Avenue. These are replacing 2-inch galvanized water lines that have had maintenance issues.
 6. Cleary Construction has completed installation of all the pipe and structures for the King Den Trunk Line Installation Project. They will be performing cleanup and punch list items for several weeks.
 7. An update was provided for the following developments under construction:
 - Water and sewer main installations for The Crossing @ Willow Run on Freewill Road and 22nd Street NW are approximately 95 percent complete.
 - Silvers Plumbing has completed approximately 50% of the water and sewer main installations for the Deerfield Farms Subdivision at North Lee Highway and Sequoia Road. The force main sewer installation is still pending.
 8. The Meter Services Department has completed approximately 49 percent of the Badger Endpoint changeout and installation project within the rural areas of CU's water service territory. During this reporting period, crews installed 947 endpoints. To date, 4,149 of the total 8,500 planned endpoints have been completed.
 9. The Meter Department set 50 meters through February 2026, compared to 63 for February 2025 and 58 for February 2024. Of the 50 sets, 40 were single family homes, 4 were townhomes, 1 was an apartment, 4 were irrigation and 1 was commercial.
 10. The total amount of rainfall recorded at the CFP as of March 25, 2026, was 8.89 inches for the year. This can be compared to 29.64 inches for the same period in 2020 (highest rainfall totals through March 1996-2026) and 4.74 inches in 2007 (lowest rainfall totals through March 1996-2026). The projected departure for 2026 is 20.64 inches below normal.
- C.** Approval of a purchase order to Adtran, Inc., in the amount of \$309,000 for the procurement of 3,800 Optical Network Terminals (ONTs) for the Fiber Division, representing approximately a six-month inventory supply in advance of a \$10 per unit price increase.
- D.** Approval of a purchase order to Wesco Distribution, Inc., in the amount of \$142,218 for 360 above ground secondary pedestals to replenish stock for new developments. Wesco submitted the low bid meeting CUA specifications.
- E.** Approval of a purchase order with Don Ledford Automotive Center in the amount of \$132,252 for three 2026 model Chevrolet 1500 ½ ton crew cab 4WD pickup trucks. Two of the trucks will be used for Fiber and one for Electric Engineering. Don Ledford submitted the low bid meeting specifications in a CUA bid opening on February 12, 2026, for the same model trucks for the Meter Setter and Fiber Departments, which were approved by the CUA Board last month. Don Ledford Automotive has agreed to honor the same pricing per that bid for these trucks.
- F.** Approval of a purchase order with Contractor's Machinery, Inc., in the amount of \$144,201.44 for a 2026 Case 580SN 4WD Loader Backhoe with lever controls. This is a replacement unit for the Line Department. The existing unit will be placed on GovDeals for sale. This backhoe is being purchased through a Sourcwell Contract and is a budgeted item.
- G.** Approval of purchase order to SAVECO North America, Inc. in the amount of \$338,317 for the purchase of the SAVI Beast Septage Receiving Station, Model VFA-800-DM. The new

station will allow the 12 septage haulers the reliability to discharge their septage waste. The current station is 20 years old and has become less reliable with frequent downtimes requiring major repairs. This purchase is budgeted for FY2026.

OTHER BUSINESS

Authorization for CUA Management to Send Letters in Opposition to HB2592/SB2102

On motion by Eddie Cartwright and seconded by Councilwoman Marsha McKenzie, the Utility Board unanimously voted to authorize management of CUA to send a letter, on behalf of the Board, to two local state representatives, one local state senator, bill sponsors and other appropriate parties in opposition to HB25292/SB2102. Mayor Brooks requested that the City of Cleveland also be copied on the correspondence.

OTHER ANNOUNCEMENTS

Future Meeting Dates

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

- Friday, April 24
- Friday, May 22
- Friday, June 26

ADJOURNMENT

There being no other business, Eddie Cartwright made a motion to adjourn the meeting. Vice Chairman Joe Cate seconded the motion. The motion carried unanimously, and the meeting adjourned at 1:15 P.M.


Board Secretary


Board Chairman

April 24, 2026
Date