

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES AUTHORITY BOARD
April 24, 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; Greg Clark, Water & Wastewater Engineering Manager; Jill Beaty, Controller; Dakota Davis, Electrical Engineer; John Law, Align Utility Partners; Tim Rader; and Will Bublitz, *Cleveland Daily Banner*.

Following the Pledge of Allegiance to the American Flag, Dakota Davis delivered the invocation.

PUBLIC COMMENTS-NONE

MANAGER'S UPDATE & ANNOUNCEMENTS

APPA Reliable Public Power Provider (RP3) Diamond-Level Designation

Henderson reported that CUA was recently recognized once again as a Diamond-Level Reliable Public Power Provider (RP3) by the American Public Power Association (APPA). CUA has maintained RP3 designation status since 2006 and has achieved the Diamond Level designation on three of the submittals, representing a near-perfect assessment score of 98% or higher. Dakota Davis compiled and submitted the application on behalf of CUA and provided an overview of the process. Davis explained that the RP3 designation is awarded on a three-year cycle and recognizes public power utilities that demonstrate proficiency in four key disciplines: reliability, safety, workforce development, and system improvement. He reported that only 117 public power utilities nationwide achieved Diamond status during the current assessment cycle. Davis further explained that the process required extensive collaboration across multiple departments, including Electrical Engineering, Operations, Safety, Information Technology, Accounting, Human Resources, and Administrative Services. Henderson noted that the process has evolved over the years from a paper-based notebook submission to a more streamlined online format. However, it remains highly labor intensive and requires participation from departments throughout the organization.

The Board and staff expressed appreciation for the teamwork involved and the achievement of maintaining Cleveland Utilities Authority's longstanding RP3 designation.

APPA Safety Award for Excellence Diamond-Level Designation

CUA also recently received a Diamond Level Safety Designation through the American Public Power Association, recognizing the organization's strong commitment to workplace safety and employee health. Henderson emphasized that safety and health remain core principles in all operations. CUA has two full-time safety staff members in the Administrative Services Department dedicated to supporting safety initiatives across the company comprising around 225 employees.

Corum then provided an overview of the award process, explaining that more than 200 utilities applied for the safety award this year and only 13 were selected out of the Tennessee Valley Authority footprint. Utilities are evaluated and categorized based on worker hours and workplace injury rates. CUA achieved Diamond Level status in the category ranging from 250,000 to nearly 1 million worker hours, representing the highest designation available within that group. Corum noted, only two utilities within the TVA footprint received the Diamond Level designation this year: Cleveland Utilities Authority and CDE Lightband.

Corum credited the achievement to the continued efforts of the executive team, supervisors, foremen, safety personnel, and operations leadership who work diligently to ensure employees return home safely each day. Special recognition was given to the organization's safety team for their ongoing training, continuing education efforts, and day-to-day leadership in maintaining a strong culture centered around safety.

Legislation Update

Henderson provided an update regarding recent Tennessee legislative activity and bills discussed at last month's board meeting affecting municipal utilities, for which the CUA Board voted to send letters in opposition related to annexation issues. He noted utility representatives spent significant time during the past month engaging with legislators and monitoring the legislative process.

He explained that an amendment added late in the legislative session to a broader utility-related bill will prohibit municipal electric systems from extending service into newly annexed areas outside their existing service footprint beginning September 1, 2026. The legislation includes a temporary moratorium through September 1, 2027, intended to allow additional time for discussion and potential resolution of the issue. Under the legislation, electric cooperatives would retain the ability to serve those areas after that date. Henderson noted that, as currently understood, Cleveland Utilities Authority will still be permitted to complete and serve annexation projects already in process prior to the effective date.

Henderson expressed appreciation for the support received throughout the process, including assistance from Mayor Brooks, local legislators, and the Ocoee Region Builders Association, whose members advocated for continued access to Cleveland Utilities Authority's services in new developments within annexed areas. Henderson also recognized the efforts of CUA staff involved in extensive legislative outreach and communications throughout the process.

Discussion included concerns regarding the legislative process, the potential long-term impacts on municipal utilities, fiber expansion, future annexations, and economic development.

Stinnett and Vineyard discussed concerns related to customer choice, annexation requests, financing uncertainty, and the potential financial impacts associated with future utility service territory changes. They emphasized the importance of continued collaboration between municipalities, cooperatives, legislators, and industry stakeholders to pursue equitable long-term solutions.

Mayor Brooks commented on the legislative process and expressed disappointment regarding the manner in which the amendment was advanced and adopted. He stated that local legislative representatives worked to support Cleveland Utilities Authority's position during the final stages of the session as best as possible given the rapid pace of the legislative process and the information available at the time. He emphasized the need for continued discussion and evaluation moving forward.

Henderson concluded by stating that CUA staff will continue monitoring the issue, evaluating potential options, and preparing for future legislative discussions ahead of the next session.

Fiber Update

The fiber division is expected to surpass 3,000 customers today or early next week, marking a significant milestone for Cleveland Utilities Authority's fiber expansion efforts. Vineyard noted continued growth in customer orders and stated that approximately 130 additional service orders remain in progress. Demand trends remain strong and the utility is focused on reaching the next milestone of 3,000 additional fiber customers.

American Cancer Society (ACS) Relay for Life

Henderson reported that CUA employees participated in the annual Spring Fling fundraiser benefiting the American Cancer Society. Employees raised \$4,535 to support the organization's upcoming Bradley County Relay for Life and cancer awareness efforts. Henderson expressed appreciation for employee involvement and generosity, noting the continued support shown by employees for community organizations and charitable initiatives, including ongoing participation in various local fundraising activities.

National Drinking Water Week

National Drinking Water Week will be observed May 3–9. During the week, CUA will highlight the importance of public water service through social media posts focused on water quality, conservation efforts, and protecting our water sources.

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 March 27, 2026

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

FINANCIAL REPORT

1. **Electric Division March 2026** – During the month of March, the cost of purchased power as a percentage of retail sales was 75.1 percent and can be compared to the budgeted percentage of 72.0 percent for FY2026. The results for the month are an electric sales revenue of \$10,191,371 which was offset by a purchased power expense of \$7,649,129. This resulted in an operating margin of \$2,542,242 and can be compared to the budgeted margin of \$2,474,524 for the month. Operating expenses for the month were \$2,118,243 and can be compared to a budgeted operating expense of \$2,321,718. The division serviced 35,344 customers during the month. The net income for the month was \$869,437 and can be compared with a budgeted net income of \$547,954 for the month.
2. **Water Division March 2026** – During the month of March, water sales revenue was \$1,998,407 and can be compared to the budgeted amount of \$1,921,012. Other revenue sources contributed an additional \$307,751 for the month. The division serviced 35,953 customers during the month. Operating expenses for the month were \$1,760,480 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 March 2026** – For the month of March, 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 March 2026** – For the month of March, 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. In March, CUA Electric Engineering issued a public bid request for three new 15kV substation breakers to be installed at the Wildwood Substation. The existing 15kV feeder breakers at the station are aged and were identified during the most recent maintenance inspection as needing replacement. The breaker replacement is included in the 2026 electric budget. Bid results are expected in early April, and a vendor will be selected shortly thereafter. The anticipated lead time is approximately eight months; therefore, installation of the new breakers is expected next spring.
2. The contract agreement for the Electric SCADA project is currently under review by Miller and Martin (representing CUA) and Survalent (the vendor). In March, an in-depth Teams discussion was held between the parties. Following that meeting, Survalent began preparing a revised agreement based on the discussion notes. As of the end of March, the agreement remained in progress. Miller and Martin is continuing to work with Survalent to finalize the agreement in a timely manner.
3. Engineering issued a purchase order to Glass Energy Company for engineering consulting services related to a budgeted battery storage project. The project includes the installation of battery storage units at the Lang Street Substation for use during peak load conditions and voltage control. A kickoff meeting is scheduled for early April, and a bid package will be developed once design criteria are finalized. Installation and implementation are scheduled for spring 2027.
4. Electric Engineering, Operations, and Safety held a kickoff meeting with Enercon Engineering to discuss the development of a system-wide arc flash study. Arc flash is a hazardous condition for utility employees working around energized equipment. Although Cleveland Utilities Authority's arc flash policy is updated when system changes occur, it has been several years since a comprehensive system-wide review has been completed. In addition, several guidelines and calculation methods have been revised since the last study. Enercon has assisted numerous utilities with similar studies and will be leading the effort for CUA. The study is expected to take several months to complete. The arc flash study is included in the 2026 electric budget.
5. Engineering issued a work order for electric service connection to a commercial building in the downtown area at 265 Inman Street E., next to the Agora. The building, formerly an industrial manufacturing facility, has been renovated and is now available for commercial lease. The project will include a new 120/208-volt, three-phase service, with an expected demand of 50–70 kW. An existing 300 kVA transformer near the site has sufficient capacity and will be used to serve the load. CUA crews will install a small secondary cabinet on site and complete the final connections in early April.
6. Cleveland Utilities Authority and Tantalus are continuing coordination with both parties' legal counsel to finalize agreement terms, including warranty, liability, and support provisions. Upon execution of the agreement, deployment of the initial phase of new meters is expected to begin.

7. Two representatives from Electric Engineering attended the 2026 APPA Engineering and Operations Conference in March. TMEPA partnered with APPA to host a joint conference in Huntsville, Alabama, due to its proximity to Tennessee. The conference featured sessions led by industry experts on topics such as energy storage, distributed energy resources, and system resiliency and reliability. Several vendors were also present, showcasing new technologies in the utility industry.
8. Over the past several weeks, Electric Engineering has been evaluating a new high-temperature conductor for use on the 69 kV sub-transmission system to increase line capacity. The conductor utilizes a carbon-fiber core that has minimal thermal expansion, allowing it to be installed at lower tension and reducing required pole strength and guying. While the conductor is more expensive than traditional options, it can be installed on existing structures, which significantly reduces overall construction and labor costs. In March, Electric Engineering spoke with a utility in Hastings, Nebraska, that has recently installed this type of conductor on their system. The utility reported that, while specialized equipment and training are required, the installation has been successful. Electric Engineering is currently working with the vendor to obtain additional details regarding required equipment and hardware. If approved, a purchase order is expected to be issued within the next couple of months.
9. Operations Linemen Andrew Hensley and Ryan Mahler participated in career day at Waterville Elementary School.
10. Operations conducted initial interviews for a Journeyman Lineman position. A second interview was held with Trevor Cartwright, who was subsequently extended an offer and has accepted. He is scheduled to start in mid-April. Two additional candidates are scheduled for second-round interviews.
11. An update for traffic lighting was presented:
 - Citizen complaints regarding the lack of left-turn signals from the side streets at Georgetown Road and Freewill/Eureka prompted TDOT to evaluate potential solutions. The left-turn signals were not included in TDOT's original design; however, they had been recommended by CUA. An agreement was reached between TDOT, the contractor, and CUA to install the signals prior to the completion of the SR-60 project.
 - The Traffic Signal Coordinator released a work order for several upgrades at Keith Street and 20th Street. The existing traffic cabinet, which is due for replacement, will be upgraded to a TS2-2 cabinet, enabling conversion to flashing yellow arrow operation. Portions of the signal conductor were previously replaced due to failures; the remaining older conductor will be replaced as part of this project. The traffic controller will also be upgraded to a Q-Free XN-2, allowing communications to be converted to Ethernet.
 - The Traffic Signal Coordinator met with representatives from TDOT Region 2 to discuss a couple of design scenarios for the Keith at 17th Street pedestrian project. TDOT is preparing the final design plans and hopes to construct the project later this year. This is a grant funded project through the Tennessee Traffic Signals Users Group (TTSUG).
 - The Traffic Signal Coordinator and the Meter Lab attended training by Control Technologies in the Tom Wheeler Training Center. Q-Free controller programming and cabinet integration were the main topics. A hands-on lab was set up where participants could follow along with the instructor as he navigated a presentation. CUA has been purchasing Q-Free controllers since the Inman Street Road Diet
12. Electric engineering completed 88 work orders during the month of March.

WATER & WASTEWATER REPORT

1. The Wastewater Treatment Plant (WWTP) Non-Potable Reuse Project is approximately 60 percent complete. Masonry is complete, and paint colors have been selected.
2. The WWTP Expansion and Renovation Project plans are at 70% design, and electrical design is ongoing. CUA is having conversations with TDEC concerning permitting.
3. The Cleveland Filter Plant (CFP) Window Replacement Project is 100 percent complete and the final walkthrough has been performed. The final project amount is \$237,600.
4. The CFP 0.5 MG Clearwell Rehabilitation Project was completed this week.
5. The CFP Handrail Replacement Project is approximately 30 percent complete. Handrails are being installed, and the remaining handrails are being fabricated.
6. The Lower River Road Water Distribution Project is under construction and approximately 95 percent complete. Testing is being performed next week.
7. The Harris Creek Trail and Bettis Avenue waterline replacement is underway and roughly 10 percent complete.
8. The contractor has completed installation of all pipe and structures for the King Den trunk line installation. The final walkthrough is scheduled for April 23, 2026.
9. The South Cleveland Sewer Improvements Project design is being performed by CUA staff. There are several proposed developments in the area.
10. Engineering is reviewing the following plans:
 - The Oaks Subdivision on 21st Street SE comprising 10 single family lots, 580 feet of 6-inch DIP water main, and 824 feet of 8-inch gravity sewer main.
 - The Thomas Williams Property on Pleasant Grove Church Road SW. The development includes 43 single family lots, 1,655 feet of 6-inch DIP water main and 1,544 feet of 8-inch gravity sewer main.
11. An update was provided for the following developments under construction:
 - The water main installations are complete for Woodland Heights Subdivision on Bancroft Road SW. The booster pump station is 90 percent complete.
 - The Lone Oaks Farm, Phase 3 development on Wilkinson Road NE is progressing. The contractor has completed 90 percent of the gravity sewer installation, 25 percent of the force main, and the entire water main installation remains.
 - The Westside Village Development is nearing completion. The contractor has completed majority of the water and sewer main installations.
 - The contractor has completed 95 percent of both water and sewer main installations for the Appalachia Park Subdivision.
 - The Marti Meadows Townhomes Project on Durkee Road NE has commenced. The contractor has completed the waterline installation and 75 percent of the low pressure force main for the development.
 - The Blythe Ferry Reserve Development Project on Blythe Ferry Road, 37th Street, and Old Tasso Road NE has started. The contractor has completed 50 percent of the sewer main installation and 0 percent of the water main.
12. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - Sewer staff are working with CUA electric on utility easements to serve a proposed development on Georgetown Road.
 - CUA is working on a design to replace an aging sewer main on East Circle Drive.
13. The Meter Services Department has completed approximately 55 percent of the Badger Endpoint changeout and installation project within the rural areas of CUA's water service territory. During this reporting period, crews installed 535 endpoints. To date, 4,684 of the total 8,500 planned endpoints have been completed.

14. The Meter Department set 63 meters through March 2026, compared to 64 for March 2025 and 62 for March 2024. Of the 63 sets, 42 were single family homes, 7 were townhomes, 7 were apartments, 4 were irrigation and 3 were commercial.
 15. The total amount of rainfall recorded at the CFP as of April 20, 2026, was 11.01 inches for the year. This can be compared to 29.76 inches for the same period in 2013 (highest rainfall totals through April 1996-2026) and 8.75 inches in 2007 (lowest rainfall totals through April 1996-2026). The projected departure for 2026 is 23.07 inches below normal.
- C.** Approval of a purchase order with FiCOM Group Inc., in the amount of \$1,200,000 for fiber drops and installations for the remainder of the 2026 calendar year. FiCOM is currently a subcontractor for CUA.
- D.** Approval of a purchase order with Ring Power Corporation in the amount of \$531,704 for two new 2026 Terex TRX41 bucket trucks for use by the electric service crews and standby personnel. These units were specified with an articulating aerial device featuring a 46-foot working height mounted on a Ford F550 crew cab 4x4 chassis. The addition of these new trucks will allow existing units (Fleet #137 and #138) to be reassigned to the new Fiber Division, maximizing the value and continued use of current fleet assets. Ring Power submitted the low bid meeting CUA specifications and utilized Sourcewell contract pricing.
- E.** Approval of a purchase order with Don Ledford Automotive in the amount of \$132,252 for three 2026 model half-ton, crew cab pickup trucks for use by the Meter Setter and Engineering Departments. Don Ledford Automotive has agreed to honor the same pricing established in bid EO021226-1, which was the low bid, for additional units. Other bids received during the February bid opening utilized the state contract pricing, and these prices are not eligible to change until June 28, 2026. These units are budgeted for FY2027 and will not be delivered until after July 1st.
- F.** Approval of a purchase order with Sansom Equipment Company, Inc., in the amount of \$122,521.14 for the purchase of a new E-RX-SYS-Truck-Basic-HD System including controller, software cable reel with 1,000 feet of cable, wireless remote control, cable cleaner, RCX130 pan, tilt, zoom camera and license. The current equipment and camera is 10 years old and has become less reliable with frequent downtimes requiring major repairs. This purchase is budgeted for FY2026.
- G.** Approval of a purchase order with Vulcan Construction Materials, LLC in the amount of \$175,000 for the purchase of stone backfill. The purchase period is from May 1, 2026, to June 30, 2027. The stone backfill is budgeted for FY2026 and FY2027 and is a sole source procurement.

NEW BUSINESS

Presentation of FY2027 Budget

President/CEO Tim Henderson opened the FY2027 budget presentation and noted the significant amount of work that has been completed collaboratively to reach the current point. He stated that the presentation would highlight major capital expenses and provide a roadmap for future planning. He added that the Board would have the opportunity to ask questions, with anticipated consideration for approval at the May Board meeting. Henderson then turned the presentation over to Marshall Stinnett for a comprehensive financial summary.

Stinnett reiterated comments regarding the extensive and collaborative effort involved in developing the budget, noting it has been a particularly busy period for Cleveland Utilities Authority over the past several months. He expressed appreciation for the contributions of all divisions and departments, emphasizing that broad organizational involvement improves the overall outcome. He specifically recognized Jill Beaty for her significant role in leading and supporting the budget development process, as well as the division vice presidents for their input and collaboration, which strengthens the reliability and forecasting ability of the budget, and Ensley for her assistance with the cover and compiling packets. He then began a summary overview of the proposed budget.

In fiscal year 2027 for the Electric Division, electric sales volume is projected at 1,047,434,707 kilowatt hours, which equates to a total revenue of \$128,550,897. Expenses in electric are currently projected to be \$121,772,777. This reflects a net income of \$6,778,120 in electric. Investment in new facilities is budgeted at \$33,363,522.

In the Water Division, water sales volume is projected at 2,977,636,658 gallons with total revenues forecast at \$31,783,978. Expenses for the new year are budgeted at \$24,952,469. This reflects a net income of \$6,831,508 in water. Investment in new facilities is projected at \$15,587,242. The Water Division continues to invest heavily in infrastructure as the community grows. It's not just the challenges of new infrastructure, but also what must be replaced. Those million-dollar investments across the board are being invested in the community to grow the infrastructure and be ready for what the future is going to hold in Cleveland.

In the Wastewater Division, wastewater sales volume is projected at 1,960,957,114 gallons and total revenues are forecast at \$24,236,526. Expenses for the new year are budgeted at \$18,899,914. Other projections in wastewater include a net income of \$5,336,612 and an investment in new facilities of \$26,880,739.

In the Fiber Division, total revenues are forecast at \$4,331,431. Expenses for FY2027 are budgeted at \$3,313,866. Other projections in fiber include a net income of \$1,017,564. Stinnett noted the fiber numbers are shown a little bit more progressive than they were this time last year. Growth to date has been taken into account; however, the budget is prepared on a conservative basis. The projections reflect anticipated trends through 2026 and 2027. It was noted that reinvestment into the system continues to be an increasingly important consideration each year. Investment in new facilities is projected at \$2,238,280.

Stinnett noted the figures for electric, water, and wastewater are very consistent with what was projected at this time last year.

Stinnett then highlighted the projected rate increases:

- **Electric Division** – Stinnett proudly reported CUA is not forecasting an internal rate increase in electric. As of today, TVA has not indicated any planned rate increase. However, if TVA leadership and its Board approve a rate adjustment, CUA staff will return with any necessary revisions as a pass-through should such changes occur.
- **Water Division** - Effective July 1, 2026, an overall 5.00 percent internal water rate increase is forecast. This equates to an average monthly residential increase of approximately \$5.98 (based on 6 units). In addition, Cleveland Utilities Authority purchases a significant portion of its water supply from the Hiwassee Utilities Commission (HUC). HUC's rate adjustment is currently projected to range between 8% and 10%. At this time, Cleveland Utilities Authority has budgeted a 4.39% pass-through

increase based on current projections. Once a finalized rate is received from HUC, CUA will return to the Board with any necessary revisions.

- **Wastewater Division** - Effective July 1, 2026, an overall internal wastewater rate increase of 7.00 percent is projected. This would equate to an average monthly residential increase of approximately \$3.66 (based on 6 units). Stinnett noted that, at this time last year, the projected wastewater increase was estimated at 10%. He explained that, following discussions regarding the transition from an access fee structure to a capacity fee structure based on equivalent residential unit (ERU) calculations, as presented during the public meeting on February 27, 2026, CUA incorporated those adjustments into the budget projections, allowing the projected increase to be reduced to 7%.
- **Fiber Division** – There are no rate increases projected for fiber and a slight reduction in the 1-Gig residential package. It was noted that, from the inception of the division, its purpose has been twofold: to support the electric system and to provide the community with a service that was previously unavailable. A key objective has been to deliver that service at the lowest cost possible to customers. In support of that goal, Cleveland Utilities Authority is forecasting a reduction in the monthly rate for its residential 1-gig internet plan effective July 1, 2027. The current monthly rate of \$69.99 is projected to decrease to \$67.99 for all existing and future customers. It was emphasized that this is not a promotional rate, and customers will not be required to change plans or take any action to receive the reduced rate.

Debt at the beginning of FY2027 is projected at \$57,498,333 in electric, \$27,116,546 in water, \$38,721,620 in wastewater, and \$7,468,056 in fiber. New debt is projected to be added in the amounts of \$5,000,000 for electric, \$5,000,000 in water, and \$15,500,000 for wastewater.

Payments made on existing debt will total \$2,828,333 for electric, \$2,443,984 for water, \$2,824,996 for wastewater, and \$444,444 for fiber. Debt at the end of FY2027 is projected to be \$59,670,000 for electric, \$29,672,562 for water, \$51,396,624 for wastewater, and \$7,023,612 for fiber.

Stinnett noted that major sources of funding include customer revenues, connection fees, and debt issuance. He emphasized the importance of maintaining financial stability and debt certainty due to the capital-intensive nature of utility operations. He also discussed the significant infrastructure investments anticipated within the wastewater division to support continued community growth, noting the importance of carefully managing debt capacity as future system improvements are planned. He further explained that infrastructure costs associated with new development must be evaluated carefully to avoid shifting undue financial burden onto existing ratepayers

In the fiscal year 2027 budget, the number of budgeted equivalent employees is projected to increase from 243 to 249. This increase is related to the fiber project and is reflected within the electric division, as the electric division owns the fiber assets. Accordingly, the fiber division employs personnel to operate and maintain the fiber network. The fiber division funds these positions and related assets through its network lease, as reflected in its monthly income statement. It was noted that this structure allows the fiber division to return revenue to the electric division, which helps offset costs and supports the ability to help maintain stable electric rates. Total payroll is calculated to be \$24,791,010. The proposed budget includes a 3.5 percent merit increase for eligible employees with a successful performance evaluation.

Stinnett then reviewed the tax equivalent payments to the City of Cleveland. The tax equivalent is estimated at \$2,712,774 for electric; \$279,859 for water, \$267,556 for wastewater, and \$91,729 for fiber.

Next, Stinnett highlighted other proposed rate changes:

- Starting July 1, 2026, CUA will no longer limit the usage of wastewater consumption for the months of April through November. Moving forward, customers will be billed the number of units of water consumed each month for water and wastewater services. To offset the cost of wastewater services, CUA has reduced the cost of irrigation meters to the cost of a new residential water meter. Customers are encouraged to install a secondary irrigation meter for irrigating their yard, as irrigation meters are not charged wastewater consumption.
- As previously discussed with the board and at the public meeting held in February, CUA is proposing a transition from an access fee structure based on meter size to a wastewater capacity fee structure based on equivalent flow contributions to the system. He explained that the change is intended to ensure that all users contribute equitably based on the capacity they place on the wastewater system. Beginning July 1, 2026, Cleveland Utilities Authority is proposing to convert from an access fee model to a capacity fee model based on Equivalent Residential Units (ERUs). An ERU is defined as up to 150 gallons per day, representing the average residential contribution to the wastewater system.

It was noted that the residential connection fee is proposed to remain unchanged at \$2,200 per ERU. The adjustment applies primarily to commercial and industrial customers, where capacity is calculated based on equivalent residential usage. As an example, a commercial customer discharging 6,000 gallons per day would equate to approximately 40 ERUs ($6,000 \div 150$). At \$2,200 per ERU, this would result in a capacity fee of approximately \$88,000.

Stinnett stated that the FY2027 budget reflects this model to the best of current projections, while acknowledging that future development activity cannot be precisely forecast.

Stinnett reviewed graphs representing bond coverage from 2026 to 2036. The years projected for all divisions are above the mark of 1.25 for most rating agencies and CUA's conservative estimate of 1.40. This is critical with the future expansion and capital plans of the organization, particularly with the water and wastewater divisions. These criteria are key in making sure CUA is in a position to be able to borrow money going forward.

Next, Jimmy Isom reviewed major electric capital projects in the proposed 2027 budget totaling \$33,363,522. He commended his entire team for their help in the budget compilation. Categories for commercial load additions, industrial load additions, residential (overhead and underground) and security lighting are budgeted based on trending history. Major items in the electric budget include the following:

- New Administration Building in the budgeted amount of \$7,500,000. Stinnett reminded the board that the engineering firm and architect had previously been approved earlier in the FY2026. The FY2027 budget includes the first round of funding for construction of the building. It was noted that the project would be funded entirely through reserves, with no

borrowing required and no rate increases anticipated to support construction costs. He explained that part of the funding would come from savings realized during construction of the fiber optic building project, which was completed under the original projected cost. Those remaining funds are being reallocated toward the new facility project. CUA would like to begin the bid process within the next several months. Current cost estimates for the building range between \$18 million and \$20 million. The project is expected to be completed in phases over approximately two years if the board chooses to move forward. When asked about the construction timeline, Stinnett stated that the project is anticipated to take approximately 24 months due to the complexity of the facility. The building will include a basement (call center, future dispatch facility) and three above-ground floors. Staff projected a potential move-in date in fall 2028. Board members asked whether borrowing or future rate increases would be necessary to complete the project. Stinnett reiterated that neither borrowing nor rate increases are currently anticipated. He noted the fiber project has provided benefits beyond internet services, including operational support for the electric division. While the building would initially be owned by the electric division, the fiber division may eventually purchase the building from the electric division in the future.

- Replacement of the existing HVAC system with a new Variable Refrigerant Flow system in the amount of \$1,000,000. The existing 1970's model has become a maintenance issue and operates inefficiently for the different departments in the main campus building.
- SCADA System Upgrades in the estimated cost of \$350,000.
- Future annexation area on Georgetown Road in the budgeted amount of \$400,000. The project includes 17 poles and approximately 4,100 feet of #336 three-phase electric line.
- Residential and Commercial Developments which include Hardwick Farms in the amount of \$1,000,000 and Newman Farms in the amount of \$200,000. Mayor Brooks asked if these annexations will be impacted by the moratorium passed in the legislature. Isom advised projects already annexed into the city prior to September 1 of this year should not be impacted, and CUA should have the right to serve. Anatole, Mountain Brook, Georgetown Road, and Dry Valley Road are already in the city, and CUA has begun work in some of them. Mayor Brooks asked if there are any property owners or large developments currently in process who may believe they have additional time but are unaware of the August 31, 2026, deadline. Discussion followed regarding several ongoing projects. Stinnett noted the Hardwick Farms Project has the potential to be split. He explained that existing CUA service area include the North Lee and Stuart sides of the property. The northeast portion of the property is in Volunteer Energy Cooperative's service area, which could result in overlapping service territory considerations. Service allocation would depend on proximity of existing infrastructure to the development. If the property were fully annexed prior to the deadline, service responsibility would be clearly established. There was additional discussion regarding the importance of notifying affected property owners, with staff and board members noting that clear communication from the city would be beneficial given the significance of the deadline and ongoing development activity. The Pleasant Grove Church Road area at Exit 20 is another example that could be a potential conflict. Regarding Newman Farms, CUA presently serves this area comprising 177 acres.
- Conveyances from Volunteer Energy Cooperative for Anatole Subdivision in the budgeted amount of \$1,000,000. Approximately 200 customers will be converted from VEC to CUA electric.
- Conveyances from Volunteer Energy Cooperative for the Mountain Brook Subdivision area in the total budgeted amount of \$1,000,000. Mayor Brooks asked about the status of this development with the ability for CUA to serve it considering this new bill. Stinnett

advised CUA staff believes, based on reading the bill within the law, CUA will retain the vested rights to serve those franchise agreements where notice has already been given as well as any newly annexed area until said deadline (August 31, 2026). Stinnett advised a concern is the original plan was to delete section 112 of the statute; per Vineyard, fortunately the change that came down to the conference committee was an addition to section 112 and it did not delete it.

- AMI Meter Upgrades in the amount of \$2,500,000. This upgrade will open opportunities for special programs to customers and provide better data for engineering/operations.
- Lang Street Substation Battery Storage in the amount of \$1,250,000. The units would be placed at the old Lang Street Substation site. They would be used to lower peak demand cost.
- Replacement of six bucket trucks (Units 108, 137, 138, 142, 143, and 145) in the total amount of \$1,905,000. Units 137 & 138 are 2019 models equipped with 40-foot aerial devices. The replacement cost of these units is \$275,000 each. The existing units will be utilized in the fiber department. Units 143 and 145 are 2017 models with 41-foot to 43-foot aerial devices at a replacement cost of \$290,000 each.

Craig Mullinax then took the floor to open the proposed 2027 Water & Wastewater budgets. He expressed appreciation to his entire team and then turned it over to Greg Clark to highlight the major components.

The FY2027 water capital budget totals \$15,231,436 and includes the following key items:

Engineering

- Harriman Road SW waterline replacement in the amount of \$1,100,000.
- Potential Large Connection to Eastside Utility District in the amount of \$50,000. The total estimated cost of the entire project is \$20,000,000.
- Waterline Replacement Program to replace galvanized lines in the amount of \$500,000
- Annual Capital Improvement Program, \$500,000.
- Improvements to Walker Brow Water Booster Station, \$300,000.

Facilities Maintenance & Water Distribution

- Distribution System Water Tank Rehabilitation Projects (both internal/external) in the amount of \$600,000. The total project estimated cost is \$1,050,000 over two years. A photo of the Waterville Detention Tank was displayed as an example.
- AMI/AMR Metering Project, Phase I in the amount of \$3,620,236. The total project estimated cost is \$7,240,472 over two years.

Cleveland Filter Plant

- High service pump building concept/design/build in the amount of \$250,000. The total project estimated cost is \$6,500,000 with the potential for SRF funding.
- New generator at river station (possible SRF funding) in the amount of \$1,250,000. This project has a total estimated cost of \$2,500,000. There has never been backup power at this site. The electrical design is being worked on.
- Filter backwash catch tank & yard piping improvements in the amount of \$1,450,000 (potential SRF funding).

Next, Clark reviewed the following major items in the Wastewater Division for FY2027 totaling \$26,880,739.

Engineering

- King Den Trunk Line Upgrade, Phase 2 & 3, in the amount of \$1,250,000.
- Candies Creek EQ Basin Property Acquisition in the budgeted amount of \$500,000 (total project estimated cost of \$1,000,000).
- Potential Pump Station & Force Main in the amount of \$1,000,000. This is the force main to the WWTP at a total project estimated cost of \$41,500,000).

Facilities Maintenance

- Grinding Station at the Candies Creek Lift Station in the amount of \$375,000.
- Breckenridge Lift Station Replacement, \$650,000.
- Mouse Creek Wastewater Detention Tank (coatings project) in the amount of \$250,000. The total project estimated cost is \$485,500 over two years.

Wastewater Collections – SCOPE 10

- Mouse Creek Road Interceptor and Cleveland Outfall Projects at \$5,000,000. The total project estimated cost is \$15,000,000 over 3 years.
- Wastewater Rehabilitation – SCOPE 10 – in the amount of \$3,000,000 (possible SRF funding). This project has a total estimated cost of \$37,500,000 over 10 years.

Wastewater Treatment Plant

- Aerobic digester and new blowers construction at \$10,000,000 (total project estimated at \$16,000,000; possible SRF funding).
- Effluent Wastewater Reuse System Project at \$300,000 (total project estimated at \$3,535,000).
- Septage Receiving Station Upgrade at \$450,000.
- Replacement of WWTP Compactors at \$300,000.

Vineyard then reviewed the FY2027 Fiber Budget totaling \$2,238,280 and provided a project update:

- Fiber construction for all Design Areas (DA's) was completed in December 2025, and final splicing was completed in January of 2026.
- The last design area (downtown Cleveland area) was released for new customers in March 2026.
- CUA has 2,970 active subscribers as of 4/22/26 (2,743 residential, 227 commercial). There are 139 drop/installs in the queue to be installed.
- CUA has 47 phone subscribers (25 residential, 22 commercial).
- A snapshot of the fiber budgets for FY2026 through FY2031 was displayed.
- Currently, there are 8 full-time Fiber Division employees (Fiber Manager, Fiber Engineer, Fiber Network Technician, and (2) Fiber Outside Plant Technicians. CUA is looking to fill up to 5 additional positions this fiscal year (Senior Fiber Network Engineer, (2) Fiber Network Technicians, Fiber Outside Plant Supervisor, and 2 Installers/Splicers). There are almost 25 contracted employees working on behalf of CUA, who are just as important.
- In 2025, there were 1,161 residential service activations and 147 business service activations (graphs showing the trend were displayed).
- For 2026 (January through now), there have been 913 residential service activations and 78 business service activations. The growth has increased exponentially.

- A live status map was displayed for all active customers as well as a detailed fiber design map. CUA has a drop allocated for every single electric meter. This is what distinguishes CUA from any other competitor.
- Photos of a splicing trailer as well as CUA's electric linemen replacing damaged fiber were displayed.
- Lastly, Vineyard displayed several customer testimonials. The feedback received has been very positive.

Cartwright asked if the fiber product is as good as expected. Henderson, Stinnett, and Vineyard emphasized it's better than they expected.

Henderson concluded by thanking the board for their time spent listening to the budget presentation. CUA staff will present the budget to the City Council in the near future for a comment period. Approval for the FY2027 budget will be placed on the CUA Agenda in May for consideration of approval.

OTHER ANNOUNCEMENTS

New Employees

Henderson highlighted over the past 16 months that CUA has hired 37 employees. This highlights the continued growth within the organization.

Employee Update

Henderson advised longtime employee Freddie Gray is facing a serious health challenge. He asked for the board to keep him and his family in their thoughts and prayers.

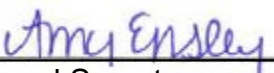
Future Meeting Dates

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

- Friday, May 22
- Friday, June 26
- Friday, July 24
- Friday, August 28

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 2:34 P.M.



 Board Secretary



 Board Chairman

May 22, 2026

 Date