

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES AUTHORITY BOARD
June 27, 2025

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., and Councilwoman Marsha McKenzie.

Absent: Mayor Kevin Brooks and Debbie Melton

Others in attendance were Tim O. Henderson, President/CEO; Amy Ensley, Utility Board Secretary; John Corum, Administrative Services VP; Jimmy Isom, Electric VP; Craig Mullinax, Water & Wastewater VP; Marshall Stinnett, VP/CFO; Sofia Carden, Executive Assistant/Communications Specialist; Andrew Phillips, Network Systems Manager; Tim Rader; Tim Siniard, *Cleveland Daily Banner*; *Members of the Ocoee Region Builders Association (ORBA)*: President, Michael Blankinship; Executive Officer, Charlotte Peak; and Dustin Wong. Following the Pledge of Allegiance to the American Flag, Tim Rader delivered the invocation.

Present via Teams: Walt Vineyard, Executive VP.

PUBLIC COMMENTS

ORBA

Henderson began the public comments by introducing members of the Ocoee Region Builders Association who registered to speak: President, Michael Blankinship; Executive Officer, Charlotte Peak; and Dustin Wong. Henderson provided a brief background about Peak and explained that she wanted to share some of her thoughts about Cleveland Utilities cost increase associated with water and sewer access fees. Peak presented the utility board members with a written letter and explained that she is passionate about community and her industry's livelihood. Peak spoke on behalf of ORBA and explained that there is concern about the repercussions to the home building industry and the impact of housing affordability. Peak explained that the fee will not deter national developers or track builders, but it will impact local builders and developers. She asked on behalf of ORBA that the utility board postpone implementing the fee increase. Peak thanked the utility board for allowing her to speak.

Secondly, Michael Blankinship spoke to the utility board and explained that ORBA wants to be good stewards and community partners with Cleveland Utilities. He asked that the utility board consider the request to postpone the July 1st fee increase as well.

MANAGER'S UPDATE & ANNOUNCEMENTS

Tennessee Valley Lineman Rodeo Competition

Henderson informed the board about the Lineman Rodeo being held in Murfreesboro, TN on May 30th and 31st. Eight CU linemen participated. Henderson explained that the participants gain a lot of valuable experiences by attending these types of events. It focuses on safety and procedure processes that the line workers follow day in and day out.

Weather Report

Henderson spoke of the storm that came through towards the beginning of June. It began late in the afternoon and resulted in a great number of downed trees and several circuits out. Henderson explained at peak there were roughly 3000 customers out of service. With

Cleveland Utilities response time, by 1 AM most of those customers were back in service. He said that Cleveland Utilities will always be mindful and ready to respond. Henderson then spoke about the heat of the current week. On Monday, June 23rd, TVA sent notices to the organization that they would be implementing the emergency load curtailment plan asking for customers to voluntarily reduce energy consumption. On Wednesday, June 25th at 6pm TVA terminated the request.

Upcoming Holidays

CU offices will be closed Friday, July 4, in observance of Independence Day. As always, the 24/7 Call Center/Plants will be operational and regular emergency/standby services will be maintained.

CONSENT AGENDA

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

A. Approval of the Minutes from May 23, 2025

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

FINANCIAL REPORT

1. **Electric Division May 2025** – During May, the cost of purchased power as a percentage of retail sales was 76.0 percent and can be compared to the budgeted percentage of 73.0 percent for FY 2025. The results for April are electric sales revenue of \$9,046,952, which was offset by a purchased power expense of \$6,877,051. This resulted in an operating margin of \$2,169,901 and can be compared to a budgeted margin of \$1,933,840 for the month. Operating expenses were \$2,240,860. This is compared to a budgeted operating expense of \$2,356,250. The division serviced 34,767 customers during the month. The net income was \$325,968 and can be compared to a budgeted net loss of \$61,303.
2. **Water Division May 2025** - For the month of May, water sales revenue was \$1,927,152. This is compared to the budgeted amount of \$1,973,885. Other revenue sources contributed an additional \$270,911 for the month. The division serviced 35,386 customers during the month. Operating expenses were \$1,791,608. This is compared to the budgeted amount of \$1,791,823. The division recorded an operating income of \$406,455, which is compared to a budgeted operating income of \$343,444.
3. **Wastewater Division May 2025** - For the month of May, wastewater treatment revenue was \$1,509,615. This is compared to the budgeted amount of \$1,492,564. Other revenue sources contributed an additional \$207,223 for the month. The division serviced 21,882 customers. Operating expenses were \$1,362,825. This is compared to the budgeted amount of \$1,423,223. The division recorded an operating income of \$354,012 which is compared to a budgeted operating income of \$169,523 for the month.
4. **Fiber Division May 2025** – The results for May are fiber sales revenue for the month of \$67,426. This is compared to the budgeted amount of \$282,390. Operating expenses were \$136,780. This is compared to the budgeted amount of \$220,149. The net loss was \$61,034, which is compared to a budgeted operating income of \$72,567. The division is now beginning financial operations. Over the coming months a cash flow will be seen as outside plant investments increase as customers are connected. The division serviced 683 customers during the month.

ELECTRIC REPORT

1. An engineer from CU's Electric Division participated in a committee for TVA's Regional Grid Transformation (RGT) Program. In May, the committee members were asked to complete a Capability Assessment survey for their utility. The survey will be sent to all utilities in the TVA service territory. The committee was asked to complete the survey in advance and provide feedback before it is sent to all utilities. The survey helps to assess the capability of an electric utility and helps those who participate compare themselves to other utilities in the valley. Some of the categories of the survey included AML, Data Management, Grid Optimization, Load Forecasting, Self-Healing Grid, etc. The results from the entire valley will be available in late Summer 2025.
2. CU electric engineering continued to work with Publix Grocery Store on Paul Huff Parkway. Publix contractors were able to finish the installation of the new standby generator at the store. The new generator will be able to run the entire store if an electric service outage occurs. To install the generator, CU crews had to assist with the relocation of the pad-mounted transformer. During the process, it was found that a CT on the metering had failed, burned and caused visible damage to a secondary bushing on the transformer. Since the store was already disconnected from CU utility power, CU crews replaced the transformer with a new one. The old transformer will be repaired and returned to inventory. The transformer swap/relocation was completed in one day. Publix will pay for all costs associated with the relocation of the transformer. The transformer swap was covered by CU since it is owned by CU.
3. Electric engineering released a work order for an electric service upgrade to the former Cleveland Daily Banner building on 25th Street NW. The owner of the building is renovating it and will eventually divide the entire building into six sections. Currently, only the front of the building is being divided. The back part of the building will be finished after the lease with CU for fiber storage is complete. There will be three sections in the front and three in the back. One section will be used as a pharmacy, and the others will be available for lease. The building currently has an old 480-volt, 3-phase service. The contractor is upgrading the electricity inside the building and converting it to a 120/240-volt, single-phase service. This will allow CU to remove the old overhead three-phase transformers and a 75KVA pad-mounted, single-phase transformer will be installed at the back of the building off Guthrie Drive NW. The transformer will have enough capacity for all six services. The transformer should be installed in June. The total amount for the job is estimated to be \$15,000; this includes the cost to replace the utility pole behind the building.
4. Power Centric Engineering sent a draft copy of bid specifications at the end of April for the East Cleveland 161kV/69kV Conveyance from TVA. The specifications are for four 161kV/69kV single-phase 75MVA power transformers. The engineering staff are presently evaluating and making changes to the specs and will be ready to go out for bid in the future. These transformers will be purchased to replace the old transformers at East Cleveland Substation. They will be conveyed to CU by TVA in the fall of 2026. The lead time for these transformers is expected to be several years. Therefore, engineering is working to get the bidding process done and have the transformers on order to prevent as little delay as possible. CU electric engineering will review the draft in May and provide feedback to Power Centric Engineering with the hope of having the document finalized by that same month.
5. The Tesla Charging Station at the Target Shopping Center is now operational. It is shown on the TESLA vehicle screen and phone app. There are 16 new Version 4 charging pedestals with 14 back-in units along with a single handicap and one drive-

thru unit. The new units are already getting a lot of use, which will continue to grow as people see how accessible it is from the interstate and as more electric vehicles enter the market.

6. CU electric engineering is exploring SCADA upgrade solutions for the electric system. The current system is ready for an upgrade and engineering sees this as an opportunity to explore different systems that may provide more up-to-date solutions. Money for an upgrade is being proposed for the 2026 budget. In April, CU electric engineering visited two utilities, Clinton and Newport, to examine their SCADA setup. Each utility uses different vendors, which offers an opportunity to see different options and hear comments directly from customers. Electric engineering will continue this exploration by inviting SCADA vendors to CU and contacting/visiting other utility companies as needed. A SCADA consultant may also be contacted to help create an RFP. The goal is to have a vendor selected by the end of 2025.
7. The CU Line Department participated in the 2025 Lineman Rodeo held in Murfreesboro, TN. Participants included one linemen team, three apprentices, and one judge from the department.
8. Presently, CU has several job listings that are open for the Operations Department. There are openings for 2 Apprentice Substation Electricians, 1 Apprentice Lineman, 1 Journeyman Lineman and 1 Mechanic position. The journeyman lineman position was filled on May 5th and the 2 Substation Electricians will be starting June 30th. The hope is to fill the remainder of the positions by the end of July.
9. An update for traffic lighting was presented:
 - Engineering issued work orders to connect service and meter several new traffic signals, along with two new school zone flashers on the Highway SR-60 TDOT Road Widening Project. The project will enter one last temporary phase before all lanes are opened late this summer.
 - The Traffic Signal Coordinator attended a webinar on utilizing AI in the traffic industry. The meeting was hosted by UTK and the Tennessee Transportation Assistance Program. A ChatGPT assistant of the MUTCD was provided to the participants.

Engineering completed 103 work orders during the month of May.

WATER & WASTEWATER REPORT

1. Bids will be received on June 17th for the WWTP Non-Potable Reuse Project (funded by an ARPA competitive grant).
2. Duggan & Meyers is 72% complete with the Sodium Hypochlorite (Bleach) Project at the CFP. The building is dried in, and equipment is being installed.
3. Wright Industries is 100% complete with the Fire Hydrant Painting Project, Phase 3. All 705 hydrants in this phase have been painted.
4. The watermain extension on Old Chattanooga Pike and Bigsby Creek Road is currently in progress with B&B Plumbing. 100 percent of Bigsby Creek Road is installed, and 90 percent of Old Chattanooga Pike is installed.
5. The City Aging Water Main Replacement is 89% complete. Billy Graham Avenue, Stuart Road, and Bow Street are all complete. Additional work on Hedgeview Way is being evaluated due to the remaining grant funds.
6. An update was provided for the following Wastewater Rehabilitation Project:
 - The 2024 Sewer Rehabilitation Project is progressing. Portland Utilities continues with pipe bursting of lines, CIPP work, sewer service rehabilitation and lining of manholes.

7. The Meter Department set 76 meters through May 2025, compared to 57 for May 2024 and 50 for May 2023. Of the 76 sets, 40 were single family homes, 30 were townhomes, 5 were apartments and 1 was irrigation.
 8. The total amount of rainfall recorded at the CFP as of June 24, 2025, was 28.76 inches for the year. This can be compared to 46.37 inches for the same period in 2020 (highest rainfall totals through June 1996-2025) and 13.04 inches in 2007 (lowest rainfall totals through June 1996-2025). The projected departure for 2025 is 0.54 inches below normal.
- C. Approval of Resolution 2025-02 Adopting the Annual Budget for the fiscal year beginning July 1, 2025, and ending June 30, 2026.
 - D. Approval of the property and casualty insurance renewal for FY 2026 through the Distributors Insurance Company (DIC) Program in the amount of \$1,894,426. DIC is a wholly owned subsidiary of TVPPA. Arthur J. Gallagher & Company is the program manager.
 - E. Approval of a purchase order to Irby Utilities in the amount of \$102,095 for a metering pilot project to replace the existing AMI system. The purpose of the pilot project is to test the Tantalus AMI system as a potential successor to CU's Honeywell/Elster AMI system. The Tantalus system uses "collars" that are interconnected to broadband fiber to communicate with residential and commercial meters produced by Itron, Aclara, and Landis+Gyr.
 - F. Approval of a purchase order to Waypoint in the amount of \$581,705.95 to refresh the Isilon hardware in CU's bunker. The current hardware was purchased in 2018 and is nearing the end of its support from Dell. The quote includes an all-flash node for quick access to frequently used files and an archive node. This will increase storage capacity by over 25%, providing ample room for growth. Having the Isilon allows CU to consolidate all its unstructured data into one place, making IT's management of storage as efficient as possible. This is a budgeted item and is being purchased through a state contract.
 - G. Approval of a purchase order to KGP Co in the amount of \$341,236.06 for reels of 48, 72, 144, and 288 count fiber for CU's Fiber Project.
 - H. Approval of a contract with Herrick Company, Inc., in the amount of \$3,535,000 for the construction of the Wastewater Reuse Facility at the WWTP. This project allows CU to take wastewater effluent that would typically be discharged to the river and return a portion of it to the headworks of the plant. This is less water CU is discharging to the river and also reduces the amount of purchased water utilized to clean the screens at the plant. CU obtained competitive grant money through ARPA funding that will cover \$2,470,000 of the proposed contract costs. Staff proposes to fund the remainder of the project through other budget items.
 - I. Approval of a contract with Project Solutions of TN in the amount of \$186,682.35 for the furnishing of all tools, labor and materials to remove, recoat and reinstall spiral lift pump No. 206 at the WWTP. This also includes the recoating of the flight tubes for Pump No. 206 and annual recoating and preventative maintenance on the torque tubes and flights for Pumps 201, 202, 203, 204 and 205. This work is budgeted for FY 2026.
 - J. Approval of a purchase order with Vulcan Materials Company in the amount not to exceed \$130,000 for the purchase of stone backfill. The purchase period is from July 1, 2025, to June 30, 2026. The stone backfill is budgeted for FY 2026 and is a sole source procurement.
 - K. Approval of a purchase order with Utility Solutions & Automation, LLC, in the amount of \$448,500 for the purchase of 3,000 - 5/8" x 3/4" Badger water meters. The meters will be

delivered over the next six months. These meters will be used for new construction, and meter replacements due to failure and old age. The meters are budgeted for FY 2026.

NEW BUSINESS

Chairman Aubrey Ector opened the floor for discussion to hear management proposals concerning the request from ORBA to delay water and sewer access fees. Tim Henderson began by stating there was a lot of good feedback from ORBA, and communication is paramount. Henderson emphasized CU always wants to demonstrate the utility is transparent in everything it does and with respect to budgeting. The FY 2026 budget process began internally in early 2025. An executive session was held with the board in April to review challenges and discuss the revenue stream to support the infrastructure improvements needed. CU presented its budget to the Cleveland City Council for comment on Monday, May 12. There were no noted comments by the City Council during its review period.

Subsequently, it was then presented to Cleveland Utilities Authority Board of Directors on Friday, May 23, where it received full approval. CU adheres to state requirements of public notices. CU posts its board meeting dates on its website and runs legal publications in the Cleveland Daily Banner. The legal publication for CU's board meeting held on May 23, was published in the Banner on May 15. The full budget was presented to the Utility Board and approved on May 23, 2025.

Marshall Stinnett then provided a detailed explanation about the infrastructure costs and reason for increased fees. There was extensive dialogue regarding the structure. Stinnett advised that staff conversed with the board in the executive session about fee structure so that costs are fairly shared; whether it be the developer, the customer or the monthly bills and how those are divided. The change in CU's access fees was the step. The next step is figuring out what it costs to take on a new development. It's a lot more than just putting pipe in the ground. It's from the pipe to where it connects to the existing system, all the way back to the physical plant where service is provided. Each time CU connects more to the system or areas are redeveloped, CU must increase capacity and serviceability. The next step would then be determining how those costs are allocated. The question was, does this go on the monthly bills or on the impacting party. The board has given CU staff direction to look at how those fees could be shifted to the impacting parties. Stinnett advised bonding agencies won't give credit ratings needed to go out and borrow the amount of money needed for necessary system improvements without having a revenue stream that supports it. These are aspects CU is managing and trying to put into correct categories for how it's recovered and what the utility does daily to serve customers. Stinnett said CU's core and mission is to support our community and help it continue to grow. CU wants to avoid challenges some neighboring communities face—where development is no longer possible, and new homes can't be built due to moratoriums. Staff is working on creating a framework to better capture and recover the actual costs of providing the services offered today.

Developers stated they want to be good community partners and reiterated their concerns about the implementation timeline. Henderson thanked Stinnett for the detailed explanation and expressed to the board that CU wants to be as supportive as possible to local development. He stated a 30-day delay would be manageable, but that is at the board's discretion. He also stated, moving on delaying the increase for months at a time is risky financially for CU. Henderson stated that even with the proposed fee increases, Cleveland Utilities' actual costs for water and sewer access still exceeds the new schedule. However, the increase brings the utility a bit closer to covering those costs. He added that, moving

forward, CU hopes to establish a clear structure for capacity fees, particularly for those who place the greatest demand on the system.

Developer Dustin Wong asked to provide a statement. He identified himself as one of the largest local developers in Bradley County. He emphasized that he invests heavily in infrastructure, within the subdivisions he develops. Wong expressed the opinion that developments where he is funding and constructing the infrastructure should be subject to reduced fees. He noted that in such cases, much of the infrastructure is already completed privately at his expense. Specific mention was made of sewer taps and taps into the main. He believes the current access or tap fees may duplicate charges for infrastructure he has already paid for and installed. His main request was for the utility to consider a fee structure that differentiates between locations where a tap already exists and those where a new tap must be installed.

Councilman David May, Jr. made a motion to postpone the fee increase for water and sewer access fees for 30 days. The motion failed due to lack of a second. Vice Chairman, Joe Cate then made a motion to postpone the access fee increase for 60 days. Board Member Cartwright inquired about the impact of a 60-day delay to the utility. Stinnett responded that he was unsure and would need to review the figures, specifically calculating two months' worth of the annual revenue. He estimated the potential impact to be approximately \$100,000 per service. Councilman David May, Jr. seconded the motion and Councilwoman Marsha McKenzie voted in favor. Eddie Cartwright voted no. The motion carried with three aye votes, and the decision was made to postpone the water and sewer access fee increase until September 1st.

OTHER ANNOUNCEMENTS

Future Meeting Dates

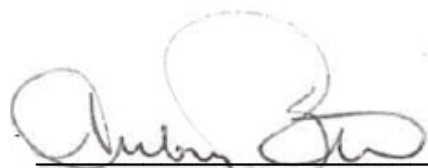
The next Authority Board Meetings will be held in the TWTC at 12:30 p.m. on the following dates:

- Friday, August 1
- Friday, August 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, and the board voted unanimously to adjourn the meeting at 1:23 p.m.


Board Secretary


Board Chairman

August 1, 2025

Date