

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES AUTHORITY BOARD
July 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; Eddie Cartwright; Councilman David May, Jr.; and Councilwoman Marsha McKenzie.

Absent: Mayor Kevin Brooks, 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; Sofia Carden, Executive Assistant/Communications Specialist; Andrew Hensley, Apprentice Lineman; Bill Coley, Hodges, Doughty & Carson; Mabern Wall, Hodges, Doughty & Carson; Steven Muhonen, Chambliss Law; Dion Cooper, Volunteer Energy Cooperative; and Tim Rader.

Following the Pledge of Allegiance to the American Flag, Andrew Hensley delivered the invocation.

PUBLIC COMMENTS-NONE

MANAGER'S UPDATE & ANNOUNCEMENTS

United Way Day of Action – Friday, July 31

Henderson informed the Board that CUA will have two teams participating in the United Way Day of Action this year. 20 employees will be volunteering at the Ludic Spectrum Center and Stuart Elementary. This will be the second year in a row CUA has volunteered at Ludic. Henderson went on to highlight how much CUA employees enjoy participating in this day of action and always look forward to serving in this capacity in the community.

Fiber Update

The fiber division has close to 3,650 active customers. Vineyard informed the board that the installers are currently doing anywhere between 15-16 installs a day, which has been the consistent number for the past six months. Additionally, there are still customers that are in queue awaiting to be installed. Vineyard also touched on commercial installs and informed the board that CUA has seen an increase in those numbers, and they are lining up very quickly. Stinnett updated the board on the current financial report, stating that July was another successful month. Stinnett pointed out that CUA Fiber division revenue is well ahead of budget. Stinnett thanked CUA customers for their support.

CONSENT AGENDA

Councilman David May, Jr., made a motion to approve the following items from the Consent Agenda. The motion was seconded by Councilwoman Marsha McKenzie, and the Utility Authority Board voted unanimously to approve the Consent Agenda.

A. Approval of the Minutes from June 26, 2026

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

FINANCIAL REPORT

1. **Electric Division June 2026** – During the month of June, the cost of purchased power as a percentage of retail sales was 75.1 percent and can be compared to the budgeted percentage of 73.0 percent for FY2026. Purchased power expense as a percentage of retail sales was 74.8 percent for FY2026. The results for the month are an electric sales revenue of \$11,551,988 which was offset by a purchased power expense of \$8,677,617. This resulted in an operating margin of \$2,874,371 and can be compared to the budgeted margin of \$2,682,379 for the month. The results for FY2026 electric sales revenue were \$124,635,285, which was offset by a purchased power expense of \$93,265,745. This resulted in an operating margin of \$31,369,541. This is compared to a budgeted margin of \$31,813,595 for FY2026.
2. **Water Division June 2026** – During the month of June, water sales revenue was \$2,415,302, unadjusted for unbilled revenue. This is compared to the budgeted amount of \$2,385,891. The results for FY2026 water sales revenue were \$27,149,212, unadjusted for unbilled revenue. This is compared to a budgeted revenue of \$26,313,692 for FY2026.
3. **Wastewater Division June 2026** – For the month of June, wastewater treatment revenue was \$1,923,115, unadjusted for unbilled revenue. This is compared to the budgeted amount of \$1,817,452. The results for FY2026 wastewater revenue were \$21,068,000, unadjusted for unbilled revenue. This is compared to a budgeted revenue of \$20,891,381 for FY2026.
4. **Fiber Division June 2026** – For the month of June, fiber services revenue was \$309,975 and can be compared to the budgeted amount of \$197,771. The results for FY2026 fiber services revenue were \$2,518,563. This is compared to a budgeted revenue of \$1,637,309 for FY2026.

ELECTRIC REPORT

1. Electric engineering released a work order for Lee University's new Engineering Building on 4th and Trunk Street NE. The work order includes extending 3-phase lines down to the intersection of 4th Street and Trunk Street and adding a new 3-phase dip to the new 3-phase, 225KVA, 120/208-volt transformer set behind the new building.
2. The SCADA upgrade project contract agreement between Survalent and CUA was approved and signed at the end of June. This will allow work to officially begin on the new SCADA system. Cleveland Utilities IT will be ordering the hardware for the system in early July. Survalent will be assigning a project team to CUA for the setup, which will begin at the end of July with a kick-off meeting. There will be a lot of work for both CUA and Survalent over the next six months to set up the new system.
3. Electric engineering hosted a pre-bid meeting in May for upcoming proposals for the energy storage (batteries) system project at the Lang Street Substation. Bids were received on June 15th. Only two bidders participated with another having email issues during submittal. After further discussion with CUA's consultant, engineering has now re-bid the project with the new bid opening on July 23rd. CUA anticipates four bidders for this new bid opening.
4. Three engineers from Enercon completed a site visit in June to kick-off the Arc Flash Study for the electric system. This study will be in depth, covering substations, overhead line work, underground line work, and metering. The meeting included an interview with all the foremen in each department of the electric system to review standard operational procedures. The engineers also visited every substation to record

device ratings/specifications and take measurements. Using these parameters, the engineers will calculate the maximum arc flash energy employees may be exposed to in their day-to-day tasks. After the energy is determined, they will work with CUA to determine ways to mitigate the energy level and protect employees. It will take several months to complete the study. CUA electric engineering will be supporting the project by providing system models and specifications for the calculations. The study is expected to be completed in December.

5. CUA recently hired Ricky Palmer, a Journeyman Lineman out of Florida who started June 1st and Wes Wenzel, a Journeyman Lineman out of Illinois who will start the middle of August. These are two impressive line workers with good experience and working knowledge that CUA is excited to add to their existing line crews. These positions are filling the void created by the retirement of Adam McCracken in May and Bill Raulston in June.
6. The meter lab has replaced over 1,500 electric meters. They are focusing on areas outside of CUA's water system footprint due to not affecting the communication of existing water meters relying on the old Elster communication platform. These focus areas are Spring Place Road and Old Parksville Road. New areas of development are getting new meters as they request permanent electric service. In these areas, CUA has to install a few of the old Elster meters in order to keep communications with the existing AMI water meters. This will be done until those can be replaced with the new Badger meters. Every month, the Electric Meter Lab is receiving 1,000 new Itron meters with the Tantalus communications system. This is a three-year changeout process.
7. Electric Engineering released a work order in June to connect the electric service for Ziebart Auto Shop on Georgetown Road. This shop offers auto detailing services and sells automotive accessories. The electric service is a 3-phase, 120/208-volt, 600-amp service. The expected demand is estimated to be 55kW. CUA crews installed a 75kVA transformer onsite to provide service. Because of the limited amount of 3-phase equipment in the building, CUA did ask the customer to share in the cost for the 3-phase transformer. When the transformer was installed, provisions were also made so that the vacant lot to the west could be easily served in the future. The total investment from CUA for the project was approximately \$15,000.
8. Electric Engineering held a meeting in June with the IT department to determine how to connect the Hunter's Run Recloser to the SCADA system using the broadband fiber. The IT department will have to set up several IP networks to pass the data through to SCADA. It is estimated that setup will be completed by the end of July. Once completed, future devices can be easily added as most of the background work will be finished. Communication reliability for the SCADA system to field devices and substations will greatly improve through the use of CUA's broadband fiber.
9. In early June, CUA operations energized the transformer for the new Encompass Health – Dakota Sage Development on Stuart Road (across from First Baptist). The building is not yet finished, but the electrical contractor received a passing inspection on the main panel so it could be energized. The expected demand for the facility is between 500kW and 600kW. A 750kVA transformer was installed at the site. It is assumed that construction will continue several months before it is open for business. The total cost for CUA to install the electrical facilities are approximately \$15,000.
10. CUA has no new projects to report on this month for traffic lighting. The City of Cleveland has purchased the traffic system and is in the process of gearing up for the transition. CUA anticipates turning over total control to the City by the first quarter of 2027.

11. Electric engineering completed 104 work orders during the month of June.

WATER & WASTEWATER REPORT

1. The Wastewater Treatment Plant (WWTP) Sludge Management Facilities Project has submitted plans and specs to TDEC. The project has been ranked number 2 in 2026 funding and CUA has had conversations with SRF and should receive funding by the end of 2026. CUA has been approved for \$2.5 million in loan forgiveness for the project.
2. The WWTP Non-Potable Reuse Project is 80 percent complete. The project is on schedule for August completion.
3. The Cleveland Filter Plant (CFP) Filter Backwash Catchtank & Yard Piping Improvements (W2918) electrical plan is being updated. CUA has recently had conversations with SRF and expects funding in the next couple of months.
4. The CFP Handrail Replacement Project is complete. Skilled Services, LLC is completing punch list items.
5. The Varnell Road Waterline Extension Project is underway. It consists of 675 feet of 6-inch DIP watermain to connect two dead-end waterlines. Construction is 90 percent complete. Cleanup and testing is expected to be completed by the end of July 2026.
6. The Harris Creek Trail and Bettis Avenue Waterline Replacement Project is 50 percent complete. The contractor has installed 2,080 feet of 6-inch DIP on Harris Creek Trail and 1,300 feet of 2-inch PVC on Bettis Avenue. Water meters have been relocated. These are replacing 2-inch galvanized water lines that have maintenance issues.
7. The King Den Trunk Line Installation Project for sewer collections is complete.
8. Engineering is currently reviewing the following projects:
 - The Lovell Village Project on Georgetown Road NW comprising 181 single family lots will include 5,348 feet of 6-inch DIP water main and 5,958 feet of 8-inch gravity sewer main. This project will also have a sewer lift station and force main.
 - The Powell Meadows Project (Phase 3) on Durkee Road NE comprising 323 single family lots. The development will include 9,627 feet of 6-inch DIP water main and 9,171 feet of 8-inch gravity sewer main.
 - The Williams Street Development off 20th Street comprising of 84 single family lots. This development scope includes 3,190 feet of 8-inch DIP water main and 2,922 feet of 8-inch gravity sewer main.
9. An update was provided for the following developments under construction:
 - The Deerfield Farms Subdivision on North Lee Highway and Sequoia Road NW comprising 133 single family lots and 32 townhome units is 60 percent complete. It includes 6,059 feet of 6-inch DIP water main (50% complete), 4,112 feet of 8-inch gravity sewer main (60% complete), and 1,002 feet of 2-inch force main sewer.
 - The Lone Oaks Farm Project (Phase 3) on Wilkinson Road NE is progressing and will comprise 145 single family lots. It will include 7,526 feet of 6-inch DIP water main (95% complete), 5,485 feet of 8-inch PVC gravity sewer (95% complete) and 536 feet of 3-inch force main (95% complete).
10. The Tonia Drive Sewer Extension Project for wastewater rehabilitation is 25 percent complete and is a budgeted item.
11. The Meter Services Department has completed approximately 69 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, 5,850 of the total 8,500 planned endpoints have been completed.

12. The Meter Department set 47 meters through June 2026, compared to 60 for June 2025 and 35 for June 2024. Of the 47 sets, 31 were single family homes, 9 were townhomes, 2 were apartments, and 5 were irrigation.
13. The total amount of rainfall recorded at the CFP as of July 20, 2026, was 26.24 inches for the year. This can be compared to 54.17 inches for the same period in 2013 (highest rainfall totals through July 1996-2026) and 18.04 inches in 2007 (lowest rainfall totals through July 1996-2026). The 2026 annual departure from normal was 8.92 below normal for the month of July, and the projected departure for 2026 is 11.13 inches below normal.

- C. Approval of Resolution 2026-04 - Requesting the Annexation of property owned by Cleveland Utilities Authority on Dalton Pike, Bradley County, Tennessee, Parcel No. 073-025.01, into the corporate limits of the City of Cleveland, Tennessee.

RESOLUTION NO. 2026-04: A RESOLUTION OF CLEVELAND UTILITIES AUTHORITY REQUESTING THE ANNEXATION OF PROPERTY OWNED BY CLEVELAND UTILITIES AUTHORITY LOCATED ON DALTON PIKE, BRADLEY COUNTY, TENNESSEE (PARCEL NO. 073-025.01), INTO THE CORPORATE LIMITS OF THE CITY OF CLEVELAND, TENNESSEE

WHEREAS, Cleveland Utilities Authority ("CUA") is the owner of certain real property located on Dalton Pike in Bradley County, Tennessee, identified by Bradley County Tax Map Parcel No. **073-025.01**; and

WHEREAS, the property includes components of the Authority's water system infrastructure; and

WHEREAS, the Board desires to formally request that the City of Cleveland initiate and complete the annexation process for the subject property.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Cleveland Utilities Authority as follows:

Section 1. The Cleveland Utilities Authority hereby requests that the City of Cleveland annex into its corporate limits the real property owned by the Authority located on Dalton Pike, Bradley County, Tennessee, identified as **Bradley County Tax Parcel No. 073-025.01**.

Section 2. The President and Chief Executive Officer, or his designee, is hereby authorized and directed to execute any documents necessary or appropriate to facilitate the annexation of the property and to work with the City of Cleveland in completing the annexation process.

Section 3. The Board respectfully requests that the Cleveland City Council consider and approve the annexation of Parcel No. **073-025.01** in accordance with applicable provisions of Tennessee law.

Section 4. This Resolution shall take effect immediately upon its adoption.

ADOPTED this 24th day of July, 2026.

CLEVELAND UTILITIES AUTHORITY
By:

ATTEST:

- D.** Approval of a purchase order with Hiscall, Inc., in the amount of \$121,200 for CUA's annual cloud-based phone services, payable in monthly installments of \$10,100. This purchase includes companywide phone service for all CUA locations along with a Call Center solution.
- E.** Approval of a purchase order with Waypoint in the amount of \$187,526.15 for the purchase of a Dell Pro Max high-performance server with the GB300 Superchip. This system will be utilized to perform complex tasks on existing data sets and help to automate complex workflows and securely process sensitive operational data within the organization's internal network environment. This purchase is budgeted for FY2027 and is being purchased via state contract pricing.
- F.** Approval of a purchase order with Osmose Utilities Services, Inc. in an amount not to exceed \$140,000 for the inspection and remedial treatment of approximately 20 percent of the electric system poles. CUA has been transitioning from inspecting the entire system once every 10 years to inspecting approximately 10 percent annually, which provides a more consistent distribution of workload and costs while making the process more manageable. The project was publicly advertised, and a public bid opening was held on July 14, 2026. Osmose submitted the sole bid and has a proven history of providing quality service to CUA.
- G.** Approval of a purchase order with Utility Solutions & Automation, LLC in the amount of \$4,436,843.50 for the purchase of 29,331 Badger endpoints and 10,000 field splice kits. These endpoints will allow for the upgrade of CUA's failing AMR/AMI system by using cellular technology for communication. As of today, approximately 6,000 meters whose modules have failed are being manually read. The project is budgeted over FY2027 and FY2028.
- H.** Approval of a purchase order with Utility Solutions & Automation, LLC in the amount of \$1,338,938.54 for the installation of 29,331 Badger endpoints and 26,331 new poly meter lids. The lids will be supplied by CUA. Approximately 3,000 metal lids will be reused due to their location. The project will begin in August or September and extend into the next fiscal year. The project is budgeted over FY2027 and FY2028.
- I.** Approval of a purchase order with Utility Solutions & Automation, LLC in the amount of \$274,000 for the purchase of 2,000, 5/8" x 3/4" Badger water meters. The meters will be delivered over the next eighteen months. These meters will be used for new construction, meter replacements due to failure and old age. The meters are budgeted for FY2027 and FY2028.
- J.** Approval of a purchase order with Badger Meter in the amount of \$340,489.08 for the annual Orion Cellular Service for 31,881 cellular endpoints. The endpoint service is budgeted for FY2027 and FY2028.
- K.** Approval of a purchase order with The Dycho Company, Inc. in the amount of \$127,200 for the annual supply of corrosion control inhibitor for the Cleveland Filter Plant. The purchase is sole source. The chemical is budgeted for FY2027.

- L. Approval of a purchase order with Wilson County Motors Co. in the amount of \$259,005 to replace Units 2, 54, 79, 99, 319 and 378. These are all vehicles that are either over 10 years old or have over 100,000 miles. These vehicles will be purchased through the Sourcewell, State of Tennessee Contract. These vehicles were budgeted for FY2027.

EXECUTIVE SESSION

At 12:46 P.M., Eddie Cartwright made a motion, which was seconded by Councilwoman McKenzie, to recess the regular meeting and enter into Executive Session. The Utility Board voted unanimously and entered into Executive Session to discuss today's New Business: Resolution 2026-05 and potential upcoming litigation.

At 1:15 PM, Joe Cate made a motion to adjourn the Executive Session and reconvene the regular meeting of the board. The motion was seconded by Eddie Cartwright, and the Utility Authority Chairman Ector reconvened to return to the regular meeting of the board.

NEW BUSINESS

Eddie Cartwright made a motion to approve Resolution 2026-05. The motion was seconded by Councilman David May, Jr., and the Utility Authority Board voted unanimously to approve the following:

RESOLUTION NO. 2026-05: A RESOLUTION OF CLEVELAND UTILITIES AUTHORITY AUTHORIZING THE CONDEMNATION OF ELECTRIC UTILITY FACILITIES AND SERVICE RIGHTS OF THE VOLUNTEER ENERGY COOPERATIVE IN TWO (2) PARCELS OF PROPERTY ALONG DRY VALLEY ROAD WITHIN THE MUNICIPAL BOUNDARIES OF THE CITY OF CLEVELAND, TENNESSEE, PARCEL IDENTIFICATION NOS. 028 048.00 AND 028 048.03.

WHEREAS, the City of Cleveland, Tennessee, pursuant to Cleveland City Referendum Election held March 5, 2024, annexed two (2) parcels of property along Dry Valley Road identified for tax purposes as Parcel Identification Nos. 028 048.00 and 028 048.03 (the "Annexed Areas"); and

WHEREAS, the City of Cleveland Annexation Analysis Plan of Service for each parcel states that the Annexed Areas will be provided electric service by Cleveland Utilities Authority ("CUA") when annexed; and

WHEREAS, CUA has notified Volunteer Energy Cooperative ("VEC") of CUA's intent to provide electric service to the Annexed Areas as provided by law; and

WHEREAS, notwithstanding CUA's notice of its intent to serve, VEC has denied CUA's right to serve and has refused to cooperate with the requirements of Tenn. Code Ann. §§ 6-51-111 and 6-51-112 to transfer the utility facilities and service rights necessary for CUA to provide service to the Annexed Areas.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Cleveland Utilities Authority as follows:

Section 1. The Board finds and declares:

(a) That the public convenience and necessity, as determined by Cleveland City Referendum and Plan of Services for the Annexed Areas, requires that CUA provide electric service to the Annexed Areas.

(b) That for the purposes of the provision of electric services to the Annexed Areas by CUA, there shall be condemned the electric utility facilities and service rights of VEC in the Annexed Areas pursuant to the process established by state law,

including where applicable, Tenn. Code Ann. §§ 6-51-111, 6-51-112, 29-17-901 et seq. and 7-36-101 et seq.

Section 2. That the President and Chief Executive Officer for CUA is authorized and directed to take all action and do all things necessary or desirable for the acquisition of said facilities and service rights described in this Resolution by condemnation action or otherwise.

Section 3. This Resolution shall take effect immediately upon its adoption.

ADOPTED this 24th day of July, 2026.

CLEVELAND UTILITIES AUTHORITY

By:

Attest:

Board Chairman, Aubrey Ector

Board Secretary, Amy Ensley

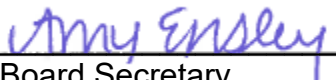
Future Meeting Dates

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

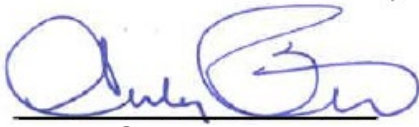
- Friday, August 28

ADJOURNMENT

There being no other business, Vice Chairman Joe Cate made a motion to adjourn the meeting. David May, Jr. seconded the motion. The motion carried unanimously, and the meeting adjourned at 1:20 P.M.



Board Secretary



Board Chairman

August 28, 2026

Date