

**MINUTES OF REGULAR MEETING**  
**CLEVELAND UTILITIES AUTHORITY BOARD**  
**December 1, 2023**

*A regular meeting of the CU Authority 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; Councilman Dale R. Hughes; Councilman David May, Jr.; and Debbie Melton. Absent: Eddie Cartwright.

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; Walt Vineyard, Executive VP; Deanna Hitch, Human Resources Director; Jamie Creekmore, Customer Relations Supervisor; Mark Lay, Wedgewood Accounting; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Deanna Hitch delivered the invocation.

**PUBLIC COMMENTS - NONE**

**MANAGER'S UPDATE & ANNOUNCEMENTS**

**Home Uplift Program**

Henderson advised CU and the Tennessee Valley Authority (TVA) partnered to support the Home Uplift Program. In April, a \$50,000 match was approved by CU's board. This program provides free home energy upgrades to income-eligible customers. Creekmore then elaborated on highlights of the program. He advised CU was able to perform upgrades to nine homes this year at an average of around \$10,500 per home. The upgrades consisted of a variety of items such as air sealing, attic insulation, new HVAC systems, etc. A testimonial video was shown with two of the program recipients expressing how meaningful this program has been to them. Henderson added CU is excited to participate at an even higher level next year, and the United Way of the Ocoee Region will be joining the partnership as well. Corum stated the collaboration with TVA has been great, commended Creekmore for his contributions as the CUA Program Coordinator, and noted the program is making a difference in the recipients lives with home improvements they couldn't afford otherwise.

**Retirement – Eddie McDaniel**

Field Service Supervisor Eddie McDaniel worked his last day at CU on Wednesday of this week to embark on retirement. He spent his 35-year career in the Water Division area, more specifically in the metering area. Henderson and Mullinax publicly wished him all the best and expressed appreciation for his service.

**Christmas Parade – Saturday, December 2**

The MainStreet Cleveland Christmas Parade is set for tomorrow at 6:00 p.m., weather permitting. CU has an all-new theme this year, "A Tennessee Country Christmas" log cabin float. Last year's theme was the "Gingerbread House" and before that the "Polar Express Train". Henderson thanked all employees who have worked diligently preparing the float and expressed appreciation to Jamie Creekmore for coordinating this effort and April Swilling in the Call Center for her vision with the new theme and crafting the design of the float.

**United Way Campaign Report & Victory Celebration**

CU is a pacesetter company for the United Way of the Ocoee Region. Deanna Hitch

announced the results of the annual campaign. Employees raised a total of \$63,340, with 54 percent of the employee population donating fair share or better. She advised there are several contributing factors, but leadership support is hands down the most important. Another key component is employee engagement. CU has a committee comprised of employees from within each area of the organization that sets the goal and determines incentives. Additionally, CU provides opportunities for employees to participate in the United Way's Day of Action, agency tours, fund distribution panels, and service projects. These opportunities help employees gain a deeper understanding of what the United Way does in the community. CU also offers payroll deduction for convenience and will also host a victory celebration luncheon on Friday, December 8, for meeting the goal. Henderson advised the leadership team has worked hard over the last several years to communicate the message for employees to give from the heart. Employees have continually demonstrated the giving is from the heart, and the goals have been met consistently every year.

### **CU Christmas Luncheon**

CU's annual Christmas Luncheon will be held on Wednesday, December 13, in the TWTC, at 11:30 a.m. Aubrey's will be catering the food.

### **Holiday Closures**

CU will observe the Christmas Holiday on Friday, December 22, Monday, December 25, and Tuesday, December 26. Additionally, offices will be closed Friday, December 29, and Monday, January 1, 2024, in recognition of New Year's. As always, the 24/7 Call Center will be open and regular emergency/standby services will be maintained 24/7. This coincides with the city's holiday schedule.

### **CONSENT AGENDA**

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

**A.** Approval of the Minutes from October 27, 2023

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

#### **FINANCIAL REPORT**

- 1. Electric Division October 2023** – During October, the cost of purchased power as a percentage of retail sales was 75.9 percent and can be compared to the budgeted percentage of 74.5 percent for FY 2024. The results for October are electric sales revenue of \$7,743,077, which was offset by a purchased power expense of \$5,879,470. This resulted in an operating margin of \$1,863,607 and can be compared to a budgeted margin of \$1,915,106 for the month. Operating expenses were \$2,019,224. This is compared to a budgeted operating expense of \$2,014,290. The division serviced 33,767 customers during the month. The net income was \$177,655 and can be compared to a budgeted net income of \$149,920.
- 2. Water Division October 2023** - For the month of October, water sales revenue was \$1,951,198. This is compared to the budgeted amount of \$1,936,783. Other revenue sources contributed an additional \$269,206 for the month. The division serviced 34,242 customers during the month. Operating expenses were \$1,049,403. This is compared to the budgeted amount of \$1,710,119. The division recorded an operating

income of \$1,171,001, which is compared to a budgeted operating income of \$396,588.

3. **Wastewater Division October 2023** - For the month of October, wastewater treatment revenue was \$1,303,561. This is compared to the budgeted amount of \$1,382,802. Other revenue sources contributed an additional \$135,204 for the month. The division serviced 20,818 customers. Operating expenses were \$1,431,159. This is compared to the budgeted amount of \$1,338,289. The division recorded an operating income of \$7,607, which is compared to a budgeted operating income of \$168,722 for the month.

### **ELECTRIC REPORT**

1. Construction of the new Lang Street Substation continued with the installation of control and status wiring from the equipment to the control house. All the AC and DC circuits have also been installed. Next, the 13 kV underground primary conductor feeding each outgoing circuit will be installed and terminated. The new substation should be finished by early 2024 with the station being energized before the summer of 2024.
2. The project to install a new 2000 kVA transformer for an expansion at Duracell is still on track. By the end of October, the contractors at Duracell had the new conduit installed. The next step is to form and pour the concrete pad for the new transformer and install it the Friday after Thanksgiving.
3. In October, CU electric crews installed an overhead 3-phase line (approximately 330 feet long), two wood poles, and an overhead 225 kVA transformer station for temporary construction power at SK Food Group. The contractor should have the service/meter pole constructed and connected in November. Tippman Construction will be paying the labor cost for the installation of this temporary service, which is estimated to be \$24,000. Discussions continued between CU electric engineering staff and Tippman concerning the future main feed to the facility. As the plan stands, there will need to be several trees cleared across a low area. Details of how this will be accomplished will be finalized in November. The tentative plan is to begin installation of the new overhead line in December or January. CU electric engineering is also working with transformer manufacturers to make sure the transformers needed for the project arrive on time. Tippman communicates the project is on schedule, and the building will be ready for power in the early summer of 2024.
4. At the end of October, CU crews connected the service for the new Zaxby's on Stuart Road. CU's Meter Lab had to connect the CT metering on the building. The estimated load of the restaurant is expected to be 75 kW. The total cost to install the electric service was approximately \$25,000 and includes the transformer. The restaurant is expected to be open for business in a few weeks.
5. An Open Arms Care Facility is being constructed on 21<sup>st</sup> Street SE that will support people with intellectual and developmental disabilities. The facility will be composed of two separate buildings. Engineering has been working with the contractors to create a plan for the electric service. Both buildings will be single-phase, each will have a 600-amp service, and be metered separately. One transformer will provide service to both buildings. A 100 kVA transformer is anticipated to be installed on the property. In October, electric engineering sent a conduit plan for the underground primary feed to a new transformer. At this time, only a temporary service has been connected on the site

for construction power. An existing pole-mounted transformer was used for temporary power.

6. Electric system improvements are being made in preparation for Distribution Automation. A new set of Siemens Compact Modular Reclosers (CMRs) was installed during October on Johnson School Road SW off South Lee Highway. These are relatively new overcurrent devices with reclosing functions that allow for automatic restoration of service for temporary faults. These CMRs replaced some older overcurrent devices with negative reviews from CU's Operations Department. The hope is these devices will provide better service to operations and the customers downline. The total estimate for this project is \$25,000.
7. Electric engineering staff have been working with CU's SCADA vendor, ACS, on an upgrade for the communications between the SCADA system and field devices. In October, three representatives from CU went to the ACS facility just outside of Atlanta to view a demo of the project. CU representatives were pleased with the demo and gave permission to continue with the project. The equipment will be shipped in early November, and CU crews will install the equipment in the office and in the substations. ACS will finish the setup remotely through a VPN connection. This upgrade is expected to greatly increase the communication reliability and speed between SCADA and field devices. Additionally, the upgrade should be beneficial for future distribution automation schemes to work smoothly.
8. An update was provided for the following townhome developments:
  - Engineering released a work order to install facilities for five 2-unit townhomes on Crest Drive SW. A new 45-foot wood pole, 60 feet of overhead primary, and a pole-mounted 50 kVA transformer will be installed in November to provide electric service. The transformer will be installed in the center and underground secondary will be installed across the front of the lots from the utility pole. Currently, only one townhome is constructed, and the developer needs to install the conduit for the townhome. The total project investment from CU is approximately \$8,000.
  - Engineering released a work order to install facilities for the Minnis Road townhomes. The development consists of 16 new townhomes near the intersection of Minnis Road and Old Powerline Road NE. The project will require the installation of 344 feet of underground primary and two pad-mounted transformers. The estimated project cost is \$43,451.10.
9. CU engineering has spent several days in meetings and field work with the fiber consultant for the Grid Modernization/Broadband Project. The meetings have included discussions about pole attachments, materials, safety procedures, and planning. Fiber optic cable across the system will greatly enhance CU's ability to monitor and control electric system field devices and gather metering data.
10. An update was presented for traffic lighting:
  - CU engineering continues to receive complaints about the lack of a left-turn lane when exiting Wal-Mart onto Keith Street. Improvements to the intersection would need to be a joint effort from the owner of the private drive, TDOT, and the City of Cleveland.
  - CU engineering has assisted with several issues with the traffic light at Crown Colony Drive and Cleveland Middle School. At times during the TDOT Highway 60 Project construction process, the radar sensors have not provided adequate vehicle detection. A combination of timing schemes and sensor adjustments

have been implemented to provide better signal performance. Additional sensors may need to be installed if the issues persist.

- CU engineering temporarily adjusted timing plans at three intersections along Paul Huff Parkway for the paving project at Mouse Creek Road. The newly added lanes will be opened for use when the installation of the mast-arm traffic signal is completed.

## **WATER & WASTEWATER REPORT**

1. The Ultraviolet Disinfection Project at the Wastewater Treatment Plant (WWTP) is approximately 60 percent complete. The major concrete work is complete, and the water-tight testing of the basins is being finalized. Next major work items include making the critical tie-in to the existing infrastructure.
2. In reference to the Preliminary Engineering Report (PER) for Expansion of the Hiwassee River WWTP, a workshop with CU staff was held on November 15. The PER is being finalized based on CU feedback.
3. The WWTP Sludge Management Facilities design is proceeding based on results of the geotechnical site evaluation.
4. The Sodium Permanganate Conversion Project at the Cleveland Filter Plant (CFP) Raw Water Intake is approximately 50 percent complete. The HVAC system has been installed.
5. The SRF loan application for the CFP Sodium Hypochlorite Project has been submitted. CU anticipates advertising and bidding the project in the first quarter of 2024.
6. The equipment for the Waterville Springs Chlorine Scrubber Project is onsite.
7. The Dempsey Street Water Booster Pump Station upgrade is progressing. The prefabricated pump station is installed. The electric service and station wiring are in progress.
8. The 2010/2012 Annexation Benton Pike/Durkee Road Project is approximately 80 percent complete. The contractor has completed lines D, E, F, and G.
9. The following development plans have been approved:
  - Murray Ridge, Phase 4 (30 single family lots).
  - Minnis Road Townhomes (16 townhome units).
10. An update was provided for the ongoing Wastewater Rehabilitation Project:
  - The 2022 Sewer Rehabilitation Project is ongoing. The contractor has completed 1,958 feet of mainline rehabilitation, 42 service lateral rehabilitations, 32 manhole rehabilitations, and 20 cleanout installations during this period.
11. The Meter Department set 70 meters through October 2023 compared to 34 for October 2022 and 66 for October 2021. Of the 70 sets, 60 were single family homes, 1 was irrigation, and 9 were commercial.
12. The total amount of rainfall recorded at the CFP as of November 29, 2023, was 1.50 inches for the month, bringing the current rainfall total for 2023 to 45.36 inches. This can be compared to 74.23 inches for the same period in 2020 (highest rainfall totals through November 1996-2023) and 28.40 inches in 2007 (lowest rainfall totals through November 1996-2023). Over the last 91 days, there has been no rainfall for 79 of those days. The other 12 days have had 2.70 inches of rain.
13. The MIB levels at both the 411 Bridge (EUB Intake) and Hiwassee River Intake are 2 ppt per the latest testing results. The levels have been below the threshold at which

taste and odor are typically detected (10 ppt) since early August.

**C. Presentation of FY 2023 Audit Report and Approval & Acceptance**

Mark Lay, representing Wedgewood Accounting, PLLC, reviewed the Required Auditors' Communications in relation to the Fiscal Year 2023 audit report. He reported the financial statements present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Board of Public Utilities as of June 30, 2023, and 2022. Lay advised the audit went well, and it has been a pleasure to work with the employees of CU.

Both divisions experienced increases in net position for the year. The increase in the Electric Division was \$9,830,158, and the Water and Wastewater Divisions was \$9,915,233. The Other Post-Employment Benefits (OPEB) Trust grew by \$1,196,984 in FY 2023, which includes employer contributions as well as investment income. The 2023 net position in the fund is \$4,518,368, and the fund experienced a rate of return of 10.7 percent for the year end of June 30, 2023. Lay again applauded CU for taking steps to fund this liability and advised it is going to make a huge difference in the future in funding the post-employment benefits. Lay also noted a significant increase in interest this year. Banks have been offering better rates and interest income has been earned. The Electric Division had current year interest income of \$1,077,267 over the previous amount of \$80,787. The Water and Wastewater Division's interest was \$587,295 compared to \$40,242 in the previous year. By comparison, interest expense was down slightly in both divisions, and for the first time Lay recalled, overall interest income was greater than the interest expense. There were no new GASB Statements required to be implemented for fiscal year 2023, and Lay is not aware of any new pronouncements that will affect CU in 2024.

Henderson, Stinnett, Chairman Ector, Councilman May, and the entire board expressed appreciation to Lay for the work done for CU over the years and wished him well.

The FY 2023 Audit Report was approved and accepted as part of the Consent Agenda.

- D. Approval of a purchase order with Robert Roberts, LLC, in the amount of \$184,633 for the interior renovations of the Water and Wastewater Administration Building. The project consists of new flooring and wall painting in all areas of the building. The project is budgeted for FY 2024 in the amount of \$320,000.
- E. Approval of a purchase order with Utility Solutions & Automation, LLC, in the amount of \$159,185 for the purchase of 1,000 - 5/8" x 3/4" Badger water meters, 6 - 2" Badger water meters, and 1 - 6" Badger water meter. These meters will be installed for new construction which includes houses, townhomes, apartments, duplexes, commercial, and industrial customers. The meters are budgeted for FY 2024.

**NEW BUSINESS**

- A. On motion by Councilman David May, Jr., and a second by Vice Chairman Joe Cate, the Utility Authority Board voted unanimously to approve a purchase order with Wesco Distribution, Inc., in the amount of \$10,862,091 for the material, material management, and warehousing of the material needed for CU's Electrical Grid Modernization and

Broadband Project. This total purchase will be spent over the next two years. Four proposals were received, and Wesco submitted the low bid. The request for proposals was advertised in the Cleveland Daily Banner. This project was budgeted in the amount of approximately \$15 million. Wesco will be setting up a warehouse and housing the material here in Cleveland.

- B. On motion by Debbie Melton and a second by Mayor Kevin Brooks, the Utility Authority Board voted unanimously to approve a purchase order with TelcoDen, Inc., in the amount of \$134,477.54 for two, 10' x 20' fiber telecom huts/shelters for CU's Electrical Grid Modernization and Broadband Project. Four proposals were received, and TelcoDen submitted the low bid. The request for proposals was advertised in the Cleveland Daily Banner. This is a budgeted project, and FiberRise has performed a review of the proposals received, verification of references, and is recommending the project be awarded to TelcoDen. Delivery time is estimated to be 60 days.


**OTHER ANNOUNCEMENTS**

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

- Friday, January 5
- Friday, January 26

**ADJOURNMENT**

There being no other business, Debbie Melton made a motion to adjourn the meeting. Vice Chairman Joe Cate seconded the motion, and the board unanimously voted to adjourn the meeting at 1:09 p.m.

  
Board Secretary

  
Board Chairman

January 5, 2024  
Date