

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
JANUARY 25, 2019

The Board of Public Utilities met at 12:30 p.m. at the Tom Wheeler Training Center.

Present were the following: Aubrey Ector, Chairman; Eddie Cartwright, Vice Chairman; Joe Cate, Cleveland Utilities Board; Chari Buckner, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; Tim Henderson, President/CEO; John Corum, VP Administrative Services; Amy Ensley, Utility Board Secretary; Craig Mullinax, VP Water & Wastewater; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Dean Watson, Electric Operations Manager; Todd Gober, Call Center Representative II; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Todd Gober delivered the invocation.

MINUTES OF JANUARY 4, 2019

On motion by Chari Buckner and seconded by Vice Chairman Eddie Cartwright, the Board of Public Utilities voted to approve the January 4, 2019, minutes as written.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Presidents' Day Holiday

Cleveland Utilities will be closed Monday, February 18, 2019, to observe the Presidents' Day Holiday. The Call Center will be open and regular emergency/standby services will be maintained.

Annual Awards Luncheon

Cleveland Utilities Annual Awards Banquet will be held on Tuesday, March 5, 2019, at 11:30 a.m. to honor employees with awards for years of service and perfect attendance. The banquet will be held in the Tom Wheeler Training Center.

FY 2020 Budget Process

The budget process for FY 2020 is underway. This is a team effort companywide. Currently, the goal is to present the budget to the Utility Board at the regularly scheduled March meeting ahead of the citywide Budget Retreat, which is tentatively scheduled for April 8.

Inclement Weather

In anticipation of the inclement weather predicted for next week, CU is watching the forecast closely and is always proactive in making the necessary preparations ahead of time for weather events.

DIVISION REPORTS

Financial

Marshall Stinnett reported on the following:

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of February 2015 through February 2019 was reviewed. For the month of February, the residential retail electric rate will change to 9.635 cents per kilowatt-hour, a decrease of 1.28 percent over January's rate of 9.760 cents per kilowatt-hour. This rate change is driven by TVA's Fuel Cost Adjustment. As a continued trend, Cleveland Utilities will pass the TVA fuel cost rate adjustment to its consumers.
2. The December 2018 financial and statistical statements were presented to the Utility Board. During December, the cost of purchased power as a percentage of retail sales was 79.6 percent and can be compared to the budgeted percentage of 78.7 percent for FY 2019. The results for December 2018 are electric sales revenue of \$8,550,772, which was offset by a purchased power expense of \$6,808,836. This resulted in an operating margin of \$1,741,936. Operating expenses for the month were \$1,717,468. These revenue numbers were driven by a customer base of

31,627. The net income for the month was \$192,086 and can be compared to a budgeted net income of \$184,488.

3. For December 2018, water sales revenue was \$1,113,710. Other revenue sources contributed an additional \$128,241 for the month. Operating expenses for December totaled \$1,394,941. These revenue numbers were driven by a customer base of 31,931. The division recorded an operating loss of \$152,990, which is compared to a budgeted operating loss of \$29,218.
4. For December 2018, wastewater treatment revenue was \$984,546. Other revenue sources contributed an additional \$61,806 for the month. Operating expenses for December were \$1,052,369. This is compared to the budgeted amount of \$983,610. These revenue numbers were driven by a customer base of 19,091. The division recorded an operating loss of \$6,017, which is compared to a budgeted operating income of \$83,036 for the month. This loss was due to an expense work order for an information technology project closed out in the month of December.

Electric Division

Dean Watson reported on the following in the absence of Bart Borden:

1. Construction continued throughout December for the Spring Branch Industrial Park Innovation Drive Distribution Lines Project. All pole and guy installations were completed, and the 795 AAC and 336 AAC neutral conductors were pulled in and made permanent to the new structures.
2. Price quotes have been received and contract language is being finalized prior to the issuance of a work order for the Peerless Road LED Street Lighting Conversion Project.
3. In reference to the East Cleveland Substation Power Transformers Replacement Project, the final two 69 kV feeder breakers were returned to service on January 4 and 8, 2019. This effectively returned East Cleveland Substation back to normal ending a one year and seven month project at a combined total of just over \$2.5 million. The combined efforts of many dedicated and skilled CU employees directly contributed to making a project of this scope and magnitude a success.
4. Due to changes in the front lots at Stonebriar Subdivision from a commercial to residential use, engineering has worked with the developer to provide service to the new townhomes and apartments being installed on the subdivided lots. The developer will be installing 150 feet of 2-inch conduit and 520 feet of 3-inch conduit. CU will be installing 220 feet of #1/0 aluminum primary, 260 feet of #350 aluminum triplex secondary and a 100 kVA transformer to serve the new additions.
5. Engineering has provided designs for the electrical facilities to the developers of both Cobblestone Ridge on Old Chattanooga Pike and Fulbright Crossing at Fulbright Road and Shady Lane. CU will be installing the electrical facilities to the expected 67 homes/townhomes/apartments once the developers have completed installation of the conduit systems.
6. A report was presented regarding traffic lighting:
 - Engineering began the process of installing the new Central Software for the Traffic Control System. Once installed, the Spinnaker software will be under a one-year free trial to ensure successful installation and function. The existing software, IQ Central, will be maintained for the legacy controllers still in service until they are replaced with the ATC-1000 controllers.
 - Engineering personnel placed two intersections into free mode during the holiday season to account for the unique man patterns resulting from heavy shopping traffic. Paul Huff & Adkisson at Frontage Road and Paul Huff & Keith Street were both removed from coordination and placed into free to operate on existing detection and demand. Additional time was also given to the Frontage Road approach to allow for better clearing

of traffic in the storage lanes. Both intersections were placed back into coordination just after the holidays.

- Electric Meter Lab personnel met with Stansell Electric Company representatives at the North Ocoee/Blythe Ferry Road/Ocoee Crossing intersection to discuss issues found during the punch list inspection of the newly constructed pedestrian signals. After the site visit, all irregularities were addressed and corrected by Stansell to the satisfaction of CU.
7. The SCADA system recorded a peak of 197,000 kW on December 6, 2018, during a peak shaving event. TVA's billed demand peak of 199,703 kW coincided with CU's peak and was recorded at 6:59 a.m. CST. The peak shaving resulted in a reduction of 4,231 kW and a cost avoidance of \$43,794.91. The total cost avoidance for 2018 was \$409,906.84.
 8. Nine site plans and plats were submitted for review in December. The most notable include M&M Mars on Peerless Road and a new medical office building on Holiday Inn Express Way NW.

Water Division

Craig Mullinax reported on the following:

1. The new maintenance building at the Wastewater Treatment Plant (WWTP) is under construction and approximately 80 percent complete. TriCon Construction is expected to finish the project on February 11, 2019. This facility will house the existing crane and spare parts and components to CU's various pump stations and infrastructure.
2. K. Berry Construction has completed the rehabilitation of Spiral Lift Pump No. 203 at the WWTP. The pump has not been placed into service to date, but will be soon. The project lump sum total was \$60,369.
3. Haren Construction has completed 72 percent of the Flocculation/Sedimentation Basin Improvements Project at the Cleveland Filter Plant (CFP). Basin 2 is currently being rehabilitated. Basins 3 & 4 are complete. Haren is doing a really good job.
4. The Raw Water Pump Station Project located along the Hiwassee River is complete with the exception of the screen installation. W&O Construction will begin this process on February 11, 2019.
5. Plans and specifications for the Georgetown Road Utility Relocation Project are due to the Tennessee Department of Transportation (TDOT) by January 25, 2019. The target date for CU was today. CU's consultant, Stantec, assured they would be meeting the deadline.
6. The Kile Property Water Main Extension Project on Kile Lane NW will include 600 feet of 6-inch PVC main.
7. Engineering is reviewing the following plans:
 - A new assisted living complex on King Den Drive consisting of 5 buildings and 1,203 feet of 8-inch sewer main.
 - Keith Street Crossing on Keith Street, which includes 17 units.
 - Savannah Avenue Apartments on Pryor Road comprising 24 units.
8. Engineering approved the following plans:
 - Paul Huff Corners on Peerless Road at Paul Huff Parkway (2 commercial lots). The project scope includes 1,020 feet of 8-inch water main and 590 feet of 8-inch sewer main.
 - Graystan Square on Mouse Creek Road at Paul Huff Parkway consisting of 4 commercial lots, 850 feet of 8-inch water main and 840 feet of 8-inch sewer main.
 - Bradley Place at Bradley Square Mall comprising 11 retail spaces. The project will include relocating a 10-inch water main.
9. An update was provided for the ongoing Wastewater Rehabilitation Project:

- Phase I of the Basin 10A-8 Rehabilitation Project is ongoing. The contractors have completed 100 percent of the mainline rehabilitation, 24 percent of the service lateral rehabilitation, and 6 percent of the manhole rehabilitation.
10. The Meter Department set 29 meters through December 2018 compared to 24 for December 2017 and 22 for December 2016. Of the 29 meter sets, 22 were single-family homes, 3 were townhomes, 1 was an apartment and 3 were small commercial.
 11. The total amount of rainfall recorded at the CFP as of January 23, 2019, was 5.40 inches for the month and can be compared to 1.45 inches for January 2018.

OLD BUSINESS

Approval of Purchase Order to ABC Professional Tree Services, Inc.

On motion by Joe Cate and seconded by David May, Jr., the Board of Public Utilities took action to unanimously approve a purchase order to ABC Professional Tree Services, Inc. in the amount of \$147,200 for transmission line right of way clearing utilizing ABC's fecon machine completed this past fall, as well as the herbicide spraying of the transmission right of ways and substations scheduled for the near future. These services are per the contracted rates. ABC was awarded CU's three-year vegetation management contract in July 2018 and was the low overall bid.

NEW BUSINESS

Approval of Purchase Order to Southeast Industrial Development Association (SEIDA)

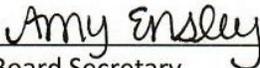
On motion by Chari Buckner and seconded by Vice Chairman Eddie Cartwright, the Board of Public Utilities voted unanimously to approve a purchase order to Southeast Industrial Development Association (SEIDA) in the amount of \$50,978 for 2019 membership dues. TVA will reimburse CU for 50 percent of the investment.

OTHER BUSINESS

Future Board Meeting Dates

Future scheduled board meeting dates at the Tom Wheeler Training Center are as follows:

- Friday, February 22, 2019, 12:30 p.m.
- Friday, March 22, 2019, 12:30 p.m.
- Friday, April 26, 2019, 12:30 p.m.


 Board Secretary


 Board Chairman

2-22-19
 Date