

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
NOVEMBER 1, 2019

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

Present were the following: Eddie Cartwright, Vice Chairman (presiding as Acting Chairman in Chairman Aubrey Ector's absence); Joe Cate, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; Debbie Melton, Cleveland Utilities Board; Tim Henderson, President/CEO; Bart Borden, VP Electric; John Corum, VP Administrative Services; Amy Ensley, Utility Board Secretary; Craig Mullinax, VP Water & Wastewater; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; Jimmy Isom, Electric Engineering Manager; Kelly Pace, Human Resources Representative; and Tim Siniard, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Kelly Pace delivered the invocation.

MINUTES OF SEPTEMBER 27, 2019

On motion by Debbie Melton and seconded by David May, Jr., the Board of Public Utilities voted to approve the September 27, 2019, minutes as written.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Offices Closed-Veterans Day & Thanksgiving Holidays

Cleveland Utilities will be closed on Monday, November 11, 2019, in observance of Veterans Day and on November 28 & 29, 2019, in recognition of Thanksgiving. The Call Center will be open and regular emergency/standby services will be maintained 24/7.

Picnic Report

The annual CU picnic was held on October 24th at Fletcher Park. The weather was perfect and the food catered by Jordan's BBQ was delicious. Henderson commended employees from the Administrative Services Department for their hard work on making this event a huge success. A brief slideshow created by Jamie Creekmore was shown.

Electric Division Vice President Promotion

President/CEO Tim Henderson named Jimmy Isom, a 25-year employee of Cleveland Utilities, to replace the retiring Bart Borden as Electric Division Vice President. Isom is a 1989 graduate of Tennessee Technological University with a BS degree in Electrical Engineering. He came to work at Cleveland Utilities in 1994 as an Engineer. During his tenure at CU, he has also served in the roles of Distribution Engineer, Assistant Engineering Manager and currently the Engineering Manager. Prior to joining the CU family, he worked at Cookeville Electric Department for five years and was the Engineering Manager for two years. He brings a wealth of experience and is highly qualified to assume the duties associated with this position. Throughout his career at CU, Jimmy has worked closely with members of the Electric Division, developers/contractors in the community as well as colleagues from other utilities. Additionally, he will have approximately two months to work directly with Borden to help ensure a smooth transition during this process.

Isom is married to Becky and they are blessed with two daughters, Rachel and Morgan. Everyone applauded and congratulated Isom on his new role. Isom then took a moment to thank Henderson for this opportunity and stated he is humbled and excited to serve the Utility Board, Cleveland Utilities and the customers. Isom also acknowledged the positive leadership of Borden over the

years. Vice Chairman Cartwright welcomed Isom and advised the Utility Board looks forward to working with him.

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 November 2015 through November 2019 was reviewed. For the month of November, the residential retail electric rate will change to 9.237 cents per kilowatt-hour, an increase of 2.69 percent over the rate of 8.995 cents per kilowatt-hour for October. This rate change is driven by TVA's Fuel Cost Adjustment. As a continued trend, Cleveland Utilities will pass the TVA Fuel Cost Adjustment to its consumers.
2. The September 2019 financial and statistical statements were presented to the Utility Board. During September, the cost of purchased power as a percentage of retail sales was 73.6 percent. This can be compared to the budgeted percentage of 77.5 for FY 2020. The results for September 2019 are electric sales revenue of \$9,431,347, which was offset by a purchased power expense of \$6,942,802. This resulted in an operating margin of \$2,488,545. Operating expenses for the month were \$1,635,107. This is compared to a budgeted operating expense of \$1,820,282. These revenue numbers were driven by a customer base of 31,806. The net income for the month was \$1,042,892 and can be compared to the budgeted amount of \$499,966.
3. For September 2019, water sales revenue was \$1,513,155. Other revenue sources contributed an additional \$143,671 for the month. The division serviced 32,218 customers. Operating expenses for September totaled \$1,396,874. This is compared to the budgeted amount of \$1,324,793. The division recorded an operating income of \$259,952, which is compared to a budgeted operating income of \$289,282.
4. For September 2019, wastewater treatment revenue was \$1,147,399. Other revenue sources contributed an additional \$87,096 for the month. The division serviced 19,286 customers. Operating expenses for the month were \$979,107 and can be compared to a budgeted amount of \$1,033,932. An operating income of \$255,388 was recorded, which is compared to a budgeted operating income of \$188,901 for the month.

Electric Division

Bart Borden reported on the following:

1. The next step for the Cherokee Gateway Substation Project is to pour the power transformers and control building pads. This has been delayed due to the power transformer manufacturer not having final production plans for the units. After receipt of the drawings, the pads will be formed and poured and then the ground grid will be installed.
2. In reference to the Lang Street to District Substation Transmission Line Replacement Project, Phase II, work continued and CU crews completed the construction of this project. By the end of September, the line was available to place in service, in the event it was needed. Additional equipment was purchased for this project to pull both conductors per phase at the same time versus making two separate pulls, which saved significant construction time and cost. This project will remain in the report, until the financials are completed.
3. The Operations Department pushed the work schedule for the Valleyhead V-234 Underground Feeder Conductor Upgrade Project into the later part of this month, due to the extreme heat

experienced throughout the month of September and into October. The high temperatures caused heavy system loading during a time when system maintenance and switching out substation loads is normally performed.

4. Work for Stone Creek Subdivision, Phase 4, began during the month of September on the underground primary, secondary and transformer installations. A total of 2,243 feet of underground primary, 1,826 feet of underground secondary and 4 single phase transformers are to be installed for the 37 lot development. The work continued into the month of October.
5. Engineering personnel worked with the owner of a new asphalt plant to be located on Boss Road SE. The new service will include underground primary and a three phase pad-mount transformer. Load information was not available at the time of this report.
6. Engineering is working with the owner of a manufacturing building at 2201 Blue Springs Road concerning changes to the existing facility and the electric service.
7. The Cleveland Courts Project at Cedar Lane and Smith Drive SW is in the design phase. Engineering has worked out details with the electrical contractor, and the contractor is installing the required underground conduit system at this time.
8. The State Route 60 Georgetown Road Project is still in the review and design phase at this point. Engineering submitted the second round of comments from the review of the project. CU was then informed the turn-in date for the final construction plans has been changed to June 3, 2020, due to delays in right-of-way acquisition.
9. A work order was issued and work completed to provide electrical service to a new industrial customer located at 4100 Old Tasso Road. Two new 1500 kVA pad-mount transformers were replaced at the site due to the age of the existing facilities. The anticipated load is 2,600 kW and the cost of the project is estimated to be \$67,597.11.
10. A 300 kVA pad-mount transformer and 1,530 feet of underground primary conductor were installed to provide service to the Westmore Church of God on Legacy Parkway. The anticipated load is 275 kW.
11. A 225 kVA pad-mount transformer and 600 feet of underground primary conductor was installed for the new Erlanger Medical Building on Holiday Inn Express Way to serve the new 190 kW load.
12. CMS Utility Services installed the new pole racks at the Harrison Building on September 10. The new racks will be used to store most of CU's transmission pole stock presently stored at the Guthrie Drive location on the pole yard. The pole relocation will free up a great amount of space at this location and allow for additional materials to be stocked here.
13. Borden took a moment to recognize all of the Electric Division employees who have worked hard every day to serve almost 32,000 customers. He said, "Many of these employees have retired before me, but their work remains in place. It has been an honor and privilege working with them all and to see all their accomplishments in my 38 years here at Cleveland Utilities. We have received numerous recognitions for these efforts with a perfect score of 100 achieving Diamond Level for an APPA Reliable Public Power Provider and were recognized this year for the highest tier ratings for system reliability. Thank you for the support this Board has given through the years, so this could be accomplished. I have worked under four different Managers or CEOs and they have all been supportive of these efforts. I know I will be leaving the system in good hands and will greatly miss the people I have worked with, including this Board."
14. A report was presented regarding traffic lighting:

- A work order was released and the work completed by CU's traffic light crew to install a Blank Out Sign at Paul Huff Parkway and Peerless Road. The new sign illuminates during the times of 7:15 AM to 8:15 AM and prohibits a right turn on red from Paul Huff Parkway eastbound to Peerless Road southbound. During other hours the sign is blank and the right on red turn movement is allowed. In addition, a protected left turn signal was added for traffic heading east on Paul Huff and turning left into the new Paul Huff Corners development.
- Borden also recognized the hard work performed by Traffic Signal Coordinator Tad Bacon and Traffic Light Crewmen Tim Delk, Jeremy Chastain, Jimmy Long, Joe Millsaps, Jason Parker and Travis Defriese. Since assuming the engineering design and timing responsibilities from the City in 2010, CU's staff has worked tirelessly to improve the traffic flow in the City of Cleveland and Bradley County. There has been a tremendous amount of traffic growth in Cleveland, and the improvements made to the traffic control system continues to help citizens. Borden also expressed appreciation to the City of Cleveland for their support with the needed projects. City Transportation Manager David Sheely and Tad Bacon have worked closely together on many of these important projects.

15. Borden advised this would be his last board report prior to his upcoming retirement. He expressed appreciation to the Utility Board for the privilege and honor to serve them and the CU customers. On behalf of the board, Vice Chairman Cartwright thanked Borden for 38 years of service to CU as well as the residents of Cleveland and Bradley County. Everyone congratulated Borden on this milestone and wished him well.

Water Division

Craig Mullinax reported on the following:

1. J.R. Wauford is working on studies for two projects at the Wastewater Treatment Plant. The solids handling system study is nearing completion. Mike Ward transmitted the plant data for Wauford to use in finalizing the study. The alternative disinfection study is complete. CU accepted the final report on October 4.
2. W&O completed the rehabilitation of spiral lift pump no. 205 at the WWTP in the total amount of \$57,800. The final invoice has been received and the project came in less than the contracted amount of \$62,800.
3. CTI Engineering has prepared a draft plat for the Cherokee Gateway Boulevard Water Storage Tank property, which is being acquired from the Industrial Development Board (IDB). One additional easement is needed.
4. Engineering is working on a design for the Bellview Drive SE water line extension, which will consist of 610 feet of 6-inch water main. The project will include customer participation.
5. Engineering is also working on a design for the Patterson Road SE water line extension. The project will include 700 feet of 6-inch water main and customer participation.
6. The sole easement has been acquired for the Clingan Ridge Drive Water Line Extension Project. Engineering will be advertising for bids soon.
7. In reference to the 2010/2012 Annexation Project on Benton Pike & Durkee Road, 12 of the 39 easements have been acquired.
8. Hampton Backhoe completed the Haney Road Sewer Line Extension Project this week. The project was constructed for the Cleveland/Bradley County Industrial Development Authority. CU is awaiting the final invoice.

9. CU has completed the design work for both water and sewer for the Veterans Home. The project will include 646 feet of 8-inch sanitary sewer and 715 feet of 8-inch ductile iron water line. CU will be funding the installation of both utilities.
10. Miller-McCoy is working on the design for the Lee University Track sewer and water line relocation. The project will include 375 feet of 16-inch ductile iron sanitary sewer, 450 feet of 8-inch PVC sewer, 240 feet of 12-inch ductile iron water line and 200 feet of 6-inch water line. Lee University is funding the relocation of utilities.
11. CU's engineering staff has completed the design for the Ocoee Coffeehouse sewer line extension at Ocoee & 23rd Streets NE. The project scope is 1,025 feet of 8-inch sanitary sewer and will require four easements, in which three have been obtained. The project cost is estimated at \$100,000 with easement costs.
12. Engineering approved plans for the Remember Me Assisted Living Facility on King Den Drive. The development will include five buildings and 1,203 feet of 8-inch sewer main.
13. Hampton Backhoe has completed the installation of the sewer (520 feet of 8-inch gravity sewer main) for the Haven @ The Grove, Phase, 2, on North Lee Highway. The water main installation should begin soon.
14. A report was provided for the ongoing Wastewater Rehabilitation Project:
 - In reference to the Basin 10A-8 Phase 2 Rehabilitation Project, the contractor has begun performing pre-CCTV work. CU is waiting on submittals from the contractor.
 - Smoke testing has been completed for the Sycamore Drive and East Keith SSES Project.
15. The Meter Department set 49 meters through September 2019 compared to 33 for September 2018 and 24 for September 2017. Of the 49 meter sets, 37 were single family homes, 2 were townhomes, 3 were irrigation and 7 were commercial.
16. The Utility Board approved the Norman Chapel Road Water Main Installation Project at the board meeting held on September 27. The approval was unique because it was based on an estimate in the amount of \$281,025, not to exceed \$300,000. CU had not received bids at the time of approval and engineering worked hard to come up with the above estimate. Unfortunately, when bids were opened, only one bid was received from Hampton Construction in the amount of \$316,323.64. Due to the high cost, CU will not complete the project. CU will work with Public Works and their contractor to relocate the water line where there are conflicts with the new storm drainage system.
17. The total amount of rainfall recorded at the CFP as of October 30, 2019, was 7.26 inches for the month.

OLD BUSINESS

Approval and Acceptance of FY 2019 Audit Report

On motion by David May, Jr., and seconded by Joe Cate, the Board of Public Utilities voted to approve and accept the Fiscal Year 2019 audit report.

NEW BUSINESS

Approval of Purchase Order to Hampton Backhoe Service, LLC

On motion by Joe Cate and seconded by Debbie Melton, the Utility Board took action to approve a purchase order to Hampton Backhoe Service, LLC, in the amount of \$66,320.44 for the installation of 540 lineal feet of 12-inch ductile iron water main. The project was required due to the City of Cleveland's project raising the elevation of Candies Lane NW and installing storm drainage in the location of the waterline. Cleveland Utilities was given a schedule to have the relocation complete by

August 21, 2019, so the general contractor Wright Brothers could begin work. The project was not budgeted, but will be funded from the Annual Capital Improvement Program account budget of \$300,000.

Approval of Purchase Order to Tech Coat, Inc.

On motion by David May, Jr., and seconded by Debbie Melton, the Board of Public Utilities voted unanimously to approve a purchase order to Tech Coat, Inc. in the amount of \$260,138 for the rehabilitation of Filters No. 3 and No. 4 at the Cleveland Filter Plant. This project consists of coating the filter walls, repair of the filter underdrain system and replacement of the filter media. This project is budgeted for FY 2019.

Approval of Resolution – Eminent Domain

On motion by Joe Cate and seconded by Debbie Melton, the Utility Board took action to approve a resolution authorizing The Cleveland Board of Public Utilities to proceed with eminent domain proceedings against the property owners Peter Bodnaruk and Peter I. Bodnariouk. The easement is required for the 9th Street SE Sanitary Sewer Project.

FUTURE BOARD MEETING DATES

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

Friday, November 22, 2019, 12:30 p.m.

Amy Ensley
Board Secretary

[Signature]
Board Chairman

11-22-19
Date