

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
MAY 22, 2020

Pursuant to Governor Lee's Executive Order 34, the Board of Public Utilities met at 12:30 p.m. electronically through teleconference. In light of COVID-19 and to help prevent its spread and in order to protect the health, safety and welfare of the public, there was not a physical location for this meeting.

The following were present through teleconference: Aubrey Ector, Chairman; Eddie Cartwright, Vice Chairman; Joe Cate, Cleveland Utilities Board; Councilman David May, Jr., Cleveland Utilities Board; Debbie Melton, Cleveland Utilities Board; Tim Henderson, President/CEO; John Corum, Administrative Services VP; Greg Clark, Wastewater Collection Manager; Amy Ensley, Utility Board Secretary; Jimmy Isom, Electric VP; Marshall Stinnett, VP/CFO; Walt Vineyard, Executive VP; and Larry Bowers, *Cleveland Daily Banner*.

Following the Pledge of Allegiance to the American Flag, John Corum delivered the invocation.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Coronavirus COVID-19 Update

There have not been any major changes to CU's current operational status since the last update. Staff is continuing to monitor the federal and state recommendations. Additionally, TVA is conducting weekly COVID-19 update telephone calls in which staff has been actively engaged.

Memorial Day Holiday

Cleveland Utilities' offices will be closed Monday, May 25, 2020, to observe Memorial Day. The Call Center will be open and regular emergency and standby services will be maintained.

Upcoming Bi-Annual TOSHA & Annual Insurance Safety Audits

The bi-annual TOSHA audit will be performed on Monday, June 1. In addition, the TVPPA/DIC Safety Audit is scheduled for June 11 & 12. Henderson advised John Corum's safety group facilitates and works extensively with these processes. Everyone has been busy making the necessary preparations.

TVA PowerPlay Scholarship Award Winner

CU has been extremely involved and has a lot of history with TVA's PowerPlay Scholarship Program. Several of CU employees' children have been awarded this scholarship in the past. This year, Mr. Shiloh Parker was one of the recipients of the scholarships in the amount of \$4,000. He is the son of Jason Parker who works in the Electric Meter Lab. This is an extreme honor for the Parker family.

MINUTES OF MAY 1, 2020

On motion by David May, Jr., and seconded by Debbie Melton, the Board of Public Utilities voted to approve the May 1, 2020, minutes as written.

CONSENT AGENDA

On motion by David May, Jr., and seconded by Vice Chairman Eddie Cartwright, the Utility Board voted unanimously to approve the following items from the Consent Agenda.

- Approval of the following written Financial, Electric, Water & Wastewater Division Reports.

Financial

1. A chart tracking the kilowatt-hour cost in residential retail electric rates for the months of June 2016 through June 2020 was reviewed. For the month of June, the residential retail

electric rate will change to 9.661 cents per kilowatt-hour, an increase of 8.84 percent over May's rate of 8.876 cents per kilowatt-hour. This rate change is driven by the change to summer rates and by TVA's Fuel Cost Adjustment. As a continued trend, Cleveland Utilities will pass the TVA FCA along to its consumers.

2. The April 2020 financial and statistical statements were presented to the Utility Board. During April, the cost of purchased power as a percentage of retail sales was 71.8 percent and can be compared to the budgeted percentage of 77.5 percent for FY 2020. The results for April 2020 are electric sales revenue of \$6,343,407 which was offset by a purchased power expense of \$4,551,419. This resulted in an operating margin of \$1,791,988. Operating expenses for the month were \$1,661,069. These revenue numbers were driven by a customer base of 32,017. The net income for the month was \$281,872 and can be compared to a budgeted net income of \$18,777.
3. For April 2020, water sales revenue was \$1,228,918. Other revenue sources contributed an additional \$141,629 for the month. Operating expenses for April totaled \$1,266,596. These revenue numbers were driven by a customer base of 32,453. The division recorded an operating income of \$103,951, which is compared to a budgeted operating income of \$90,918.
4. For April 2020, wastewater treatment revenue was \$1,034,397. Other revenue sources contributed an additional \$68,544 for the month. Operating expenses for April were \$982,331. This is compared to the budgeted amount of \$1,048,648. These revenue numbers were driven by a customer base of 19,501. The division recorded an operating income of \$120,610, which is compared to a budgeted operating income of \$113,288 for the month.

Electric Division

1. The Cherokee Gateway Substation Project is progressing. The contractor has completed the pouring of the concrete pads for the power transformers, breakers and control building. Additionally, the control building has been ordered and the design drawings are being finalized with the manufacturer. Delivery is set for late fall of this year. The power transformers are still scheduled to be delivered around the end of June. Crews are in the process of installing the underground conduit feeds for the incoming 69 kV feed and the four outgoing 13 kV feeds. The ground grid will follow and then the substation structure erection can begin.
2. There are no new updates since the last report for the Lang Street Substation Upgrade Project.
3. The steel poles have been delivered and staged at the District Substation property in preparation for the Lang Street to District transmission line upgrade. The majority of the remaining material has arrived and construction is projected to begin by the first of June.
4. The Remember Me Assisted Living Facility Project on North Lee Highway at King Den Drive is in progress. This facility will be made up of five buildings, one office building and a maintenance building. Engineering met with the electrical contractor onsite in April to discuss the installation of temporary service for a jobsite trailer. At this time, the grade work is underway. In a few weeks, engineering will begin to work with the contractor on the layout design for the permanent underground electric facilities.
5. Engineering is continuing to work with Duracell Manufacturing representatives regarding the building expansion at their facility on Mouse Creek Road. The new building will require a 2000 KVA transformer, which Duracell will be purchasing from Cleveland Utilities. The electrical

contractor has been very proactive and has already installed the required primary conduits and poured the concrete pad for the transformer. The building contractor just began constructing the walls for the facility; therefore, electric service will not be needed for several weeks. A work order to install the new transformer has not yet been released.

6. Engineering has met with the developer of two newly proposed residential subdivision developments, Brookwood and Creekwood Manor, located on 22nd Street NW just west of Cumberland Hills Subdivision. This property was annexed into the City by the previous property owner before being purchased by the present developer. The overhead primary electric line extensions done in preparation for the annexation of the property for Stone Creek Development has positioned Cleveland Utilities well to serve this new development. CU will be extending the electric lines west along 22nd Street going joint-use on the existing Volunteer Energy line route. This is similar to what was done on the previous portion of 22nd Street and New Murraytown Road NW. Further details will be reported next month.
7. Operations personnel have ordered all materials required to upgrade the 69 kV relay cabinet at CU's Payne Gap Substation. A new, more modern Schweitzer relay will be installed along with other upgrades to the cabinet. Wiring will be done at the same time. This work is expected to be completed by the end of June.
8. Operations personnel have continued working to get all CT meter locations entered into the Maintenance Connection software and scheduled for routine testing. The testing schedule is being moved from five years to three years. This month, 23 routes have been entered and scheduled for testing March 15, 2021, through August 2, 2021. CT metering is primarily used to meter high-use commercial and industrial customers, and it is very critical these installations be maintained for reliability and accuracy.
9. Garage personnel worked with a contractor to clean the 4,000 gallon diesel tank and filter the fuel after reports showed an increasing amount of sediment and water. The tank was completely pumped out, cleaned and the existing fuel was then filtered before being reinstalled. This is the main fueling tank located at CU's Water Division Building and is used by all three divisions for fueling the larger diesel trucks and equipment. The work was completed in less than one day and the tank was placed back into service.
10. A report was presented regarding traffic lighting:
 - Engineering updated the traffic controller firmware at both Exit 20 intersections. Keeping the controller's firmware updated allows CU to take advantage of added features as well as any industry enhancements and fixes. The Wavetronix radar detectors were also updated with the latest firmware.
 - The traffic cabinet at 25th & Georgetown was changed out in conjunction with the road project that is nearing completion. This should increase capacity as well as provide better reliability.

Water Division

1. Jacobs will be completing the design for the spirolift pumps safety platform at the Wastewater Treatment Plant (WWTP).
2. The Industrial Development Board (IDB) transferred the property for the Cherokee Gateway Water Storage Tank to CU on May 18, 2020. A public hearing is in the process of being scheduled.
3. The 20th Street Water Main Relocation Project has been completed in the final amount of \$67,634.

4. Hampton Backhoe has completed the Old Mouse Creek Road Water Main Extension Project. The total project cost was \$41,585.
 5. The Bigsby Creek water main extension has been completed for a total of \$14,502.
 6. The Clingan Ridge Drive Water Line Extension Project is underway. The project commenced on May 18.
 7. The Eldredge Circle water main extension is complete with the exception of testing.
 8. A redesign for the Veterans Home sanitary sewer is being evaluated due to access issues on Kile Lane.
 9. In reference to the 2019 Annexation Sewer Project for Prospect/Hensley Road, the geotechnical field work is nearing completion. The environmental work is complete, and information will be submitted to TDEC and USACE for concurrence.
 10. The Chatata Creek Pump Station emergency transfer switch was installed on May 18.
 11. Bids for the North Lee Elementary sewer relocation were received on May 19.
 12. The contractor has completed 25 percent of the sewer main for the Remember Me Assisted Living Facility on King Den Drive.
 13. An update was provided for the ongoing Wastewater Rehabilitation Project:
 - CSL is performing monthly monitoring and maintenance on 19 flow monitors. They have relocated two temporary flow monitors along Candies Lane to evaluate the flow in the Rolling Hills area.
 - In reference to the Basin 10A-8 Phase 2 Rehabilitation, the dig contractor is digging service laterals, performing cleanup and preparing to pave. CIPP lining is complete. Lining of service laterals and manhole rehabilitation continues.
 14. The Meter Department set 37 meters through April 2020 compared to 36 for April 2019 and 33 for April 2018. A total of 370 meters have been set for FY 2020. Of the 37 sets, 28 were single family homes, 4 were apartments, 3 were duplexes, 1 was a townhome and 1 was commercial.
- Approval of Engagement Letter for the Fiscal Year 2020 Audit in the contract amount of \$36,000 with Wedgewood Accounting, PLLC. This is the same firm CU has been using for the audit process; however, they officially changed their name last fall.
 - Approval of updated solar installation rate sheet effective June 1, 2020. This document has been updated to reflect a new naming structure due to TVA ending its Green Power Provider (GPP) Program and beginning the Dispersed Power Provider (DPP) Program. In addition, a new section has been incorporated for Behind the Meter Solar Installation charges. The monthly administrative and application charges have been removed from this section.
 - Approval of an agreement with Rardin & Carroll Architects, Inc., in the amount of \$97,400 for architectural services in designing the new Wastewater Collection, IT, and Wellness Building. Construction of the project is budgeted for FY 2020 and FY 2021.
 - Approval of a purchase order to Jackie Evans Trucking Company in the amount not to exceed of \$72,600 for the removal of alum sludge, approximately 440 loads, from the Cleveland Filter Plant. The service period is from July 1, 2020 to June 30, 2021. The service is budgeted for FY 2021 and is sole source.

- Approval of a purchase order to Wright Industrial Group, LLC, in the amount of \$57,014 for the piping modifications at the WWTP headworks. The project consists of the furnishing of all materials and installation of stainless steel piping to replace a portion of the existing PVC piping and related appurtenances at the headworks screens at the Wastewater Treatment Plant. Wright Industrial Group submitted the low bid.
- Approval to award a contract to Mansfield Industrial, Inc., in the amount of \$196,126 for the Cleveland Filter Plant Facility Painting Project. The project consists of the painting of various rooms including Filter Room, Pipe Gallery, Lobby & Stairwell, Alum Room, Maintenance Room, and Chlorinator Room inside the CFP and other miscellaneous modifications and repairs. Mansfield Industrial submitted the low bid.
- Approval of an agreement with J. R. Wauford & Company, Consulting Engineers, Inc., in the amount of \$360,000 for the design to cease the use of gaseous chlorine for disinfection and gaseous sulfur dioxide for dechlorination and implement a project using ultraviolet light technology for disinfection at the WWTP. This includes design, bidding and engineering services during construction.

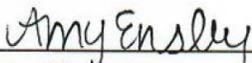
OTHER BUSINESS

Future Board Meeting Dates

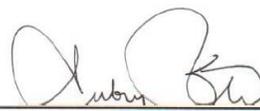
Future scheduled board meeting dates at the Tom Wheeler Training Center are as follows:
 Friday, June 26, 2020, 12:30 p.m.

ADJOURNMENT

On motion by Joe Cate and seconded by Debbie Melton, the Board of Public Utilities voted unanimously to adjourn the meeting. In closing, Chairman Ector expressed appreciation to everyone for taking the proper precautions during this pandemic.



 Board Secretary



 Board Chairman

June 26, 2020

 Date