

MINUTES OF REGULAR MEETING
CLEVELAND UTILITIES BOARD
JULY 27, 2017

The Board of Public Utilities met at 3:00 p.m. at the Tom Wheeler Training Center.
Present were the following: Aubrey Ector, Chairman; Eddie Cartwright, Vice Chairman; Tom Rowland, Mayor; Joe Cate, Cleveland Utilities Board; Tim Henderson, President/CEO; Walt Vineyard, Executive VP; Amy Ensley, Utility Board Secretary; Bart Borden, VP Electric Division; Marshall Stinnett, VP/CFO; Philip Luce, Water and Wastewater Engineering Manager; John Corum, VP Administrative Services; Jan Runyon, Assistant VP Administrative Services; Jamie Creekmore, Supervisor Customer Relations; Lisa Coffey, Supervisor of Water Plants, Konya Smith, Operator; Steve Barger, Director of Environmental & Regulatory Compliance; and Larry Bowers, *Cleveland Daily Banner*. Following the Pledge of Allegiance to the American Flag, Jamie Creekmore delivered the invocation.

MINUTES OF JUNE 30, 2017

On motion by Vice Chairman Eddie Cartwright and seconded by Mayor Tom Rowland, the Board of Public Utilities voted to approve the June 30, 2017, minutes as written.

MANAGER'S UPDATE AND ANNOUNCEMENTS

Appreciation

President/CEO Tim Henderson expressed gratitude to the Utility Board for their support and recognition of the recent passing of his father.

United Way Day of Action

CU took part in Bradley County's United Way Day of Action on Friday, July 21, 2017, for the fifth year. A brief video of the day created by Jamie Creekmore was shown. Two teams comprised of 18 employees worked at North Lee Elementary School completing various tasks from weeding flower beds, planting flowers, mulching, painting, pressure washing, etc. After working, all of the volunteers participated in a game of Family Feud, and one of CU's teams won the game.

Volleyball Tournament

The River Counties Association of Realtors "Volley for a Cure" Volleyball Tournament will be held on Thursday, August 17, 2017, in the Cleveland State Community College gymnasium. This will be the fourth year employees have participated. CU has won two of the three previous tournaments. All proceeds benefit the American Cancer Society.

AWWA Scholarship Award

Henderson and Lisa Coffey recognized employee Konya Smith for being a recent recipient of the 2017 One American Water Works Association (AWWA) Operator Scholarship in the amount of \$1,000. Smith has been with CU since February 2016 and began as an Operator Trainee at the Hiwassee Utilities Commission (HUC) Plant and has since become a Class III Drinking Water Operator. She is a valuable asset to Cleveland Utilities as dependable, driven and continually seeking a better understanding about the field. Coffey said, "We are very proud of Konya and look forward to watching her grow and excel not only in her education, but her career and personal life."

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 August 2013 through August 2017 was reviewed. For the month of August, the residential electric rate will change to 9.859 cents per kilowatt-hour, a decrease of 2.27 percent over July's rate of 10.089 cents. This rate change is driven by TVA's Fuel Cost Adjustment.
2. Since June represents the end of fiscal year 2017, the books are remaining open longer than usual in order to make all year-end entries. In addition, CU is waiting on information from the state regarding the pension plans. Therefore, the regular financial and statistical report from June 2017 was not reported. In the electric division, the cost of purchased power as a percentage of retail sales was 80.4 percent as compared to a budgeted percentage of 80.9 percent for the fiscal year. Electric sales revenue for June totaled \$9,021,547, which was offset by purchased power of \$7,069,557. This resulted in an operating margin of \$1,951,991. Electric sales revenue for FY 2017 totaled \$99,657,928, which was offset by purchased power of \$80,105,707. This resulted in an operating margin of \$19,552,221, compared to a budgeted margin of \$19,225,775.
3. The water division sold 263,764,500 gallons of water as compared to 267,124,828 gallons as budgeted for June 2017. This resulted in water sales revenue for the month of \$1,221,279 plus or minus any meter reading cycle adjustment. The budgeted amount was \$1,288,557. Water sales revenue for FY 2017 totaled \$14,505,011 plus or minus any meter reading cycle adjustment, compared to the budgeted amount of \$14,040,954.
4. The wastewater division billed for 169,504,500 gallons of wastewater, as compared to 161,890,890 gallons as budgeted for June 2017. This resulted in wastewater treatment revenue for the month of \$1,062,594 plus or minus any meter reading cycle adjustment. The budgeted amount was \$1,000,069. Wastewater sales revenue for FY 2017 totaled \$12,303,709 plus or minus any meter reading cycle adjustment, compared to the budgeted amount of \$11,886,579.

Electric Division

Bart Borden reported on the following:

1. Construction for the Harriman Road/Spring Branch Industrial Park transmission line project is expected to begin soon. Three of the four truckloads of steel transmission poles have been delivered and are being staged at the South Cleveland Substation site on Stone Lake Road. The fourth load is expected to be delivered the first of next week. When crews complete the Lang Street to District Phase 1 construction, which is estimated at two weeks, they will then move to this project.
2. The Cleveland State Community College switchgear and metering project is nearing completion. CU crews removed the remaining overhead lines, the fault interrupter, primary metering and all but one pole associated with the old overhead primary feed to the college, while there is a student semester break. The remaining pole is due to Charter Communications and AT&T still being attached and requiring transfers to the new pole.
3. A great deal of work was completed for the Phase I of the District to Lang Street 69 kV transmission reconductor project. As stated earlier, only two more weeks of construction is expected to complete this project. Several photographs of the project were viewed.

4. Work is progressing on the new overhead line for the annexation of Freewill Road to 22nd Street. Pictures of this project were shown. CU's line crews installed and framed the 15 joint-use distribution poles along Freewill Road. The primary conductors have been installed in the top position for Volunteer Energy Cooperative's circuit that feeds through this area. Presently, Cleveland Utilities crews are pulling in the 795 MCM AAC conductors. The work on this project and others have been difficult due to the high heat indexes being experienced, and crews have been cautioned to take frequent hydration breaks. The FR long sleeve shirts, large rubber gloves and hard hats retain a large amount of body heat. Borden said, "While the need for these frequent breaks are obvious to many people, I would ask all of the public to understand." Henderson informed a policy to formally address the heat component is being formulated and expected to be presented to the Utility Board for consideration in the near future. The policy will be supported by experience and data from OSHA and other organizations that provide guidelines on what is dangerous from a heat index perspective.
5. AT&T has installed all of the required poles along the roadway for the Randolph Samples Road tie line. This project is presently on hold due to the large amount of construction work reported in the previous projects.
6. An update was given for the East Cleveland 161/69 kV single-phase power transformer. Staff has exhausted all of the known manufacturers who could possibly rebuild the failed unit. Eight (8) rebuilders were contacted, and all stated they cannot rebuild the unit. Several were eliminated due to the size of the transformer, and the remainder were eliminated due to the construction type of the transformer. CU's engineering consultant, Fisher and Arnold, is presently working on specifications for a new power transformer and met with Engineering Manager Jimmy Isom yesterday to discuss some final details. When the specifications are completed, bids will be requested from CU's approved suppliers.
7. Specifications and requests for bids were sent out to replace a 2002 digger derrick truck budgeted at \$320,000. Bids were opened on Tuesday, July 25, and the low bidder's submittal is presently being evaluated. The recommendation for purchase will be presented to the Utility Board for consideration in August.
8. Enhancements are being made to the ongoing Milner Work Flow Environment project. In 2006, CU's Engineering Department created a paperless work order system utilizing Adobe Acrobat PDF (Portable Document Format) and in 2008 took the system to a higher level of approval process through the Adobe Professional product with the assistance of a local Adobe expert, Tom Carson. In 2013, Milner PDF document handling system was interfaced with the Central Service Association's (CSA) customer billing system utilized by Cleveland Utilities. Milner reviewed the current paperless work order system and expressed an interest to automate the approval and notification process by writing code and interfaces to route the work orders from applications to engineering, then to operations and finally to accounting. CU is presently testing the new system and can see efficiency improvements over the present processes being used. Milner and CSA plan to make the product available to their customers when it is finalized.
9. An update was presented on traffic lighting:
 - During the month of June, numerous traffic light maintenance related work was conducted by both CU's field crews and the Traffic Signal Coordinator. Work ranged from removing unused cabling internal to the control cabinet,

correcting communication issues, replacing failed components in the vehicle detection inputs and preventing water intrusion into the control cabinets. With the heavy rainfalls and lightning experienced during the month, numerous issues arose and were corrected.

Water Division

Philip Luce reported on the following in the absence of Craig Mullinax:

1. The bid date for the headworks rehabilitation project at the Wastewater Treatment Plant is scheduled for August 8, 2017.
2. The Cleveland Filter Plant (CFP) property was annexed into the city on July 10, 2017.
3. Gilispie Construction has completed 95 percent of the liquid fluoride conversion project at the CFP. The remaining work is expected to be completed by the end of this week.
4. NABCO plans to begin the interior lighting improvements project at the CFP the week of August 8, 2017.
5. The liquid fluoride conversion and other projects at the Waterville Water Plant is complete, with the exception of some trim work around the windows.
6. In reference to the 24-inch water main extension from Tasso Lane NE to the HUC Water Treatment Plant, the line installation is complete and testing is in progress. The line is anticipated to be placed in service in a few weeks.
7. The bid date for the Georgetown Road Water Storage Tank, Booster Pump Station and Water Main Extension project is scheduled for August 15, 2017.
8. Angel Construction has completed the Cross Lane/Brymer Creek Road water main replacement project. The final contract amount will be updated when the contractor sends the invoice.
9. Hampton Backhoe has completed the water main installation on Craigmiles Street and Ridgeview Drive; however, the line still has to be tested and sterilized. In addition, the line installation remains to be done on Cherokee Drive.
10. The notice to proceed for the overflow pump station modifications project is effective August 1, 2017.
11. Engineering is awaiting information from the developers for the following plans under review:
 - Eagle Creek, Phase 3, on North Mouse Creek Road
 - Stonebriar Subdivision on Old Tasso Road
 - Buckner Farms Subdivision on Lead Mine Valley Road
12. An update was provided for the following developments under construction:
 - The contractor began the Spring Branch Industrial Park project several weeks ago. As of yesterday, the utility subcontractor started work.
 - The water main relocation has been completed for Lake Forest Middle School. Sampling is underway, and the line will be placed in service within the next week.
 - The Ashwood Place Subdivision project is in progress.
13. An update was provided for the Wastewater Rehabilitation Project:
 - In reference to the Basin 10A-8 SSES project, CCTV work is ongoing with 3 crews currently performing work. An estimated 133,473 feet (25.6 miles) has been completed to date.

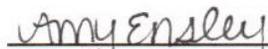
- Portland Utilities has lined or pipe bursted 40 main line sewer sections totaling 9,100 feet for the 2017 Rehabilitation Project, Basin 31-45 & 10-36. In addition, the manhole contractor has rehabilitated 40 manholes. 15 laterals have been excavated, and the dig contractor is currently installing cleanouts for lateral lining.
 - The State Revolving Fund (SRF) approved the bid package for Phase 2 of 2017 Rehabilitation Project, Basin 31-45 & 10-36, and construction will soon commence.
14. The meter department set 37 meters through June 2017, compared to 50 for June 2016 and 33 for June 2015. Of the 37 meter sets, 30 were single-family homes, 6 were townhomes and 1 was commercial.
15. The total amount of rainfall recorded at the Cleveland Filter Plant thru July 24, 2017, was 34.59 inches for the year. As a comparison, the average is 33.75 inches.

OTHER BUSINESS

Future Board Meeting Dates

Following is a list of future board meeting dates to be held at the Tom Wheeler Training Center:

- Thursday, August 24, 2017, 3:00 p.m.
- Thursday, September 28, 2017, 3:00 p.m.
- Thursday, October 26, 2017, 3:00 p.m.



Utility Board Secretary



Board Chairman

8-24-17

Date