OCOEE UTILITY DISTRICT

BOARD OF COMMISSIONERS MEETING MINUTES

July 27, 2026

OCOEE UTILITY DISTRICT OFFICE 1:00pm

This is a review draft — not the official record until adopted by the Board.

Members & Others Present

Board of Commissioners

- Shawn Willis — President (presiding)
- Hank Wilson — Vice President
- Ryan Ulrich — Secretary

Staff present

- Ben Witt — General Manager (facilitated the agenda and presented the staff reports)
- Andrea Witt — Financial Director (presented the June financial report)
- Nikki McDaniel — Office Manager

Others present (via Microsoft Teams)

- Jason English — District Engineer, IDG (Inflo Design Group)
- Darren Duncan — Chief Information Security Officer, United Systems & Software, Inc.

No members of the public appeared. Ms. Cathy Haynes, listed under Public Comment, did not attend; her written request was presented by the General Manager.

A. Call to Order

Meeting called to order at 1:00 p.m. EST by President Willis. The General Manager confirmed the meeting was being recorded and welcomed the two participants attending by Microsoft Teams.

B. Pledge of Allegiance

Pledge of Allegiance to the Flag of the United States of America recited.

C. Roll Call

President Willis present; Vice President Wilson present; Secretary Ulrich present. Quorum established.

D. Approval of the June 22, 2026 Board Meeting Minutes

The June 22, 2026 Board Meeting minutes (included in the packet) were reviewed. No questions.

Motion to approve made by **Vice President Hank Wilson** and seconded by **Secretary Ryan Ulrich**. **Vote: roll call, all in favor (3-0). Minutes adopted.** The Secretary executed the signature page.

E. Public Comment Section

1. Cathy Haynes — 169 Shannon Road, Old Fort, TN — request for leak-bill relief.

The General Manager presented Ms. Haynes' written request, submitted on an OUD Board Consideration Form dated July 16, 2026 with her letter attached (packet pp. 11-12). The request concerns account **0020-24482-001**, service address **169-A Shannon Road, Old Fort, TN 37362**. The account's transaction history (packet p. 13) shows the June 30, 2026 water billing at **326,100 gallons — $3,713.58 plus a $7.10 surcharge — leaving an outstanding balance of $3,721.00**, effectively all of it attributable to the leak. Her regular monthly billing on the account otherwise runs approximately $208 to $270.

Background presented to the Board:

1. The service meter for the four poultry houses is set on Sid Shannon Road, a substantial distance from the property, because the water main has never been extended down Shannon Road. The District's mapping shows the run to be under 2,000 feet.
2. The leak was not readily observable given the distance and wooded terrain. District staff identified the high usage and notified the customer, who located and repaired the leak promptly.
3. The account is an agricultural service and is **not eligible** for the District's ServLine leak-protection program. The Office/Billing Manager confirmed with the carrier that the program covers a single dwelling or structure per meter; because multiple poultry houses are served from the one meter, coverage would not extend beyond the first structure, which is why participation on agricultural accounts is minimal.
4. **District policy does not permit adjustment of a water bill.** The relief available is an extended payment arrangement. Staff had already offered the maximum six months permitted under current policy; the customer requested longer, which is why the matter came to the Board on a Board Consideration Form.

5. The Board noted the customer has been cooperative throughout — she repaired the leak on notification and has stayed in contact with the office.

Board discussion concluded that a bill adjustment could not be made consistent with District policy, and that relief should instead be granted as an extended payment term, applied as policy rather than as a one-time exception.

Motion to extend Ms. Haynes' payment arrangement to a 24-month term made **by Secratary Ryan Ulrich, and Seconded by President Shawn Willis**— $155.04 per month against the $3,721.00 balance, in addition to her regular monthly water bill.

Vote: roll call, all in favor (3-0). Motion adopted.

The Board separately took up the General Manager's standing request for guidance on extended payment arrangements — see Item H.1.

F. Financials

1. June 2026 Financial Report (fiscal year-end).

The Financial Director presented the June 2026 report, noting it is the fiscal year-end statement and that several year-end adjustments were made in the preceding week with the District's financial advisor, Daniel Peterson:

- **Depreciation schedule and asset write-off.** The depreciation schedule was reviewed with the General Manager, and an out-of-service line on Old Parksville Rd. — carrying no flow — was abandoned and written off on the advisor's recommendation. The June statement records a **Loss on Disposal of Assets of** **$802,874** for the month ($782,724 year to date, against a budget of $40,000), and Construction in Progress falls **$609,840** for the month as the related project balances are cleared — Ball Road WTP property $495,228, Ball Road distribution main $127,200, Ball Road raw water transmission $29,600, Ball Road WWTP property $17,600, Old Parksville Road HDPE Phase 2 $52,411, and the Water Reuse grant project $32,900, each written down to zero. This is the source of most of the red on the statement.
- **Results.** Statutory Change in Net Position of **$2,010,699** year to date (175% of the $1,149,531 budget), against a **$(160,593)** result for the month alone; Total Change in Net Position, including capital contributions and grants, of **$2,647,520** year to date.
- **Liquidity and ratios.** Days cash on hand improved to **92 days**, up from 87 at the beginning of the month — a gain of five days. Debt service coverage 2.28 (minimum 1.20); quick ratio 1.53 (minimum 1.50); operating ratio 156%; debt-to-equity 206%; asset depreciation 33.53%. Funds continue to be moved monthly into the LGIP.

- **Payables cleared before year-end.** Engineering (OHM), bond counsel (the Pat Alexander / Bradley matter), and the outstanding TDOT **invoice for the SR-40 bridge over the Ocoee River (LM 3.12)** — the residual betterment item for the bridge pipe hanger and restraint system, invoiced at **$51,406.15** as the District's 16.71% share — were all paid in June so the new fiscal year would begin clean. These payments account for the increases visible in the legal, engineering, and accounting lines.
- **Inventory adjustment.** The physical inventory was counted with updated pricing for the first time in recent years, and the correction runs through the statement as negative monthly activity in materials and supplies: **Materials & Supplies – Water $(226,036)** and **Materials & Supplies – Waste Water $(116,768)**, a combined credit of **$342,804**, which is why total operating expenses for the month are only $163,796. Staff reported on the floor that water inventory alone counted out at roughly $486,000 against about $208,000 a year ago, and that total inventory carried at approximately $290,000 was found to be over $600,000 — the increase driven by pricing that had not been updated in recent years rather than by additional stock. The Board confirmed the adjustment is a favorable one and carries no tax consequence to the District.
- **Audit.** The FYE'26 auditors begin Wednesday, July 29, 2026; year-end materials have been prepared for them.

Motion to approve the June 2026 financial report made by **Secretary Ryan Ulrich and seconded by President Shawn Willis. Vote: roll call, all in favor (3-0). Report approved.**

2. Bank Reconciliation Report. Reviewed with the financial report and signed by **Secrarary Ryan Ulrich**. No questions and no separate action taken.

G. Old Business

1. FY27 Budget Adjustment — General Manager cost-of-living salary increase.

The General Manager presented his written request (packet, pp. 27-28) that the Board approve an increase to the General Manager's salary consistent with this year's District-wide employee increase of 3.5%. He explained that the District's CPA advised the General Manager's compensation must be set by the Board separately from the general employee increase, and that the request is entirely at the Board's discretion.

Related discussion:

- Employee raises were formerly split between January 1 and July 1. Effective this year all raises are given once, on July 1. Staff were polled and supported the single-raise approach; the split increases had been unpopular because each half was small.

- The 3.5% is a floor; approximately five or six employees received additional merit increases for stepping into expanded roles.
- The Christmas bonus (one week's salary, distributed at Thanksgiving) is calculated off the raised rate and has been built into the FY27 budget.

The Board expressed that the District's performance and management this year warranted more than the amount requested.

Motion that the General Manager's salary increase be set at 5% by President Shawn Willis and seconded by Secretary Ryan Ulrich, in place of the 3.5% requested.

Vote: roll call, all in favor (3-0). Motion adopted. The request document was executed by the Board.

H. New Business

1. Payment Arrangement Policy — extension of management authority from 6 months to 12 months.

Taken up during the Item E discussion at the General Manager's direction and recorded here. The General Manager had placed an open discussion item in his management report seeking Board guidance on leak balances exceeding the new **$5,000** ServLine leak-insurance limit, and on how long a payment arrangement staff may offer before a matter must come to the Board.

Current policy allows staff to offer up to six months. The Board's view was that staff should be able to resolve routine cases immediately rather than wait for a monthly meeting, reserving Board Consideration Forms for genuinely exceptional cases such as the Haynes request. The Board declined to make a 24-month term the standing policy.

Motion to extend the payment-arrangement authority under the District's payment arrangement policy from 6 months to 12 months made by President Shawn Willis and seconded by Vice President Hank Wilson.

Vote: roll call, all in favor (3-0). Motion adopted.

The General Manager will rewrite the policy to reflect the 12-month authority and present the revised policy to the Board for formal adoption at the August meeting.

2. Board request — digital copy of the District policy manual. The Board asked for a complete digital copy of the District's policies. Provided by Niki.

I. Management Reports — Ben Witt, General Manager

Cybersecurity presentation — United Systems Security+ (taken out of order, at the head of the report, to accommodate the presenter's schedule).

Derren Duncan, Chief Information Security Officer at United Systems & Software, Inc., presented the Security+ program (quote USSQ2568, in the packet). Points presented:

- In 2022 the federal government designated water, gas, and electric utilities as critical infrastructure. Tennessee Senate Bill 2282 (2021-2022 sessions) required each such utility to have a cyber plan effective June 1, 2023. The requirement was written loosely because of the range of utility sizes; the Security+ program was developed in conjunction with the Comptroller's Office to meet it.
- Four pillars: prevention, detection, response, and compliance. Compliance is the documented proof — policies plus an audit of adherence to those policies.
- Included services: SIEM log aggregation; vulnerability scanning three times weekly and patching twice weekly; quarterly penetration testing; and a 24/7/365 security operations center (MDR/CDR/EDR). Remediation is ongoing rather than one-time.
- Deliverable binder containing a cybersecurity scorecard, risk assessment, operational plan, and the top-ten CIS control policies — including the written information security policy and incident response policy that cyber-liability insurers now require.
- United Systems runs the same tool stack internally and holds SOC 2 Type 2 certification for two consecutive years.
- **Pricing (quote USSQ2568, effective date July 13, 2026, packet pp. 44-53).** Standard is $12,000 per year; a 10% discount was extended, fixing the price at **$10,800 per year ($900/month)** for the full five-year term. The quote as written covers **one location — "INITIAL LOCATION (1), $10,800; ADDITIONAL LOCATIONS (0)"** — for a stated total, inclusive of all taxes, of **$10,800**; it does not state a price for any additional location. Services outside the agreement bill at **$250 per hour plus travel expenses**, which the presenter stated he has never invoiced to a Security+ customer. The agreement carries a five-year term that automatically renews for successive five-year terms; the presenter committed to providing notice 90 days ahead of renewal so the Board can consider it at a meeting. Reports can be produced on request; the General Manager asked for status reports at least twice a year to share with the Board.
- Implementation: tools deployed on all machines the same day; formal risk assessment approximately two weeks; binder delivered thereafter.
- In response to a question from the Office/Billing Manager about working securely away from the office, the presenter described two options — an IPsec VPN tunnel or (preferred) Splashtop remote access to an in-office workstation; both encrypt traffic.

Board discussion after the presenter left the meeting:

- cybersecurity beyond its cyber-liability insurance.
- The General Manager's rationale for United Systems is that they already host the District's billing software and data — a single vendor for the whole environment. The Board noted the corresponding concentration of risk.
- The District Engineer reported that IDG itself was the target of a spoofing attack — a lookalike domain substituting a lowercase "l" for the capital "I" in the firm name — sending invoices that appeared to come from IDG and requesting electronic payment. A municipal client of IDG's had six-figure developer payments intercepted, and another utility had a paper check to a tank-painting contractor stolen from the mail and cashed in Miami.
- The District Engineer asked whether the two water plants would be treated as additional locations. The quote in the packet is written for a single location and carries no additional-location pricing, so the question is open with the vendor; the General Manager will clarify before any decision.
- The Board did not act on the agreement. **The Board directed that a second proposal be obtained before any decision**, on the reasoning that the District is a public body and should have a competing quote in hand. The General Manager will obtain a second proposal and report back.

1. Distribution / Water Loss.

Water loss for the period was **49%**, up from **37%** the prior month. Total leaks 23 (8 main, 15 service) accounting for **6,844,900 gallons**; flushing 38,000; BCFD 2,210; PCFD N/A; new meter sets 7; new sewer taps 0; meter change-outs 0. Gallons pumped 94,848,849; accounted for 51,859,510; unaccountable loss 42,989,339. The General Manager reported he was disappointed in the result, having expected a better month following the Old Parksville Road HDPE replacement, and noted that consumption is historically higher this time of year, which normally reduces the loss percentage. The next reporting period may give a truer picture.

2. Wastewater Updates.

- **Benton regional connection.** The General Manager and District Engineer spoke with John King (CTI Engineers) on July 16. The feasibility evaluation is expected by the end of the month. Detail is being withheld until the study is in hand. Covered further under Item J.
- **ARPA funds — revised scope to engineering planning.** Documentation compiled by District staff and DPCPA back to April 2021, including the original 2019 OHM procurement, has been submitted through the Southeast Tennessee Development District to TDEC and Ernst & Young. The District has requested that the procurement be returned to draft status so additional documentation can be uploaded, that funds be reallocated from the Capital Purchase line to the Design line, and that the project transition to a planning-focused regionalization study with Polk County. The official request letter is in the packet. If the reimbursement is recovered in full it would be approximately **$1.3 million** returning to the District's general fund, unrestricted as to use.

- **Johnston Estates.** Clay's crew continues to work the plant, including tree and vegetation issues in the drip zone. Central States Water Resources (CSWR) has been unresponsive in recent months, so the District is exploring other options for selling Johnston Estates.
- **Brighton Ridge.** The plant is in good condition; new fencing is scheduled for installation at the end of July. Following heavy rain, the District placed gravel and straw wattles to shore up several areas of ground movement. Some movement attributed to the District was traced to a hillside cut made to widen the road; drainage was redirected and the developer has remaining work of its own.

3. Water Plant Updates.

- **Purifics PFAS pilot.** The pilot is currently stopped. Samples collected June 26, 2026 were analyzed by Eurofins Environment Testing (via Waypoint Analytical) under EPA Methods 533 and 537.1; the lab report and conclusion summary are in the packet. Results are a good start and plant staff are pleasantly surprised. The lines that had fouled with CAC have been cleared and flow restored. The unit will be brought back online with adjustments and three to four additional sample sets taken. The laboratory must add a Field Reagent Blank to be consistent with regulatory compliance sampling. The General Manager and District Engineer will evaluate the final results together.
- **Plant operations.** Both plants are running well. Turbidity spikes during rain events have moderated as the clear-cut property upstream regrows.

4. Operations / Administration.

- **FYE'26 audit** begins Wednesday, July 29, 2026.
- **Bradley / Pat Alexander invoice.** Payment has been received. **This matter is now closed.** (The $60,000 settlement, down from over $93,000, was authorized at the June 22, 2026 meeting and is recorded in the June minutes adopted at Item D.)
- **Vehicle purchase.** The sealed-bid package for the 2027 Ford F-150 was re-sent to the three potential bidders; the manufacturer's ordering portal has been delayed. Rather than lose time, the General Manager may poll the Commissioners on the low bid when it arrives and bring the confirmation to the next regular meeting, or call a special meeting if needed.
- **IDG Task Order #7** — the Risk and Resiliency Assessment update — was completed and submitted in compliance, ahead of the June 30 deadline.
- **Payment arrangements.** The open discussion requested in the report was held during Item E; action recorded at Item H.1.
- **TAUD Business Conference, August 12-14, 2026.** Three District staff members will attend along with Patrick Skelton, who holds a backflow license and will earn continuing-education credit; The Commissioners will not attend.

5. General.

- **Maintenance bond — Old Parksville Ridge.** The developer posted the 15% maintenance bond although the District had advised it was not required, then was asked to withdraw it. **The District waived the 15% maintenance bond in lieu of a Letter of Warranty**, and the General Manager signed a letter to the developer's bank accepting the warranty per the standard general agreement. A copy of the letter is in the packet.
- **Cybersecurity advisory.** The General Manager circulated a July 23, 2026 excerpt forwarded from the State regarding a CISA advisory on ongoing exploitation of internet-connected operational technology devices, including major PLC platforms, across U.S. critical infrastructure — with water and wastewater systems specifically named among the targeted sectors.
- **Bad-debt review.** The General Manager continues to report on large bad-debt accounts and their collection status (in-house collections, third-party collectors, lien judgments).
- **District v. Melanie Lawson.** Judgment was entered in favor of the District following the July 1, 2026 court date. In resolving the final week of service at issue the court split the disputed amount, reducing the District's award by approximately **$600** . **Mrs. Lawson did not appeal by the July 13, 2026 deadline.** The District's attorney, Todd Gee, wrote her on July 14 offering payment, lien, or garnishment. Per Mr. Gee: *"Ms. Lawson asked me yesterday how she should make the payments. I told her to make them through the clerk's office."* Payments will therefore run from the customer to the court clerk, from the clerk to the District's attorney, and from the attorney to the District. The Office/Billing Manager has asked Mr. Gee for clarification on the amount and timeframe; if the payments offered are nominal, counsel will move to garnishment. The Board asked to be notified if payments are not made. The matter is otherwise closed.
- **Impact Fund.** The bank statement showing disbursements to awardees is in the packet. The application portal for fall 2026 is expected to open this week. The General Manager was thanked in person by a veteran grant recipient and encouraged him to apply again; the District went nearly four years without a veterans' association grant application.
- **FY27 budget — Comptroller approval.** The letter from the Comptroller's office congratulating the District on submitting the FY2027 budget on time and within the current fiscal year is in the packet. The General Manager received the approval notice on June 22, 2026, immediately after last month's Board meeting. **The Board acknowledged the approval for the record.**
- **Budget now in the accounting system.** For the first time the adopted budget has been entered into the accounting system, so the monthly financial statements will show actual-versus-budget on the graphs rather than the arbitrary prior-year figures previously used. The budget was built jointly by the General Manager, the Financial Director, and the District's CPA.

J. Consultants / Engineers — Update on Current Projects (Jason English, IDG / Inflo Design Group)

District Engineer Jason English attended by Microsoft Teams.

- **Benton regional wastewater connection.** Communication with John King (CTI Engineers) continues but traction has been limited; Benton's position shifts.
- **Plan B — District-owned plant.** If the regional connection does not materialize, the alternative is for the District to build its own plant and drip fields. From groundbreaking this would take approximately **9 to 12 months**. The draft SOP exists and the force main is pending TDEC approval on the current round of comments. Outside the ARPA funding the District would still follow state and District procurement requirements, but without the federal red tape —A simpler process with wider specifications, or pre-qualified vendors, would be available. The plant need not be built to 100,000 gpd; it can be sized to a reasonable forecast, and capacity fees would be adjusted to return an equitable share of the plant cost.
- **Risk & Resiliency Plan.** Wrapped up in June and submitted to the EPA. It will serve as a starting point for the Emergency Operations Plan and gives the District a documented inventory and condition assessment.
- **Rymer Road force main.** OHM has received TDEC comments and is addressing them; the contract goal is a design approved by TDEC and ready for construction if needed.
- **USDA water line replacement.** Still in limbo pending a District decision. With water loss trending up, the priority line segments should be re-evaluated and a funding path determined. Satellite leak-detection technology, seen at the water conference, may be worth evaluating either to confirm known leaks or to prioritize segments.
- **Washboard Road water main.** Essentially complete, but the water model must be finished to produce the pressure calculations for TDEC. Because Washboard connects two dead-end lines into a loop and carries no fire-flow requirement, it can be submitted on a less fully calibrated model than Old Parksville Ridge. **Target: submit in August; TDEC review is running 30 to 45 days; construction-ready approximately September or October.**
- **Hydraulic / water model.** A meeting with District staff is set this week to review system operations and begin the calibration phase. Average-day and peak-day scenarios will be generated, and GIS data, valving, and plant pumping operations confirmed.
- **Asset management plan.** No change since last month.
- **Benton Pike.** Three developments are pending with at least one major development underway. A task order for design is needed. The project was designed roughly ten years ago and will be a redesign, which should be efficient; the water model is required, and the betterment portion — developer payment for upsizing — must be determined.
- **Development agreement package.** The District and Engineer are working to streamline the development agreement package into a checkbox and flowchart format so developers can see

where they stand in the process, what documentation is required, and when fees are due. Developers may use their own engineers, with IDG performing the District's engineering review.

K. Adjournment

There being no further business, motion to adjourn made by **Secretary Ryan Ulrich and seconded by Vice President Hank Wilson. Vote: all in favor. Meeting adjourned at approximately 2:44 p.m. EST.**

Ryan Ulrich

Ryan Ulrich, Secretary

Ryan Ulrich

Ryan Ulrich, Recorder

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