OCOEE UTILITY DISTRICT

BOARD OF COMMISSIONERS MEETING

August 24, 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 July financial report)
- Niki McDaniel — Office Manager (presented the two revised policies at Items H.1 and H.2)

Others present

- Jason English — District Engineer, IDG (Inflo Design Group)
- Anthony Traylor — CITCO Water, present in the District office
- Andrew Clough — Prism, IT/OT cybersecurity consultant, attended by video for the Old Business presentation

No members of the public appeared and no one asked to address the Board.

A. Call to Order

Meeting called to order at approximately 1:00 p.m. EDT by President Willis. The General Manager confirmed the meeting was being recorded and thanked those attending.

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 July 27, 2026 Board Meeting Minutes

The July 27, 2026 Board Meeting minutes (included in the packet, pp. 3-14) were presented. No discussion.

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

E. Public Comment Section

No one appeared to address the Board. No public comment was offered.

F. Financials

1. July 2026 Financial Report.

The Financial Director presented the July 2026 report — the first month of fiscal year 2027.

- **Results.** Total operating revenue **$821,583** against a budget of $822,205 (100% of budget); total operating expenses **$564,627** against a budget of $546,755 (103%); net operating income **$256,956** against a budget of $275,450 (93%). Statutory Change in Net Position **$222,982** against a budget of $228,473 (98%).
- **Balance sheet.** Total assets and deferred outflows **$38,828,132**; total liabilities **$25,997,672**; net position **$12,830,460**. Cash for operations **$1,429,051**; cash restricted **$1,786,940**.
- **Key ratios.** Days cash on hand **93**; debt service coverage **2.47** (minimum 1.20); quick ratio **1.57** (minimum 1.50); operating ratio including depreciation **146%**; debt-to-equity **203%**; asset depreciation **33.72%**.
- **No prior-year comparison this month.** The Financial Director explained that the comparison column on the revenue page is blank because July 1 begins a new fiscal year; the comparison resumes next month.
- **Accounting line.** The **$22,000** payment to the auditors was made in July, which is why the accounting expense reads high against a budget spread evenly across twelve months. The Financial Director offered to weight budget amounts by month where a known expense falls in a particular month.
- **Board request — annual budget on the graphs.** The Board observed that the "Actual vs. Budget" bar graph shows the monthly budget only, which can read as though an annual budget had been

exceeded. The Board asked that an additional column or tick mark showing the **annual** budget be added, on every page where it will fit, with the monthly presentation retained.

IRS Form 720. A Form 720 filing tied to the District's health-reimbursement cards (HRPro) was submitted and paid with the payment marked **Quarter 2 of 2025** rather than **Quarter 2 of 2024**. The IRS has since sent two notices stating the amount is still owed; it is not. The Financial Director responded to the first notice without effect. On the financial advisor's recommendation, the District will file **Form 911, Request for Taxpayer Advocate Service**, resubmitting the supporting paperwork. President Willis signed the form at the meeting for return by fax.

Draft FY2026 audit report. The draft audit report arrived the morning of the meeting from the auditors, Johnson, Murphey & Wright, P.C. The Financial Director reported **no findings** and made printed copies available to the Board.

Management representation letter — subsequent-event disclosure. The financial statements and the accompanying representation letter require signature by management and the Board. President Willis identified the subsequent-events note as incomplete, noting the **Bradley County SWIG funding reallocation** signed August 19, 2026 — $2,000,000 reallocated within the District's WW-PDC-1 project from Capital Purchase to Professional Fees, and **$749,840.41** transferred from that project to Cleveland Utilities' DW-PDC-3 project — is significant and should be disclosed. **The President declined to sign the representation letter until the disclosure is addressed with the auditors.** The General Manager confirmed the Mayor's letter is in the board packet and will be shared with the audit firm.

Motion to approve the July 2026 financial report, seconded. **Vote: roll call, all in favor (3-0). Financial report adopted.**

2. Bank Reconciliation Report. The General Manager confirmed the Secretary is reviewing the reconciliations. No further action taken.

G. Old Business

1. Cybersecurity Plan — second proposal.

At the July 27, 2026 meeting the Board directed that a second proposal be obtained before any cybersecurity decision. The General Manager introduced **Andrew Clough of Prism**, who joined by video and presented an independent third-party cybersecurity advisory package. Points presented:

- Prism is an IT and OT engineering firm; OT is operational technology, covering the devices and control systems as distinct from office IT.

- The engagement would be **directly to the Board**, independent of whichever security vendor the District uses, to verify that contracted services are actually delivered, properly configured, and reported on — not simply invoiced.
- Scope offered: an objective assessment; governance review; risk documentation and reporting; compliance alignment; and a cybersecurity roadmap. A quarterly compliance check produces a report the District can share and keep on record.
- The presenter distinguished IT security from OT security and described the risk of relying on a single vendor to both provide and audit its own services. He cited a Massachusetts wastewater system serving roughly 10,000 people that was accessed daily by an outside party for about a year before the FBI notified the utility, noting that access to such a system can extend to chemical dosing.
- **Pricing: $10,500 one-time for the bundled assessment package**, requiring one site visit scheduled two to three weeks out to control travel cost, **plus $1,500 per quarter, billed quarterly**, for the ongoing compliance check. The General Manager confirmed on the record that the $10,500 is a one-time cost, not annual.
- Quarterly compliance checks are not required by regulation.

Following the presentation, **Anthony Traylor** explained the relationship between the parties: ARIA supplies the cybersecurity tools and is a separate, unaffiliated third party from Prism; either can be engaged with or without the other, and the third-party verification component is what is usually missing from such quotes.

General Manager's recommendation: no decision today. The General Manager and Office Manager will first determine the District's actual needs and establish what United Systems already provides under existing agreements, then identify what must be supplemented. He noted the United Systems quote expires the following day and stated the District will not be held to that expiration. He also noted the Prism offering can be taken à la carte, and that a one-time cost with an ongoing maintenance fee is preferable to an annual commitment.

No Board action was taken.

2. Other. None.

H. New Business

The General Manager reported that approximately **22 to 24 policies** in the District's manual have not been updated in decades, and that the Office Manager and President Willis have been working through them together. He noted the Comptroller's representative at the TAUD business conference advised utilities to review and update all policies. He plans to bring **two policies per month** until the manual is complete.

1. Revised Payment Arrangement Policy.

The Office Manager summarized the changes. The substantive change is the **office's authority to extend an arrangement**: bills of $150.00 to $500.00 get three additional months; bills **over $500.00 get up to twelve months at staff discretion**; anything longer than twelve months requires Board approval on a Board Consideration Form. The policy also carries a **$150.00 minimum bill**, a requirement that the bill be **at least twice the account's 12-month average**, a **$10.00 one-time set-up fee**, a **five-business-day** window after the due date to request, and a limit of **one arrangement per twelve months**. Locking the meter voids the arrangement and the full remaining balance becomes due at once; the Board confirmed in discussion that the reconnection fee is owed in addition. The remainder is the existing policy in clearer language.

The Board and staff noted that the **ServLine** leak-protection program, with coverage up to **$5,000** once per twelve months and a requirement that the bill be at least double the customer's normal average, should reduce the number of arrangements needed for leak events.

Motion to adopt the revised Payment Arrangement Policy as presented, seconded. **Vote: roll call, 3 votes aye, 0 against. Policy adopted.** The Secretary executed the adoption page.

Board request — distribution of adopted policies. The Board asked that each policy be **emailed to the Commissioners as it is adopted**, rather than held until the full manual is complete, so Commissioners can keep current copies locally. The Office Manager suggested also providing the complete set on a USB drive and keeping a copy in the office.

2. Revised Collection of Delinquent Accounts Policy.

The Office Manager presented the policy, which documents the collection sequence in order: bill issued and unpaid; service discontinued and the meter locked **no sooner than 30 days** after the bill was issued; account checked three days after the lock and, if still unpaid, closed with a final bill; the account moves to inactive status **30 days after the final bill**, which triggers collection review; an employee then telephones the customer before midday at the last number on the account and gives until 4:30 p.m. that day to pay, recording the date, time, employee and outcome; and if still unpaid the account is **referred the next business day**. The pre-referral call is a condition, not a courtesy.

Referral bands, measured on the balance owed at referral:

| Balance | Goes to | Added |

|---|---|---|

| Under the minimum bill for that meter | Not referred; stays on the account, still owed, reviewed annually | Nothing |

| Minimum bill up to $2,000.00 | A licensed collection agency | 25% collection charge |

| Over $2,000.00 | The District's attorney | 33 1/3% attorney's fee, plus court costs |

The policy also records that an account placed in **bad debt status is not written off** — the balance remains owed and follows the person, not the address — and sets a ten-year record-retention requirement. The 25%, the $2,000.00 line and the minimum-bill floor are choices set by the Office Manager on August 17, 2026; no adopted District document previously stated any collection percentage or referral threshold.

The Office Manager reported that the District has **parted ways with Financial Recovery Organization**; the attorney who handles the larger accounts will also take the smaller referrals, at a lower percentage than the litigation rate. Accounts below the minimum bill are not worth the cost of collection. No collection agency is named in the policy so that a change of agency does not require a policy revision.

Collections performance. The General Manager reported that bad debt and collections have been a focus over the last six months and that in-house collection efforts by the Office Manager and her staff have recovered more before referral, so fewer accounts are going out to collectors. The Financial Director reported on the **District v. Melanie Lawson** judgment: the balance owed was **$2,804**, the court reduced the District's award by approximately **$600**, and after settlement the District was short approximately **$347**. She noted post-judgment interest of about **9%** may account for part of the difference.

Board request — receivables aging. The Board asked for monthly reporting of accounts receivable by age — 30, 60, 90 and 120-plus days — together with amounts written off and amounts collected in house, so the trend can be followed over time. The Office Manager explained the current software cannot distinguish an in-house collection from an ordinary final-bill payment once an account is inactive, and that staff are now saving the inactive-account call lists and building a spreadsheet to capture what is collected in house. She intends to work the data back to 2025.

Motion to adopt the revised Collection of Delinquent Accounts Policy as presented, seconded. **Vote: roll call, 3 votes aye, 0 against. Policy adopted.**

3. Revised Public Records Policy.

The General Manager explained the revision follows an early records request that did not conform to the District's policy; the Comptroller's office confirmed the District's response was correct and advised that the policy be revised. The new policy tracks the State's recommended public records policy, adds the ability to deliver records **by e-mail** rather than requiring in-person pickup, and allows the **Public Records Request Coordinator** — the General Manager or designee — to assign records gathering to the appropriate staff member. Attached to the policy are a new **Public Records Request Form** and a

response form, replacing the previous form. The policy replaces revisions 1 through 9 and is required by T.C.A. § 10-7-503(g)(1); the District reviews it annually.

In discussion the Board confirmed the policy permits charging for copies consistent with the Act — **$0.15 per page** black and white, **$0.50 per page** color, labor after the first hour at the hourly pay of the lowest-paid employee who can do the work, and the reasonable cost of redaction — and noted that a request spanning a multi-year project can carry substantial copying and staff time. Charges of $20.00 or less may be waived.

Motion to adopt the revised Public Records Policy, seconded. **Vote: roll call, 3 votes aye, 0 against. Policy adopted.**

The General Manager noted that one signature page had been printed with an incorrect vote tally and would be reprinted and re-signed so the permanent record is correct.

I. Management Reports — Ben Witt, General Manager

1. Distribution.

Water loss for the period was **41%**, down from 49% the prior month and against 37% two months prior. **Total leaks 29** — 10 main, 16 service, 1 service replacement — accounting for **16,614,500 gallons**. HDPE 10; flushing 0; BCFD 29,201; PCFD N/A; new meter sets 9; new sewer taps 0; meter change-outs 73. Gallons pumped **102,652,504**; used **67,214,601**; unaccountable loss **35,437,903**.

The improvement reflects repair of two water main leaks, one on **Bates Pike** and one on **New Hope Road**. The New Hope tank, which normally cycles between empty and nine or ten feet, recovered to its highest level in some time over the weekend following the repair.

USDA / Rural Development. The General Manager and District Engineer continue to work with **Kirk Morris** of USDA Rural Development. The District's original water plant borrowing authority — **$30 million** — remains available; the associated **$5 million grant** portion does not. The District is not proposing to borrow the full amount. The next step is for the General Manager and District Engineer to identify priority water lines, working the **Wildwood** and **Carpenter Springs** zones first because those are the District's own production zones, with the Eastside and Cleveland purchased-water zones addressed later — the reasoning, from distribution staff, being that reducing loss in the District's own zones shrinks the problem fastest. USDA has indicated an **amended** preliminary engineering report will be acceptable rather than a new one; the population projections and service-area work from the water treatment plant PER carry over, with the scope changed from water production to water loss.

The General Manager described the priority pipeline work as roughly **22 miles**, at approximately $5 **million for materials alone**. He noted USDA's concern with force-account labor drawing crews away

from utility operations, and reported the District is positioned differently because it maintains a **capital asset crew of four to five people** dedicated to capital improvement work, with documented pipe-laying experience — the District Engineer will need to sign off on their qualification, and specialized elements such as creek crossings, bore-and-jack or horizontal directional drilling would be subcontracted.

Funding approach. The General Manager outlined moving the **$1.7 million** allocated this year for water pipe replacement to wastewater, with a further $1.7 million available in July 2027, together clearing the roughly **$3 million** needed for the wastewater work. What can be borrowed and constructed within the next three years is being worked out with USDA, the District Engineer, and Scott Gibson of Cumberland Securities, including whether bonds or bond anticipation notes are needed. The USDA letter of conditions runs five years from signature and was signed two years ago.

2. Wastewater Updates.

Benton regional connection — Benton declined. CTI Engineers completed the feasibility study and presented it to Benton's management, which decided it cannot take on the additional flow at this time. The District has **not paid for the study** and expects to receive the report. The District Engineer recommended keeping regionalization on the District's long-term objectives, noting funding options may change.

ARPA / SWIG funds — revised scope to engineering planning. Ernst & Young required acknowledgement from all parties as to the use of the remaining funds. Bradley County Mayor **D. Gary Davis** signed an August 17, 2026 letter to TDEC's State Water Infrastructure Grants division approving two budget revisions: **$2,000,000 reallocated within the District's WW-PDC-1 project from Capital Purchase to Professional Fees, and $749,840.41 in Capital Purchase funds transferred from WW-PDC-1 to Cleveland Utilities' DW-PDC-3 project.** The letter was executed August 19, 2026 by Mayor Davis, Ben Witt for the District, and Greg Clark and Tim O. Henderson for Cleveland Utilities, and is in the packet. With the letter in hand, EY and TDEC can make their final determination on the District's reimbursement request. The General Manager noted a September 30 date approaching and expects to have something to report at the next meeting.

Johnston Estates / alternate provider. The prospective private operator has selected an operator and is progressing. The work will be performed after hours, off District time, and without District equipment, so there is no conflict between the District and the private business. The General Manager confirmed the District will not perform billing for the system since it does not provide the water there. He described his position to the prospective operator: the site could serve as a demonstration of the operator's treatment technology, with a drip field available as a fallback, giving TDEC something proven to point to for failing drip fields elsewhere. The operator is an approved installer.

3. Water Plant Updates.

Purifics pilot. Nothing to add this month; the pilot continues to run and take samples. Turbidity spikes during rain events have continued to moderate as the clear-cut ground upstream regrows vegetation.

SCADA. All SCADA users are now on two-factor authentication. The General Manager described the District's operational technology exposure as limited: the control system does not face the internet except through SCADA, and SCADA carries no operating controls. The District Engineer reported that at the TAUD conference operators described recent utility intrusions traced to **modems left on factory default passwords**, with operators locked out once the systems were taken over; the remedy being replacement and correct configuration of those modems.

Both plants continue to maintain compliance and produce high-quality water.

4. Operations / Administration.

FY2026 audit. The draft report arrived the morning of the meeting with **no findings**. The scope was reduced from a Single Audit because no new debt was issued. The auditors will attend a future meeting once the report is final.

2027 Ford F-150. The sealed bid was opened August 11, 2026. **Mtn. View Ford** was the winning bidder at **$47,670.00**. A purchase order has been issued following the Board's preliminary approval by email. No delivery information yet; no information yet on the F-450 order.

Policy revisions. The General Manager plans to present two policies per month rather than three, to keep the volume manageable.

Uniforms. The uniform rental vendor UniFirst has raised its rates; the General Manager reported the cost will exceed **$15,000 per year** for seven employees, approximately **$300 per week**. The Office Manager compared **$3,890.40** for rental against **$2,470** for shirts the District purchased and had printed this year. The District already provides a uniform allowance. Staff will look at whether a regional or statewide utility agreement is available before deciding. No Board action; the item is still under discussion and is not in the written management report.

5. General.

Old Parksville Ridge development. The wastewater design was submitted to TDEC the prior week; covered further under Item J.

TAUD Business Conference, August 12-14, 2026. Attended by District staff along with the District Engineer and the District's financial advisor; new contacts were made.

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

Old Parksville Road wastewater treatment facility. With Benton not moving forward, the plan is to begin redesigning the District's own facility. IDG will prepare a **task order** for the Board next month. The first step is a technical memorandum establishing design parameters — principally the **design flow rate**, which is expected to be **less than the 100,000 gallons per day** originally designed, based on developments the District has already obligated to and those far along in planning. Treatment technology will change slightly: the previous design was proprietary to a small number of vendors unfamiliar to District staff, so the redesign will be built around the **AdvanTex / Orenco** system [?] District staff already know, sized to remain within the manufacturer's normal range rather than at the top of it.

Early release clearing package. TDEC requires full clearing, excavation and recompaction of the drip field area. IDG recommends pulling that clearing work out as a separate early-release construction package the District can bid to a local contractor during good weather, running concurrently with treatment plant design to shorten the overall schedule and potentially lower cost. Special erosion and sediment precautions will be needed because the work sits in the **Carpenter Springs recharge area** and turbidity impacts to the spring must be avoided, particularly if clearing runs into the heavy rains of November and December.

The General Manager reported that the District questioned the requirement to remove trees and till and recompact the drip field, having originally been advised the drip lines could be laid on undisturbed surface and covered. The soil scientist [?] confirmed removal, tilling and recompaction is accepted practice, that the ground is sound to five feet, and that tree roots on the site extend only a few feet. Surrounding soil will be used to backfill stump holes; the finished field is to be graded smooth and planted in grass. Another round of soil sampling will follow.

Southeast Tennessee Development District is working to transfer the ARP funds from the construction budget to planning and to reimburse the District for engineering services on the Old Parksville Road WWTP going back to 2021.

Rymer Road force main. OHM is addressing TDEC's comments; no change since last month. Approval not yet received.

USDA water line replacement. Scope to be determined, then the amended preliminary engineering report begins. Priority 1 lines and the corresponding budget need to be identified.

Washboard Road water main. Final plans are complete for Owner review. The TDEC submittal package still needs pressure calculations. The General Manager deployed **pressure loggers** the day of the

meeting to support a partial model calibration of that portion of the system so the submittal can proceed.

Hydraulic model. Still in the calibration phase. A meeting was held during the past month on system operations, plant and pump station behavior.

Asset management plans. No change.

Risk and Resiliency Plan. The 2026 AWIA plan was submitted to EPA at the end of June 2026; no change.

Old Parksville Ridge development. Construction plans were submitted to the TDEC wastewater section. The drinking water submittal depends on advancing model calibration, which is particularly important here because the development has a **fire flow** requirement and relatively high-density housing.

Benton Pike. Three major developments are pending along Benton Pike and the water main needs upgrading, from **4-inch to 8-inch.** IDG will develop a task order for redesign. The main was designed roughly ten to twelve years ago — approximately 2014 — but never constructed; the General Manager located those plans at the Swofford Center and provided them to the District Engineer, which should streamline the redesign. The **betterment portion** — the developers' share of the upsizing cost, so the cost is not borne by the existing customer base — must be determined, and which developers actually build must be established first. The Barry Payne development is expected to be first and farthest out and would carry the largest share; the General Manager reported the same engineer serves all three developments, which may make sharing the betterment cost simpler. If timing does not suit the District's capital asset crew, installation by the developer is an alternative; the District Engineer noted traffic, narrow roadway, rugged terrain and right-of-way constraints make that worth considering.

Developer-owned systems. State legislation now gives developers latitude in selecting the type of system installed and requires the utility to decide within **30 days** whether it will own and operate it. The District's position is that it will own and operate a system built with **Advantex by Orenco** equipment. Where a utility declines, the developer engages a private operator, typically working for the homeowners association; the operator performs inspections and sampling twice monthly and provides documentation, but repairs remain the association's responsibility unless separately contracted. TAUD opposed the legislation without success.

Schedule. Asked for a timeline on the Old Parksville Road facility, the District Engineer estimated **12 to 18 months**, weighting the 18, driven by TDEC approval and the public bid process. The early release clearing package and, if approved, early construction of the force main, are the available schedule savings.

K. Adjournment

There being no further business, motion to adjourn, seconded. **Vote: all in favor. Meeting adjourned at approximately 2:52 p.m. EDT.**

Ryan Ulrich, Secretary

Ryan Ulrich, Recorder

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