

**MINUTES OF THE
JOHNSON CITY ENERGY AUTHORITY
D/B/A
BRIGHTRIDGE**

April 25, 2023

PRESENT: Gary Mabrey
Jenny Brock
James Haselsteiner
Kenneth Huffine
Kimberly McCorkle
James Smith
Robert Thomas
Jeffrey R. Dykes, Chief Executive Officer
Brian Bolling, CPA, Chief Financial Officer and Chief Customer Officer
Connie Crouch, Human Resources Manager
Bonnie Donnolly, Chief Development and Market Strategy Officer
Mark Eades, Chief Engineering and Facilities Officer
Eric Egan, Chief Data Officer
Brian Ellis, Service Department Manager
Stacy Evans, Chief Broadband and Technology Officer
Lori Farmer, Supervisor, General Accounting
Donnie Hall, Safety/Environmental Manager
Rodney Metcalf, Chief Operations Officer
Tiphonie Watson; Customer Support Manager
Tim Whaley, Director of Public and Governmental Affairs
Joseph Harvey, Hunter Smith Davis, LLP

ABSENT: Ronald Hite
Hal Knight
David Spinnato, Physical Plant/Warehouse Manager

Chairman Gary Mabrey called the meeting to order.

He began by introducing those in attendance to their newest board member, Dr. Kimberly McCorkle; reminding the staff that without them there would be no board of directors. Dr. McCorkle is the Provost and Senior Vice President for Academics at ETSU.

Upon motion of Mr. Smith, seconded by Mr. Huffine, the Board voted to move to Executive Session following the completion of meeting agenda. The motion carried unanimously by roll call vote.

Mr. Dykes and Mr. Mabry presented Brian Ellis, Service Department Manager, with a plaque celebrating 20 years of partnership with Tree Line USA. Mr. Ellis acknowledged the ongoing support his department receives from both the Board and Tree Line USA, as well as the outstanding work performed by the members of his team and their continued work with Wolfe Tree Experts.

Upon motion of Mr. Huffine, seconded by Ms. Brock, the monthly financial statements for January 2023 and February 2023 for both the Tennessee Valley Authority and Broadband Division were approved by roll call vote. Mr. Bolling delivered these monthly power distributor's reports at the previous board meeting on March 28, 2023.

Upon motion of Mr. Huffine, seconded by Ms. Brock, the monthly power distributor's report submitted to the Tennessee Valley Authority for March, 2023 was approved. The motion carried unanimously by roll call vote. Year-to-date income was \$958,364.08 more than last year's year-to-date figure and year-to-date actual net income was -\$50,875.08 more than the budgeted figure. The general fund balance stands at \$36,763,490.27, the reserve fund balance stands at \$2,889,759.32, the special reserve fund balance stands at \$141,483.81, the tax equivalent fund balance stands at \$4,340,575.46, the economic development fund balance stands at \$723,728.15, the 2017 and 2021 bond and interest sinking fund balance stands at \$3,444,960.73, the renewal and replacement fund balance stands at \$10,442,707.01, the 2021 bond proceeds fund balance stands at \$9,301,316.89; and the self-insurance fund balance stands at \$502,830.63. BrightRidge is currently serving 82,224 customers, which is an increase of 1,014 customers since the same time last year, which represents a 1.25% growth rate.

Upon motion of Mr. Huffine, seconded by Ms. Brock, the monthly financial statements for March, 2023 for the Broadband Division were approved. The year-to-date income was \$1,174,437.47 more than last year's year-to-date figure, and year-to-date actual net income was \$40,533.78 more than the budgeted figure. The cash bank balance stands at \$1,514,289.69, the broadband debt service fund balance stands at \$745,677.05, the reserve fund balance stands at \$1,015,643.48, the broadband checking account balance stands at \$1,267,225.91, the broadband money market account balance stands at \$136,076.82, the voice service balance stands at \$55,730.04, and the video service balance stands at \$55,256.92.

Mr. Bolling concluded his electrical financial report by adding that current assets have increased by \$25.5 million. kWh Sales are up 1,603,564 over the prior year, as well as year-to-date Operating Revenues up \$17.8 million. The year-to-date Operating Expenses, excluding Power Cost, are up \$1,528,559 compared to last year and under budget by -8.14%. The year-to-date Average Load Factor is 54.23% and the year-to-date Net Income is up \$958,364 over last year. The FCA is up 30.29% from March 2022 to March 2023.

Upon motion of Mr. Haselsteiner, seconded by Mr. Smith, the Board approved the following items on the Consent Agenda:

- (a.) The minutes of the Board meeting on March 28, 2023.

(b.) The purchase of Omicron Tetrano 600-Advanced 3-Phase Transformer Test System from Power Connections, Inc. in the amount of \$98,515.00.

(c.) The reallocation from the Engineering Capital Contingency line item to the SCADA Upgrades/Test Equipment line in the amount of \$18,515.00, for the purchase of the Omicron Transformer Test System (Consenting Agenda, Item B).

(d.) The vehicle purchase of a 2023 CV515 in the amount of \$79,000.00

(e.) The purchase of thirty-four (34) CSP transformers from Sunbelt Solomon, in the amount of \$73,050.00.

(f.) The purchase of CPS transformers from MVA Power, Inc. in the amount of \$810,728.00, as described in Bid Tab #7527.

The motion carried unanimously by roll call vote.

Upon motion of Mr. Thomas, seconded by Ms. Brock, the Board approved the following items on the Broadband Consent Agenda:

(a.) The purchase of Box enclosures from Border States Electric Supply in the amount of \$140,297.00, as described in Bid Tab #7554.

The motion carried unanimously by roll call vote.

Ms. Brock delivered the report of the Finance, Rate & Budget Committee, which met on April 25, 2023 prior to the Board Meeting to consider a proposal from Blackburn, Childers, and Steagall regarding the FY 2023 audit engagement. The motion carried unanimously by roll call vote. The proposed audit fees are \$67,300. Additional fees beyond the audit include a \$15,000 estimate for a Single Audit. The total combined fees would be \$82,000. Upon motion of Mr. Thomas, seconded by Mr. Smith, the Board approved the audit engagement with Blackburn, Childers, and Steagall for the FY 2023 audit.

The Finance, Rate & Budget Committee reviewed a recommendation from the staff to reallocate \$2 million of TVA approved loan funds budgeted from FY 2025 to FY 2023. This change will increase the FY 2023 draw to \$14.5 million and reduce the FY 2025 draw to \$3.5 million. There are no new loan funds as part of this request. The funds are part of the FY 2021 TVA approved \$47 million loan from the Electric Division to the Broadband Division. The primary reason for the request is related to positive growth as follows:

1) Our customer growth has exceeded what we had projected when TVA had originally approved the loan in FY 2021. This year we are on schedule to add more than 700 customers above projections.

2) An accelerated build-out schedule that will have us completing the originally scheduled 8-phase plan in 6 years as compared to 8 years.

3) Since FY 2019, the number of locations that can be served by fiber is 9,000 more than was expected in our 8-phase plan.

Upon motion of Mr. Thomas, seconded by Mr. Smith, the Board approved the reallocation of \$2 million of TVA approved loan funds budgeted from FY 2025 to FY 2023. The motion carried unanimously by roll call vote.

Upon motion of Mr. Haselsteiner, seconded by Dr. McCorkle, the Board approved the Revision to Safety Equipment Policy HR-600 by roll call vote. Donnie Hall, Safety and Environmental Manager, described how this policy will assist in preventing facial injuries occurring during the operation of chainsaws. This policy will now require safety equipment, such as safety glasses and face shields, be worn in all situations where chainsaws are in use.

Upon motion of Ms. Brock, seconded by Mr. Huffine, the Board approved the Retirement Resolutions on behalf of Melissa Taylor and Danny Mitchell, which were recorded in the March 28, 2023 board meeting minutes.

Mr. Mark Eades, Chief Engineering and Facilities Office, provided an update regarding the BrightRidge 69kV Transmission System and ongoing projects within his department. BrightRidge receives 161,000 volts from TVA, which is then reduced to a workable 69kV. Mr. Eades provided explanations of how the 69kV transmission lines function, specifically the 69kV turner switches and vacuum bottles.

The transmission lines are the only lines deenergized while work is performed. The system is switchable with multiple substations at other locations, providing flexibility and reliability during these down times. Work on transmission lines is handled primarily by Pike Construction and involves the use of heavy equipment, such as bulldozers, which causes maintenance expenses for these lines to be higher overall.

BrightRidge maintains 117 miles of transmission line, which includes 1,899 poles (consisting of 1,611 steel, 277 wood and 11 concrete). The average lifespan of a wood pole is between 30 and 40 years, where as a steel pole is 60 to 80 years. These lines and poles are maintained by inspectors who each serve approximately 300 individual customers. These inspectors are looking for damage to poles caused by wood rot, vegetation growth and birds, as well as conductor damage caused by loose strands or gun shots and cross arm damage.

Mr. Eades updated the Board on the various projects currently underway. The Northeast Primary Rebuild (13-yard substation) work includes 6 breaks going back in and 3 new transformers to be installed. The Gray Substation work included conduits with cables now running through trenches with easy access points available, thereby removing the need for conduits to be dug up for future repairs or inspection. This is procedure being utilized in other ongoing projects. They are currently in the process of moving transformers from West to Stockyard, in order to increase the needed capacity of the substation. This substation's 4 single phase transformers will be replaced with one 3 phase.

The Piney Flats Substation Control House is now in place and complete, helps support Broadband who is currently renting a portion of the space. Summers-Taylor is providing work on manholes and trenches, in order to convert to underground at the West Walnut Street rebuild. There is also ongoing work underway for the Walnut Street Light installations. Mr. Eades provided details about the use of pre-fabricated footers constructed in advance of installation. Due to the placement of water lines directly below the locations of the Walnut Street lights, revisions to the pre-fabricated footers were designed and constructed to spread the footer, thereby decreasing the underground depth and still maintaining the requirements for each light pole. The lights will not be able to be installed without interfering with the existing water lines.

In addition, Mr. Eades updated the Board on the facility updates underway in the warehouse and new tool shed. The additional enclosed space in the warehouse will be used for storage and additional office space. The new tool shed will store hand tools and personal equipment, as well as test equipment to be used as needed. This will help establish a new system for employees to use their employee badge to access and check out various equipment, so that each item can be monitored and tracked.

Stacy Evans, Chief Broadband and Technology Officer, delivered an update regarding the broadband project. At the time of the Board meeting, the Broadband Division has a total of 11,046 active customers, 1,042 of which are business or commercial entities.

The current broadband customer base is as follows:

Jonesborough Fiber:	1,217
Johnson City Fiber:	5,923
Piney Flats Fiber:	11
Telford Fiber:	218
Limestone Fiber:	301
Gray Fiber:	2,946
Kingsport Fiber:	204
Fall Branch Fiber:	68
Fixed Wireless:	158
Managed Wi-Fi:	7,153 (72.1% average "take rate")
IPTV Video:	961
Telephone VoIP:	1,191

Broadband deployment areas are as follows:

Johnson City:	5,923
Gray/Kingsport:	3,150
Jonesborough:	1,217
Bowmantown:	519

Mr. Evans stated that the Broadband Division has now surpassed the net new customers target of 10,964 by June 30, 2023. As of April 21, 2023, the division is trending

655 customers ahead of the linear budget line. Current trend would be 806 above budget by end of fiscal year 2023, for a total of 11,770 customers.

Residential fiber product numbers confirm 87% of current residential Broadband customers do not subscribe to our video (with only 7% video take-rate and 7% voice). Mr. Evans reported that Broadband has the lowest price for 10G service in the nation and anticipates higher take rates beginning in June when Broadband begins offering the leasing of routers.

Phase 5 aerial build-out is 100% completed with 7,294 addresses serviceable at this time. The Phase 5 joint project with Johnson City is 100% complete with aerial fiber and 70% complete with underground. Provides 4,871 actual passings in city limits (419 over the estimated 4,452). The Phase 6 aerial fiber construction continues to move forward, with 683 customers taking part in the voucher program. Additional builds in an extension of the Fall Branch area which passes 387 address (377 active for electric power), with the additional expansion areas (Bowmantown, New Salem, Ford Creek, Walkers Bend, Fall Branch) we added 926 fiber passings to the FY2023 budget. Completion of fiber splicing expected by April 11, 2023, with 18 activations completed and 36 pending. At only 2 weeks we are already at a take rate of 14% for this area.

Mr. Dykes advised that next month's Board meeting would be moved to May 30, 2023. He also addressed a recent article published in the Johnson Press outlining area board appointments and vacancies. After receiving several inquiries regarding BrightRidge Board vacancies, he simply wanted to clarify that BrightRidge does not have any Board vacancies and that the article was intended to highlight various community boards which are supported by City of Johnson City.

Following the regular meeting agenda, the Board moved to executive session to discuss ongoing litigation with counsel.

There being no further business, the meeting was adjourned.