

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

August 27, 2019

PRESENT: Jenny Brock
Joe Grandy
B. J. King
Hal Knight
Gary Mabrey
James Smith
Robert Thomas
Guy Wilson
Jeffrey R. Dykes, Chief Executive Officer
Brian Bolling, CPA, Chief Financial Officer and Chief Customer Officer
Connie Crouch, Human Resources Manager
Eric Egan, Chief Data Officer
Brian Ellis, Service Department Manager
Stacy Evans, Chief Broadband Officer
Donnie Hall, Safety/Environmental Manager
Rodney Metcalf, Chief Operations Officer
Angela Shrewsbury, Energy Services/Marketing Manager
David Spinnato, Physical Plant/Warehouse Manager
Tiphonie Watson, Customer Support Manager
Tim Whaley, Director of Public and Governmental Affairs
Stephen M. Darden, Attorney

ABSENT: Dan Brant
Mark Eades, Chief Engineering and Technology Officer

Chairman B. J. King called the meeting to order and welcomed Erin Cook, Broadband Summer Intern for BrightRidge, who was attending today's meeting. Ms. Cook is studying for her Master's Degree in Computer and Information Sciences with a concentration in Information Technology at East Tennessee State University.

Mayor Jenny Brock welcomed Gary Mabrey to the Board as a Johnson City representative thereto. Ms. Brock stated that Mr. Mabrey's background with the business community, having served as a past President/CEO of our local Chamber of Commerce, would prove a valuable resource for the Board.

Upon motion of Ms. Brock, seconded by Mr. Thomas, the Board appointed Ceilya Campbell as Secretary of the Board and Brian Bolling as Treasurer of the Board for 2019-2020. The motion carried unanimously.

Broadband Summer Intern Erin Cook delivered a brief presentation to the Board relating to her summer internship with the company. Ms. Cook stated that her principal duties this summer related to MOBI and OTT testing and documentation. She tested MOBI on multiple devices and multiple device media players and tested and documented OTT applications. She then produced User Guides based upon her documentation and testing, which included such items as initial set-up procedures for various device media players, and Procedural Reference Guides containing troubleshooting and resource information, including support links and telephone numbers.

Ms. Cook performed device media player testing on applications such as Fire Stick, Android Mobile, Roku, Visio Smart TV, Samsung Smart TV, Apple iPad Pro, and Nvidia Shield. She tested OTT streaming applications such as Hulu +Live, Amazon Prime, Netflix, PSVue, YouTube TV, and Blonder Tongue Kaon.

Ms. Cook thanked the Board for the internship opportunity and stated that the internship had impacted her studies in many ways - understanding the user side of software applications, having a better appreciation for the effort involved in device and application design, gaining additional testing and documentation experience, and realizing the importance of teamwork.

Upon motion of Mr. Thomas, seconded by Mr. Grandy, the monthly power distributor's report submitted to the Tennessee Valley Authority for June, 2019 was approved. The motion carried unanimously. Brian Bolling stated that the utility ended the year in a good financial position, with year-to-date income at \$3,174,567.42 more than last year's year-to-date figure. Year-to-date actual net income was \$6,912,351.18 more than the budgeted figure. The general fund balance stands at \$34,666,861.19, the reserve fund balance stands at \$5,637,791.58, the special reserve fund balance stands at \$5,901,132.15, the tax equivalent fund balance stands at \$5,504.29, the economic development fund balance stands at \$1,936,579.00, the 2017 bond and interest sinking fund balance stands at \$662,588.69, the renewal and replacement fund balance stands at \$5,178,882.54, and the self-insurance fund balance stands at \$2,041,340.43. BrightRidge is currently serving 79,147 customers, which is an increase of 444 customers since the same time last year.

Upon motion of Ms. Brock, seconded by Mr. Smith, the monthly financial statements for June, 2019 for the Broadband Division were approved. The motion carried unanimously. The cash bank balance stands at \$1,160,196.76, and capital projects closed to plant through June totaled \$1,602,906.93 (plus construction work in progress since July, 2018 totaling \$2,541,625.82), with a \$3,217,659.25 capital budget remaining at this time.

Upon motion of Mr. Grandy, seconded by Dr. Knight, the following items were approved on the Electric Division Consent Agenda:

- (a) The minutes of the July 16, 2019 special called Board meeting;

- (b) The minutes of the July 23, 2019 regular Board meeting;
- (c) The minutes of the July 30, 2019 special called Board meeting;
- (d) The low bid of WESCO in the amount of \$107,586.00 for 360 138W-143W LED gray lighting fixtures;
- (e) The purchase of eight Ford F150 trucks (\$234,367.00), three Ford F250 trucks (\$143,559.00) and two Ford F550 trucks (\$98,360.00) through the state contract for utilities and government entities, at a total cost of \$476,286.00;
- (f) The low evaluated bid of Irby - Amor in the amount of \$8,493.00 for one 225 KVA 3-phase pad mount transformer, 120/208V;
- (g) The low evaluated bid of ERMCO in the amount of \$10,996.00 for two 75 KVA 3-phase pad mount transformers, 120/208V;
- (h) The low evaluated bid of ERMCO in the amount of \$8,477.00 for one 300 KVA 3-phase pad mount transformer, 277/480V;
- (i) The low evaluated bid of Irby in the amount of \$130,500.00 for 150 15 KVA 1-phase CSP transformers; and
- (j) The low evaluated bid of ERMCO in the amount of \$42,840.00 for 40 37.5 KVA 1-phase CSP transformers.

The motion carried unanimously.

Upon motion of Ms. Brock, seconded by Dr. Knight, the following items were approved on the Broadband Division Consent Agenda:

- (a) The low bid of TTM in the amount of \$96,853.50 for 55,000 feet of 288-count loose tube double-jacketed cable.

The motion carried unanimously.

Stacy Evans, Chief Broadband Officer, delivered an update regarding the broadband project. Phase I of the Johnson City aerial fiberoptic construction is now complete. Phase II is approximately 40% complete. Work also continues on Phase II of the Jonesborough fiberoptic construction. The underground work in the Med Tech Parkway area and in downtown Johnson City should be complete in approximately two weeks. Work continues on the ten business/industrial park sites, and these are in various stages of completion.

There are presently 34 fixed wireless customers in the Jonesborough/Persimmon Ridge tower area, with four pending installs. Work continues on fixed wireless in the Piney Knob/Nofattie Road and Buffalo Ridge tower areas. It has been a challenge to find optimal placement for the Fall Branch tower; however, it is anticipated that this can be accomplished through a pole mount.

The Johnson City public wi-fi project continues in the Kings Commons and Market/Main Street areas. The target construction date for the Jonesborough public wi-fi is in October.

BrightRidge currently has 293 internet-only customers, and the average install rate is five per day. Video content provider approvals presently stand at around 79%; it is hoped that all provider approvals will be obtained by mid-September.

Eric Egan, Chief Data Officer, delivered a short presentation on recent activities in his department, this month focusing on the BrightRidge "Take a Load Off" Water Heater Program. TALO is a demand response program which targets electric water heaters. The pilot program was launched in 2013, and the full program began in January, 2014. There are currently approximately 6,500 load control devices installed on BrightRidge customer water heaters. Each customer experiences two to four load control events per month of a two-hour duration. In winter, these generally occur between 7:00 and 9:00 AM, and in summer they occur between 4:00 and 6:00 PM. The devices are designed to move electrical load, not to save energy. A load control device saves only approximately .5kW hours per month.

To qualify for the program, the customer's water heater must be electric, accessible, not leaking, and in good condition. It must hold at least 38 gallons of water. The customer's home must be on a permanent foundation. No installations will be made on instantaneous, heat pump, or natural gas water heaters.

Customer incentives for the program include a free water heater inspection, free maintenance with respect to elements and standard thermostats, a one-time \$40.00 bill credit for single-family residences, and a \$25.00-per-unit check incentive to a developer for multi-family units. All water heater maintenance and repair under the program are provided by BrightRidge personnel.

Upon motion of Mr. Grandy, seconded by Dr. Knight, the Board approved a Resolution to request that the City of Johnson City, Tennessee approve an Amended and Restated Certificate of Incorporation for the Johnson City Energy Authority. The motion carried unanimously. The purpose of the changes is to make the Certificate of Incorporation more compliant with the Energy Authority Act as enacted by the State of Tennessee. The motion carried unanimously. A copy of the Resolution and the Amended and Restated Certificate of Incorporation are attached as Collective Exhibit "A" to these Minutes.

CEO Jeff Dykes advised the Board that the utility had recently participated in the "Meet the Mountains" Festival in Johnson City. One of the demonstrations shown by BrightRidge marketing members at the festival involved the production of electricity by pedaling custom bicycles. Angela Shrewsbury and Donnie Hall demonstrated to the Board how the bicycles worked to generate power if pedaled at a very brisk pace. Mr. Dykes thanked the employees and managers who had participated in the festival events.

Mr. Dykes advised the Board that money had been budgeted to upgrade and improve the front entrance areas of the Boones Creek Road BrightRidge facility to enhance safety and security. He disseminated an architectural design proposal, and advised that the project would be placed for bids in the next few weeks.

The CEO reminded Board members of a workshop relative to Tennessee Valley Authority partnership offerings which would be held on September 6, 2019. Management consultant Chris Mitchell will be the featured presenter.

There being no further business, the meeting was adjourned.

Resolution No. 2019-~~027~~27

A RESOLUTION TO REQUEST THAT THE CITY OF JOHNSON CITY, TENNESSEE
APPROVE AN AMENDED AND RESTATED CERTIFICATE OF INCORPORATION FOR
THE JOHNSON CITY ENERGY AUTHORITY (THE "AUTHORITY")

WHEREAS, the City of Johnson City, Tennessee (the "City") created the Authority pursuant to the provisions of Chapter 995 of the 2016 Public Acts of the General Assembly of the State of Tennessee (the "Authority Act"); and

WHEREAS, since the formation of the Authority, the Board of Directors of the Authority (the "Board") has evaluated the manner of appointment of members to and the composition of the Board; and

WHEREAS, the Board recommends that the City consider approving amendments to the Certificate of Incorporation of the Authority to allow a member of the governing body of an appointing authority to serve up to three (3) terms of office on the Board and to provide that the City will always appoint a majority of members of the Board plus an additional member;

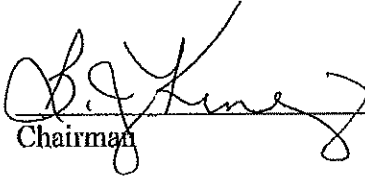
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE JOHNSON CITY ENERGY AUTHORITY that, in accordance with the procedure described in Tennessee Code Annotated § 7-36-106, the form of the Amended and Restated Certificate of Incorporation attached hereto is hereby approved; and

BE IT FURTHER RESOLVED that the Chairman of the Authority, or her designee, is authorized to forward a copy of this Resolution to request that the City Commission of the City of Johnson City approve the Amended and Restated Certificate of Incorporation; and

BE IT FURTHER RESOLVED that, conditioned upon approval of the City Commission of the City of Johnson City, the Chairman of the Authority, or her designee, is authorized to take all actions that are necessary or advisable to file the Amended and Restated Certificate of

Incorporation with the Tennessee Secretary of State and to effectuate the amendment of the Authority's Certificate of Incorporation in accordance with this Resolution.

Passed and approved on this 27 day of August, 2019.


Chairman

ATTEST:


Recording Secretary

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF THE
JOHNSON CITY ENERGY AUTHORITY

Pursuant to Tennessee Code Annotated § 7-36-106, the undersigned members of the Board of Directors of the Johnson City Energy Authority adopt this Amended and Restated Certificate of Incorporation to be effective upon its filing with the Tennessee Secretary of State:

1. Name. The name of the corporation is JOHNSON CITY ENERGY AUTHORITY (the “Authority”). The legal name of the Authority may only be amended by an amendment to this Certificate of Incorporation. The Authority may adopt assumed corporate names from time to time for its various operating divisions or lines of service by following the process outlined in Tennessee Code Annotated § 7-36-105(d).

2. Approval of Amendment. Permission to file this Amended and Restated Certificate of Incorporation has been granted by a duly adopted resolution of the City of Johnson City, Tennessee attached as Appendix A hereto.

3. Principal Office. The location of the principal office of the Authority shall be 2600 Boones Creek Road, Johnson City, Tennessee 37615 (Post Office Box 1636, Johnson City, Tennessee 37605-1636).

4. Purpose. The Authority shall be for the purpose of planning, acquiring, constructing, improving, furnishing, equipping, financing, owning, operating, and maintaining electric utility and telecommunications systems within or outside the corporate limits of the City of Johnson City, Tennessee or outside this state, and to exercise all powers granted to energy authorities by the Municipal Energy Authority Act as enacted by Public Chapter No. 995 of the 2016 Public Acts of the State of Tennessee (the “Act”). The Authority will not engage in the provision of water or sewer services.

5. Mission Statement: The Authority’s mission is to be recognized by its customers, non-customers, and competitors as the leading services provider in the region. The Authority will:

- Seek out, understand, and act upon our customers’ needs;
- Provide the highest quality energy and services at the lowest possible rates;
- Conduct all business with integrity and honesty; and
- Promote and support economic development programs for the benefit of all.

This mission statement is a general statement of governance and operational philosophy to guide and inform the actions of the Authority. The mission statement does not in any way limit the purposes or powers of the Authority as set forth in the Act or create any rights for the benefit of one or more third parties.

6. Board of Directors.

(a) Initial Directors, Terms and Appointing Authorities. The names, appointing authorities and initial terms of the initial Board of Directors are:

Name	Appointing Authority	Term of Office
Scott Bowman, Chair	City of Johnson City, TN	Expires 7/1/2020 (2 nd term)
B.J. King, Vice-Chair	City of Johnson City, TN	Expires 7/1/2017 (1 st term)
Jenny Brock	City of Johnson City, TN	Expires 7/1/2017 (2 nd term)
Robert Thomas	City of Johnson City, TN	Expires 7/1/2019 (2 nd term)
Guy Wilson	City of Johnson City, TN	Expires 7/1/2018 (2 nd term)
Dan Brant	Washington County, TN	Expires 4/1/2019 (1 st term)
Joe Grandy	Washington County, TN	Expires 4/1/2017 (1 st term)
Hal Knight	Town of Jonesborough, TN	Expires 9/1/2018 (1 st term)

Except as otherwise provided in the Act, initial Directors shall serve until reappointment or until their successor(s) are duly appointed by the appointing local governing body.

(b) Subsequent Directors. All subsequent appointments shall be for four-year terms commencing upon the expiration of the prior Director’s specific term. Each appointment

shall be made as provided in Tennessee Code Annotated § 7-36-110(b) of the Act, and shall be subject to the following additional requirements:

(i) Pursuant to Tennessee Code Annotated § 7-36-110(b), the City of Johnson City, as the associated municipality, shall, at all times, maintain the authority to make no less than a majority of the appointments on the Board of Directors. With an initial nine (9) member Board of Directors, the City will be responsible for appointing six (6) members.

(ii) Each governing body having appointment authority is limited to appointing only one of its governing body members as a Director.

(iii) Each Director shall be eligible for up to three (3) terms of office, whether or not such terms of office are consecutive.

(iv) No local governing body may appoint as Director a current, retired or former employee of the Authority or of the Johnson City Power Board.

(v) Each Director shall reside within the service area of the Authority during his or her term of office.

(vi) Notwithstanding anything in the Act to the contrary, each governing body having appointing authority shall directly nominate and select its appointments to the Authority Board of Directors as vacancies arise from time to time.

(vii) Each governing body having appointing authority may, upon prior notice to the Authority, establish other eligibility criteria for its Director positions beyond criteria herein.

(viii) All appointments for vacancies created by the death, resignation or removal of any Director must be filled with 90 days of vacancy, except as otherwise provided in the Act.

(ix) To provide for continuity in governance during the transition from the Johnson City Power Board to the Authority, the City of Johnson City hereby extends the initial term of each of its appointed members of the initial Board of Directors set forth above by two years, and such extension shall not be considered in applying the term limits set forth in this Section. Each other appointing authority shall have the option, by notice to the Authority, to extend the initial term of each of its appointed members of the initial Board of Directors by two years, and such extension shall not be considered in applying the term limits set forth in this Section.

(c) Expansion of the Board of Directors. Upon formation, the Board of Directors shall consist of nine (9) members, including eight (8) existing members named in this Certificate of Incorporation. The ninth member will be a new selection by the City of Johnson

City, Tennessee, and this Director shall serve for an initial term of four (4) years. Pursuant to Tennessee Code Annotated § 7-36-110(b), the City of Johnson City, as the associated municipality, shall, at all times, shall maintain the authority to make no less than a majority of the appointments on the Board of Directors.

7. Perpetual Duration. The duration of the Authority shall be perpetual.

8. Corporate Form. The Authority shall be a public corporation, a political subdivision of the State, and a body politic and corporate.

9. Financial Management. The Authority shall continue to require an independent financial audit, with a copy filed with the City Recorder of the City of Johnson City, Tennessee, the Tennessee Valley Authority, and the Comptroller of the State of Tennessee. Further, Authority staff will continue to present a monthly budget statement to the Authority Board of Directors comparing the amounts of revenues received and expenditures actually incurred, and a general discussion of the progress of the Authority in meeting its budget. All financial and other records of the Authority, as a political subdivision of the State, will continue to be subject to public review under the public records and open meeting laws of the State of Tennessee, as amended from time to time.

10. Powers. The Authority shall have all the privileges, powers and authority granted and provided for an energy authority by the Act, as it presently exists or may be hereafter amended; provided, however, that notwithstanding anything to the contrary in the Act, as amended from time to time, the Authority shall not have any power or authority to provide any utility services other than energy and telecommunications.

11. In Lieu of Tax Payments. The Authority shall make in lieu of tax payments in accordance with the provisions of the Act, as set forth at Tennessee Code Annotated § 7-36-122,

which requires payments in lieu of taxes pursuant to the requirements of Tennessee Code Annotated, Title 7, Chapter 52, Part 3 (for electric services, payable on the same basis as payments are currently made to the City of Johnson City, Tennessee, Town of Jonesborough and Washington County), Tennessee Code Annotated § 7-52-404 (for telecommunications services), and Tennessee Code Annotated § 7-52-606 (for cable television and other broadband services).

12. Restrictions on Disposition of Electric Plant. The Authority shall not have any power to dispose of all or substantially all of the of the electric plant of the Authority, except upon the concurrence and consent of the governing body of the City of Johnson City, Tennessee and upon approval of a majority of those voting in a referendum called by the governing body of the City of Johnson City, Tennessee in accordance with Tennessee Code Annotated § 7-52-132 and the provisions of the Act.

13. Residual Interest of the City of Johnson City, Tennessee. If the Authority ceases to exist, or in the event of the sale of all or substantially all of the assets of the electric system of the Authority, all of its assets remaining after all of its obligations and liabilities have been satisfied or discharged shall pass to, and become the property of, the City of Johnson City, Tennessee.

14. Amendment. This Certificate of Incorporation may only be amended as provided in Tennessee Code Annotated § 7-36-106 and a resolution of the governing body of the City of Johnson City, Tennessee that approves the amendment by at least a two-thirds (2/3) majority vote of the entire City Commission.

IN WITNESS WHEREOF, this Amended and Restated Certificate of Incorporation has been subscribed and acknowledged by each current member of the Authority's Board of Directors (there being one unfilled vacancy) before an officer authorized by the State of Tennessee to take acknowledgments to deeds, on the dates and months set forth below, and shall become effective upon its filing with the Tennessee Secretary of State.

(Signature Pages to Follow)