

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

August 25, 2020

PRESENT: Dan Brant  
Jenny Brock  
Joe Grandy  
James Haselsteiner  
B. J. King  
Hal Knight  
Gary Mabrey  
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 & Market Strategy Officer  
Mark Eades, Chief Engineering and Technology Officer  
Eric Egan, Chief Data Officer  
Stacy Evans, Chief Broadband Officer  
Rodney Metcalf, Chief Operations Officer  
Tiphonie Watson, Customer Support Manager  
Tim Whaley, Director of Public and Governmental Affairs  
Joe Harvey, Hunter Smith Davis, LLP

ABSENT: Brian Ellis, Service Department Manager  
Donnie Hall, Safety/Environmental Manager  
David Spinnato, Physical Plant/Warehouse Manager

Chairman James Smith called the meeting to order.

CEO Jeff Dykes delivered the following statement:

Operating under authority of **Executive Order No. 16**, as extended (now **Executive Order 50**), signed on March 20, 2020 by Tennessee Governor Bill Lee, BrightRidge will be conducting all Board of Directors' meetings electronically, at least through the duration of the Order. As required under **Executive Order No. 16** as extended, a full audio recording of the meeting will be posted at **BrightRidge.com** under the "Community" section, along with a meeting agenda, within 48 hours of the meeting.

Area media are being offered the opportunity to listen live, but all follow-up questions should be directed to the BrightRidge Public Affairs Office after the meeting is concluded. Members of the public should also direct any questions to the Public Affairs Office.

These measures are temporarily adopted by the BrightRidge Board of Directors to protect the health, safety, and welfare of the general public, staff, and Board members in response to the COVID-19 outbreak. BrightRidge is committed to full transparency and will continue to review the viability of other potential virtual meeting venues moving forward, with authority to conduct meetings electronically set to expire on August 29, 2020, unless renewed.

BrightRidge continues to respect the open meetings and open records laws and will work diligently to continue the free flow of information as protected under the **Tennessee Constitution** and the **Tennessee Open Meetings Act**.

Upon motion of Ms. Brock, seconded by Mr. Mabrey, the Board voted to add the following item to today's Board meeting agenda:

(a) Electric Consent Agenda, Item 4E - the purchase of 850 LC522AXB Grid Power (PC-52-AXB) Connectors from Stuart C. Irby at a cost of \$2.76 each.

The motion carried unanimously by roll call vote.

Upon motion of Mr. Thomas, seconded by Mr. Mabrey, the Board voted to add the following item to today's Board meeting agenda:

(a) Broadband Consent Agenda, Item 5D - the purchase of 500,000 feet of 2 CT flat drop dielectric ZWP fiber at a cost of \$92,500.00, 500 dome splice (D6) enclosures at a cost of \$164,380.00, and 1,000 FOSC-ACC-D 72-count splice trays at a cost of \$23,050.00 from Graybar, through OMNIA Partners - Public Sector, a cooperative purchasing organization.

The motion carried unanimously by roll call vote.

Upon motion of Mr. Thomas, seconded by Dr. King, the monthly power distributor's report submitted to the Tennessee Valley Authority for June 2020 was approved. The motion carried unanimously by roll call vote.

Year-to-date income was \$875,536.55 more than last year's year-to-date figure. Year-to-date actual net income was \$3,401,549.38 more than the budgeted figure. A portion of this (\$2,847,169.00) was a result of a TVA Partnership Credit. The general fund balance stands at \$26,871,886.60, the reserve fund balance stands at \$6,735,038.98, the special reserve fund balance stands at \$5,991,280.52, the tax equivalent fund balance stands at \$4,248.67, the economic development fund balance stands at \$1,580,589.49, the 2017 bond and interest sinking fund balance stands at

\$688,548.87, the renewal and replacement fund balance stands at \$6,269,403.74, and the self-insurance fund balance stands at \$2,043,849.79. BrightRidge is currently serving 79,860 customers, which is an increase of 713 customers since the same time last year (a .9% growth rate over the past fiscal year).

Since June reporting marked the end of the fiscal year, Brian Bolling discussed in detail the BrightRidge financial picture at the conclusion of FY 2019-20. Cash is down from last year, primarily due to approximately \$7.7 million in loans to the Broadband Division. GASB and depreciation expense accounting entries also affected the financials. Operating expenses increased by approximately \$1 million due to an uptick in tree-trimming, line maintenance, and distribution expenses, as well as a \$100,000.00 economic development investment in RegionAHEAD's Local Business Recovery Fund. In summary, Mr. Bolling stated that the company had ended the fiscal year in a sound financial position, and he attributed the Board's past and ongoing efforts to stabilize the company's income through periodic rate adjustments a prime factor in that result.

Upon motion of Mr. Thomas, seconded by Dr. King, the monthly financial statements for June 2020 for the Broadband Division were approved. The motion carried unanimously by roll call vote. The cash bank balance stands at \$515,863.10, and capital projects closed to plant through June totaled \$5,879,478.99 (plus construction work in progress since June 2019 totaling \$2,018,251.91), with a \$1,025,163.10 capital budget remaining at this time.

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

(a) The minutes of the July 28, 2020 Board meeting.

(b) The low bid of Border States in the amount of \$152,378.31 for 15 TU-SP069T1T4900RHB bottle interrupters (\$74,303.55), 6 TU-SP069T1T4900LHB bottle interrupters (\$29,579.28), 5 1200A 1-way 69KV right sidebreak switches (\$34,543.70), and 2 1200A 1-way 69KV left sidebreak switches (\$13,771.78).

(c) The purchase of three fleet vehicles in the amount of \$88,255.00 through the state contract for utilities and government entities, as follows:

(i) a 2020 Ford Explorer 4 X 4 SUV to replace Vehicle No. 92 in the amount of \$28,380.00 from Lonnie Cobb Ford;

(ii) a 2021 F-150 Super-Cab Styleside 6.5' Box Truck to replace Vehicle No. 86 in the amount of \$29,034.00 from Lonnie Cobb Ford; and

(iii) a 2020 Ford F-350 Supercab Chassis SRW Truck to replace Vehicle No. 94 in the amount of \$30,841.00 from Ford of Murfreesboro.

(d) The renewal of the first one-year extension of a contract with Osmose Utility Services, Inc. for the inspection and treatment of BrightRidge distribution poles for the period July 1, 2020 - June 30, 2021, at the following pricing:

|        |                             |              |
|--------|-----------------------------|--------------|
| (i)    | Visual:                     | \$5.28 each  |
| (ii)   | Sound and Bore:             | \$7.95 each  |
| (iii)  | Partial Excavate:           | \$16.06 each |
| (iv)   | External Treat:             | \$36.10 each |
| (v)    | External Treat, Riser Pole: | \$43.96 each |
| (vi)   | Excavated Reject:           | \$33.47 each |
| (vii)  | Internal Treat:             | \$14.66 each |
| (viii) | MITC-Fume Per Tube:         | \$7.00 each  |
| (ix)   | Groundwire Repair:          | \$17.14 each |
| (x)    | Not Inspected Pole:         | N/C          |

The pricing reflects a 2.1% increase over last year's contract.

(e) The emergency purchase of 850 LC522AXB Grid Power (PC-52-AXB) connectors from Stuart C. Irby at a cost of \$2,346.00 (\$2.76 each).

The motion carried unanimously by roll call vote.

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

(a) (i) The low bid of Power and Tel in the amount of \$611,120.00 for 200,000 feet of 1/4" EHS galvanized strand wire (\$23,800.00), 200,000 feet of 2 CT flat drop dielectric fiber (\$19,080.00), 200,000 feet of 96 CT singlemode loose tube fiber (\$110,200.00), 200,000 feet of 144 CT singlemode loose tube fiber (\$158,940.00), and 200,000 feet of 288 CT singlemode loose tube fiber (\$299,100.00); and

(ii) The low bid of GRESCO in the amount of \$70,360.00 for 200,000 feet of 48 CT singlemode loose tube fiber.

(b) Preauthorization of a bid not exceeding \$122,000.00 for the purchase of TelRad equipment and associated licenses for the Phase 3 fixed wireless tower deployments. These purchases were previously allocated in the FY 2021 Broadband Division budget, and preauthorization is needed due to product lead time delays and the deployment schedule in areas where K-12 students have limited broadband options. Budgetary quotes indicate that the costs should be around \$122,000.00. The equipment and licenses to be purchased include 13 LTW BreezeCompact 1000E base stations, 13 33-degree Alpha antenna units, cables for antenna to base station connections, and software licenses to support dual carrier (CBRS) and management. The bidding deadline for these purchases is September 3rd.

(c) The purchase of Calix, Inc. E9 electronics for point-of-presence buildings located at the Boones Creek and Cedar Creek substations at a proposed cost of \$225,737.84. Calix, Inc. was selected as the sole source provider of fiber optic network equipment through a Request for Proposal (RFP) process in 2018.

(d) The purchase of 500,000 feet of 2 CT flat drop dielectric ZWP fiber at a cost of \$92,500.00, 500 dome splice (D6) enclosures at a cost of \$164,380.00, and 1,000 FOSC-ACC-D 72-count splice trays at a cost of \$23,050.00, for a total of \$279,930.00 from Graybar, through OMNIA Partners - Public Sector, a cooperative purchasing organization. These products will be utilized in the Tennessee Coronavirus Relief Fund broadband grant projects and will be paid for with grant funding.

The motion carried unanimously by roll call vote.

Jenny Brock delivered the report of the Business Development/Planning Committee which recently met to review a Power Purchase Agreement with Silicon Ranch relating to the development of a 9 MW solar farm. The project will afford a number of benefit opportunities for the Washington County Schools, Johnson City Schools and East Tennessee State University and, particularly, research and development opportunities for Milligan University and ETSU electrical engineering and engineering technology students. Upon motion of Ms. Brock, on behalf of the Committee, the Board approved the Purchase Power Agreement with Silicon Ranch. The motion carried unanimously by roll call vote.

The location of a site for the solar farm is under way and a neighborhood meeting will be held on Thursday, August 27th to discuss with residents the effects of the construction of the solar farm near their properties.

Brian Bolling, CPA, Chief Financial Officer and Chief Customer Officer, delivered a short presentation to the Board regarding recent activities in his departments, this month focusing on COVID-19 impacts in two areas - purchasing and customer bill payment.

With respect to purchasing, Mr. Bolling stated that at the present time normal stock items are regularly available with no price increases, while delivery lead times for products manufactured upon order are increasing. The demand for communications and utility products is currently up approximately 30%. Vendor freight costs have increased in some cases. He cited as examples of these impacts equipment for the block chain data center project and the difficulty in quickly obtaining some of the equipment needed by the Broadband Division.

Mr. Bolling advised that the company had suspended disconnections for non-payment on March 16, 2020 because of the COVID-19 pandemic. Rather than sending out the normal disconnect notices, BrightRidge began sending out "reminder notices", primarily for the purpose of keeping customers apprised of the amounts owed on their accounts. Letters were sent out in April and May to this effect, followed by second letters on accounts a month to 60 days or more late, offering payment arrangements,

deferred payments, and information regarding possible available payment assistance resources, such as the "Hand Up" Program. The second letter was followed up seven days later with a direct telephone call to the customer, and an e-mail to those customers utilizing "Smart Hub". All customer contacts have been documented.

In June, the company resumed non-pay disconnect procedures, and sent out letters to all past due customers advising of that resumption. On July 15, BrightRidge began performing non-payment disconnects, and completed a full cycle of non-payment disconnects on August 14th. During that one-month non-payment disconnect cycle, 1,014 payment arrangements were made and 377 deferred payments were set up with customers, for a total of 1,391 accounts. During the same one-month period last year, 1,062 payment arrangements were made and 22 deferred payments were set up, for a total of 1,084 accounts.

During the non-payment disconnect cycle in 2020, 870 disconnects were made, 605 customers were reconnected, and 265 were not reconnected. During the same period last year, 510 disconnects were made, 381 customers were reconnected, and 129 were not reconnected.

The company reached a peak of \$1.4 million in outstanding accounts over 30 days past due on June 11th. On June 24th, the company reached a peak of 3,025 delinquent customers. By August 24th, the number of delinquent customers had dropped to 972, and the amount of outstanding accounts had dropped to \$285,913.00, which is basically within normal levels. Mr. Bolling commended his employees for their outstanding customer service efforts in handling these delinquent accounts.

Stacy Evans, Chief Broadband Officer delivered an update regarding the broadband project. At the time of the Board meeting, the Broadband Division has a total of 1,858 total customers.

The current broadband customer base is as follows:

|                     |       |
|---------------------|-------|
| Jonesborough Fiber: | 75    |
| Johnson City Fiber: | 1,542 |
| Piney Flats Fiber:  | 4     |
| Telford Fiber:      | 3     |
| Fixed Wireless:     | 133   |
| Managed WiFi:       | 974   |
| IPTV Video:         | 432   |
| Telephone VoIP:     | 264   |

The current most popular product packages are as follows:

|                              |     |
|------------------------------|-----|
| Residential Fiber, 200 Mbps: | 757 |
| Residential Fiber, 500 Mbps: | 729 |
| Residential Fiber, 1Gbps:    | 191 |

Phase 3 fiber optic construction is underway in the Gray and Boones Creek areas, with 66.27 miles of aerial strand construction and 42.31 miles of aerial fiber construction completed. Cabinet Nos. 6, 7, 17 and 19 are also complete.

Phases 1 and 2 wireless coverage is completed in the Persimmon Ridge (Jonesborough), Piney Knob (south of Telford), and Stockyard (Highway 11-E - Washington County Industrial Park and Highway 11-E to Bowmantown) areas. A pole has been placed at South Central (Highway 107/Bailey Bridge Road), with the radio equipment and antennas assembled in May, to be mounted and attached to fiber in the near future. Tower site selection is pending at Pleasant Valley (south of Gray) and in Fall Branch.

A portion of Tennessee's Coronavirus relief fund (CRF) was allocated to broadband projects through the Tennessee Emergency Broadband Fund. Projects must be completed by December 15, 2020 to qualify, with an 80% match from TN DECD/U. S. Department of Treasury. The grants provide for drops, electronics, equipment, fixed wireless antennas, satellite equipment, and other materials necessary to provide broadband to an end user where infrastructure is in place but 25 mb/3 mb is unavailable to individual locations, and for community Wi-Fi services.

BrightRidge applied for seven grants under this program and has been awarded grant funding approval for six of those grant applications. Funds will be utilized for the following projects:

- \* 556 fiber-to-premise customers in the Bowmantown area
- \* 48+ hybrid fiber/fixed wireless customers in the Pleasant Valley area east of Sulphur Springs
- \* Fiber to 17 Washington County Schools to offer free community 1Gb WiFi to the parking areas (Grandview Elementary, Gray Elementary, Lamar Elementary, Asbury Optional High School, Fall Branch Elementary, Jonesborough Middle, Daniel Boone High School, David Crockett High School, old Boones Creek Elementary, Jonesborough Elementary, Sulphur Springs Elementary, West View Elementary, new Boones Creek Elementary, and University School at East Tennessee State University)
- \* Fiber to 3 Johnson City Schools to offer free community 1 Gb WiFi to parking areas (Science Hill High, Indian Trail Middle, and South Side Elementary)
- \* Fiber to 3 Sullivan County Schools to offer free community 1 Gb WiFi to the parking areas (Colonial Heights Middle, Mary Hughes, and Miller Perry Elementary)
- \* Fiber to 6 community centers in Washington County to offer free community 1 Gb WiFi to the parking areas (Limestone Ruritan, Leesburg Ruritan, Bowmantown Ruritan, Appalachian Fairgrounds, Oak Glen Community Center, and Telford Ruritan)

CEO Jeff Dykes commended Power Board managers, staff, and employees for their hard work, particularly with respect to the recent broadband grant applications.

He stated that BrightRidge employees held the highest ideals of service, and he praised their forward-thinking philosophy in meeting the needs of the utility's customers and service communities.

Mr. Dykes congratulated Chairman Smith upon the completion of chairing his first Board meeting and stated that he looked forward to working with him during his term as Chair.

Board members James Haselsteiner and Robert Thomas echoed Mr. Dykes' admiration of BrightRidge employees - Mr. Haselsteiner with respect to the team handling delinquent customer accounts, and Mr. Thomas to those who worked so diligently to procure grant funding for the broadband projects.

There being no further business, the meeting was adjourned.