

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

August 24, 2021

PRESENT: Dan Brant
Jenny Brock
Joe Grandy
James Haselsteiner
B. J. King
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 and Market Strategy Officer
Mark Eades, Chief Engineering and Facilities Officer
Eric Egan, Chief Data Officer
Stacy Evans, Chief Broadband and Technology Officer
Rodney Metcalf, Chief Operations Officer
Melissa Taylor, Supervisor, General Accounting
Tiphonie Watson, Customer Support Manager
Stephen M. Darden, Hunter Smith Davis, LLP

ABSENT: Hal Knight
Brian Ellis, Service Department Manager
Donnie Hall, Safety/Environmental Manager
David Spinnato, Physical Plant/Warehouse Manager
Tim Whaley, Director of Public and Governmental Affairs

Chairman James Smith called the meeting to order.

Upon motion of Mr. Haselsteiner, seconded by Mr. Thomas, the monthly power distributor's report submitted to the Tennessee Valley Authority for June 2021 was approved. The motion carried unanimously by roll call vote. Year-to-date income was \$2,645,605.80 more than last year's year-to-date figure and year-to-date actual net income was \$3,557,486.69 more than the budgeted figure. The general fund balance stands at \$19,410,957.18, the reserve fund balance stands at \$6,787,912.59, the special reserve fund balance stands at \$6,037,505.69, the tax equivalent fund balance stands at \$5,567,885.47, the economic development fund balance stands at \$1,641,481.69, the

2017 bond and interest sinking fund balance stands at \$701,804.04, the renewal and replacement fund balance stands at \$6,318,279.79, and the self-insurance fund balance stands at \$2,003,298.44. BrightRidge is currently serving 80,919 customers, which is an increase of 1,059 customers (a 1.3% increase) since the same time last year.

Brian Bolling also discussed in-lieu-of-tax payments made by BrightRidge to the government entities in its service area and the financial impact of the Broadband Division upon the Electric Division during the 2020-21 fiscal year. He further referenced the recent issuance of the \$28 million electric revenue bond and announced that each Board member had received a copy of Form CT-0253 - Report on Debt Obligation - as required by the State of Tennessee.

Upon motion of Ms. Brock, seconded by Mr. Mabrey, the monthly financial statements for June 2021 for the Broadband Division were approved. The motion carried unanimously by roll call vote. The cash bank balance stands at \$698,787.07, and capital projects closed to plant through June 2021 totaled \$11,389,757.49 (plus construction work in progress since June, 2020 totaling \$43,123.90), with a \$2,506,161.39 capital budget remaining at this time.

Brian Bolling stated that there had been a 206% increase in monthly recurring revenue for the Broadband Division over Fiscal Year 2020-21. Billed broadband customers totaled 2,960 at the end of the fiscal year, which exceeded the budgeted number of customers (2,590) by 370 customers. Fiber customers exceeded the budgeted figure by 687 customers, and the Division realized \$502,537.00 more recurring revenue than originally budgeted.

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

(a) The minutes of the regularly scheduled Board meeting on July 27, 2021.

(b) The purchase of Itron electric meters with Tantalus AMI modules in the following quantities and prices:

- (i) 2,400 Itron FM 25 Remote Disconnect (RD) meters at a cost of \$182,400.00; and
- (ii) 2,400 Tantalus modules for RD meters at a cost of \$192,000.00.

The Itron meter/Tantalus module set is the standard single-phase meter in use on the BrightRidge system.

The motion carried unanimously.

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

(a) The low bid of Border States in the amount of \$712,560.00 for 200,000 feet of 48 CT singlemode loose tube fiber (\$75,420.00), 200,000 feet of 96 CT singlemode loose tube fiber (\$13,228.00), 200,000 feet of 144 CT singlemode loose tube fiber (\$190,700.00), and 200,000 feet of 48 CT singlemode loose tube fiber (\$314,160.00).

(b) The sole bid of Enfopoint in the amount of \$98,509.42 for Juniper support renewal for 2021.

(c) The purchase of fiber for the Phase IV fiber build from Grabar through the Omnia-US Communities government contract purchase program at a cost of \$809,868.00. This is necessitated by the present supply chain challenges for fiber material delivery. The Broadband Division currently only has enough fiber to complete approximately 50% of the Phase IV fiber build. The purchase through this program would allow for the completion of the Phase IV fiber build and would also enable BrightRidge to begin any potential grant construction projects if approved, as delivery times are estimated at within four weeks following the purchase. The pricing for the fiber through the government contract purchase program is competitive with other bids received for fiber, with pricing under the program as follows:

(i)	200,000 feet of 48 count fiber:	\$ 86,476.00
(ii)	200,000 feet of 96 count fiber:	\$144,784.00
(iii)	200,000 feet of 144 count fiber:	\$206,202.00
(iv)	200,000 feet of 144 count fiber:	\$372,096.00

TOTAL: \$809,868.00

The motion carried unanimously.

Upon motion of Ms. Brock, seconded by Mr. Thomas, the Board approved a budget reallocation in the amount of \$74,417.00 from the Development and Marketing Strategy budget to the AMI Capital budget for the purchase of eight RF channels to support AMI system communications. The utility is currently leasing these channels from VIE Technologies under a 10-year lease agreement, and the purchase of same would include a 30% discount over the 10-year lease period and would result in BrightRidge owning the rights to those channels from that point forward. The motion carried unanimously by roll call vote.

Rodney Metcalf, Chief Operations Officer, delivered a presentation to the Board regarding recent activities in his departments, focusing this month on work performed by the Electric Construction and Electric Service Departments in 2019, 2020, and in 2021 (to date). He discussed the number of maintenance poles installed, the

number of fiber make-ready poles installed, and poles which were replaced as a result of Osmose pole inspections.

With respect to the Electric Service Department, Mr. Metcalf spoke about the number of new services installed, rewires, street light repairs, and calls involving interruptions to electric service as a result of tree issues, traffic accidents, and animals. There had been some recent problems with equipment failure of porcelain cut-outs, but replacement of the porcelain items with polymer cut-outs has appeared to alleviate this concern.

The Electric Service Department removed 10,640 trees over 6" in diameter in 2019, 11,574 trees in 2020, and is on track to meet or exceed those figures in 2021, having removed 8,169 trees thus far this year.

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 5,106 active customers, 8.6% of which are business or commercial entities.

The current broadband customer base is as follows:

Jonesborough Fiber:	576
Johnson City Fiber:	2,526
Piney Flats Fiber:	5
Telford Fiber:	134
Limestone Fiber:	213
Gray Fiber:	1,439
Kingsport Fiber:	53
Fixed Wireless:	160
Managed Wi-Fi:	3,264 (70% average "take rate")
IPTV Video:	1,102
Telephone VoIP:	694

Mr. Evans advised the Board that on June 30, 2020 there were 1,554 active broadband customers. On June 30, 2021, there were 4,580 active broadband customers, resulting in a net increase of 3,026 customers during the fiscal year - 486 more than the budgeted increase of 2,540 customers. The target customer goal by June 30, 2022 is 7,616 customers, and would require 58 net installs per week to reach that goal.

Phase III construction is virtually complete, and Phase IV fiber-optic construction is now under way, with 18.33 miles strand messenger installed and 16.42 miles of fiber installed in the Johnson City section of Phase IV.

Mr. Evans briefly discussed several new services which may be offered to BrightRidge Broadband customers through the BrightRidge Smarthome initiative. Protect

IQ is a firewall service and Command IQ and Experience IQ allow for such functions as monitoring of websites visited, hours of usage, and device usage priority.

Mr. Evans advised the Board that 27 customers were presently participating in the Emergency Broadband Benefit Program offered through the FCC and Universal Service Administrative Company. The program allows a \$50.00-per-month credit toward broadband costs to eligible households.

Mr. Evans spoke briefly about the recent passage of an infrastructure bill by the United States Senate, which includes a \$65 billion broadband infrastructure package. The bill has been forwarded to the U. S. House of Representatives for consideration. He also delivered an update on the Lumen sale of Century Link eastern telephone/DSL copper-based networks and the ILEC assets sold to Apollo Group, which cover the southeast portion of the United States. Estimates are that only 2.3 million of the 7 million lines sold to Apollo can be upgraded at IRRs of 9% or better.

CEO Jeff Dykes advised that his office would circulate prospective dates for a Finance, Audit, Rates and Budget Committee meeting to discuss the extension of the Pandemic Relief Credit.

Mr. Dykes commended BrightRidge employees who participated in the recent "Meet the Mountains" Festival. He advised that many of the visitors to the BrightRidge festival booth expressed considerable interest in broadband services. There were six sales from the booth, and 20 prospective visits were scheduled to determine whether BrightRidge broadband service would be available to those visitors.

Chairman Smith commented that he was impressed by the broadband representation he had seen at recent community events he had attended or in which he had participated.

There being no further business, the meeting was adjourned.