

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

January 26, 2021

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 Facilities Officer
Eric Egan, Chief Data Officer
Stacy Evans, Chief Broadband and Technology Officer
Rodney Metcalf, Chief Operations Officer
Melissa Taylor, Supervisor, General Accounting
Tim Whaley, Director of Public and Governmental Affairs
Stephen M. Darden, Hunter Smith Davis, LLP

ABSENT: Brian Ellis, Service Department Manager
Donnie Hall, Safety/Environmental Manager
David Spinnato, Physical Plant/Warehouse Manager
Tiphonie Watson, Customer Support 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 71**), 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 February 27, 2021, 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 Mr. Grandy, seconded by Ms. Brock, the Board approved the modification of the Broadband Division Consent Agenda to amend the bid tabulation page to reflect the awarding of the bid to the next-to-lowest rather than lowest bidder because of a major difference in the delivery date/lead time for said product. The lead time for the low bidder was 8 to 10 weeks, while the lead time for the next-to-lowest bidder was 3 to 5 weeks, at a cost increase of approximately \$109.00 per unit. The motion carried unanimously by roll call vote.

Shawn Weems, CFP, CRSP, Relationship Manager for the Trust Company of Tennessee, delivered an annual review of the utility's 457(b) retirement plan. The plan balance at the beginning of 2020 was \$3,910,952.14 and the year-end balance was \$4,568,093.30, with an average participant balance of approximately \$51,326.89. Participation remains steady, with 89 participants with account balances at the end of the year. Mr. Weems briefly discussed a snapshot of the investments market during 2020, average annualized returns in times of market highs and market declines, and the method by which the fees of the Trust Company are calculated. As Mr. Weems has stated in the past, the greatest benefit of the plan to BrightRidge employees is that the Trust Company plan is comprised of professionally managed asset allocation models. Further, the company has in-house Chartered Financial Analysts available to assist employees in making their investment decisions. This year, several items were put in place to enhance employee and plan sponsor participation, including a number of security enhancements, a mobile application, a virtual account review feature on the Trust Company's website, and a Compliance Calendar and "Retirement Plan Academy", which offers virtual workshops for plan sponsor officers and employees for advice and best practices.

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

Year-to-date income was \$97,755.47 more than last year's year-to-date figure; however, year-to-date actual net income was \$611,716.29 less than the budgeted figure. This was attributed largely to weather. November was a very mild month, with temperatures in either the 60s or 70s on multiple days during the month. In November, the general fund balance stood at \$20,802,059.99, the reserve fund balance stood at \$6,760,748.50, the special reserve fund balance stood at \$6,014,150.90, the tax equivalent fund balance stood at \$2,312,637.91, the economic development fund balance stood at \$1,632,905.86, the 2017 bond and interest sinking fund balance stood at \$1,347,999.24, the renewal and replacement fund balance stood at \$6,293,335.81, and the self-insurance fund balance stood at \$2,051,651.74. BrightRidge served 79,901 customers in November, which is an increase of 737 customers since the same time last year.

Upon motion of Ms. Brock, seconded by Mr. Haselsteiner, the monthly power distributor's report submitted to the Tennessee Valley Authority for December 2020 was approved. The motion carried unanimously by roll call vote. Year-to-date income was \$579,435.23 more than last year's year-to-date figure. Year-to-date actual net income was \$550,844.66 more than the budgeted figure. Again, this was attributed to weather, as December generally proved to be a cold month. The general fund balance stands at \$18,370,172.42, the reserve fund balance stands at \$6,765,389.19, the special reserve fund balance stands at \$6,018,341.09, the tax equivalent fund balance stands at \$2,777,330.50, the economic development fund balance stands at \$1,645,855.24, the 2017 bond and interest sinking fund balance stands at \$1,988,037.74, the renewal and replacement fund balance stands at \$6,297,720.51, and the self-insurance fund balance stands at \$2,053,081.17. BrightRidge is currently serving 80,044 customers, which is an increase of 665 customers since the same time last year.

Upon motion of Dr. King, seconded by Mr. Mabrey, the monthly financial statements for November 2020 for the Broadband Division were approved. The motion carried unanimously by roll call vote. The cash bank balance stood at \$579,957.60, and capital projects closed to plant through November totaled \$2,472,586.60 (plus construction work in progress since June 2020 totaling \$3,363,373.65), with a \$3,090,759.75 capital budget remaining at the end of November.

Upon motion of Ms. Brock, seconded by Mr. Haselsteiner, the monthly financial statements for December 2020 for the Broadband Division were approved. The motion carried unanimously by roll call vote. The cash bank balance stands at \$2,249,948.79, and capital projects closed to plant through December 2020 totaled \$2,492,152.21 (plus construction work in progress since June 2020 totaling \$4,018,067.76), with a \$2,416,500.03 capital budget remaining at this time.

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

- (a) The minutes of the December 15, 2020 Board meeting.

(b) The low bid of Construction Partners in the amount of \$123,300.00 for renovations to the "B" Building and the Marketing Department at the Boones Creek Road campus. A set of double entrance doors will be added at the entrance to the "B" Building corridor from the "A" Building to allow access to public restrooms while maintaining "B" Building security. The Marketing Department renovations will allow that department to be housed in one area rather than in multiple office areas on different floors of the Administration Building.

The motion carried unanimously by roll call vote.

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

(a) The bid of Graybar in the amount of \$76,580.22 for six 864 fiber distribution cabinets. As mentioned above, the second lowest bidder was selected because of the 50% faster delivery/lead time.

(b) The low bid of Power and Tel in the amount of \$15,792.00 for twelve 1 X 64 splitters.

The motion carried unanimously by roll call vote.

Mr. Grandy delivered the report of the Finance, Audit, Rates and Budget Committee, which had met on January 14, 2021 to consider two items.

(a) Upon motion of Mr. Grandy, on behalf of the Committee, the Board approved a one-time bill credit for residential and small commercial power customers during the February 2021 billing period. The funding for the credit is from the TVA Pandemic Relief Credit received by BrightRidge on its wholesale power bill for October 2020 - September, 2021. BrightRidge estimates that a typical residential customer may save 7% to 9% and that a small commercial customer may save 6% to 8% on their respective bills due to the credit. Residential and small commercial power customers comprise over 97% of the BrightRidge total customer base. The motion carried unanimously by roll call vote.

(b) The extension of fiber in the broadband grant areas will allow BrightRidge Broadband to serve an additional 1,051 customers that were not a part of the grant area at a lower cost than normal. Upon motion of Mr. Grandy, on behalf of the Committee, the Board voted to add the following areas to the Phase 3 buildout:

- (i) 243 homes passed outside the Bowmantown grant area
- (ii) 47 homes passed outside the Pleasant Valley grant area
- (iii) 323 homes passed near the Washington County School builds
- (iv) 438 homes passed near the Community Center builds

The motion carried unanimously by roll call vote.

Brian Bolling, Chief Financial Officer and Chief Customer Officer, delivered a presentation to the Board regarding recent activities in his departments, this month focusing upon the Lavi Virtual Queuing System. This system allows customers to schedule interactions with Customer Service Representatives via a Scheduler application on the BrightRidge website and to remain in their vehicles in the BrightRidge parking area until their respective appointments are announced. A cell phone application shows the customer his appointment number and how many people are ahead of him or her in the queue, and then sends a text message for the customer to enter the building at the time his or her appointment is announced. There is no vendor charge for the use of the system; the only charge to the utility is approximately two cents per text message sent to a customer in a vehicle. This queuing system provides for a safer environment during the pandemic for both the customer and for BrightRidge employees.

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 3,003 active customers, almost 10% of which are business or commercial entities.

The current broadband customer base is as follows:

Jonesborough Fiber:	427
Johnson City Fiber:	2,057
Piney Flats Fiber:	4
Telford Fiber:	113
Limestone Fiber:	176
Fixed Wireless:	151
Managed Wi-Fi:	1,770 (67% average "take rate")
IPTV Video:	693
Telephone VoIP:	475

The current most popular product packages are as follows:

Residential Fiber, 200 Mbps:	1,066
Residential Fiber, 500 Mbps:	1,194
Residential Fiber, 1Gbps:	283
Residential Fiber, 10Gbps:	1

Mr. Evans stated that the Broadband Division appeared to be on track to meet its budgeted customer count of 4,093 for FY '20-'21.

Phase 3 fiberoptic construction continues in the Gray and Boones Creek areas, with approximately 1,480 customer passings ready on January 26th. Mr. Evans showed slides of the residential fiber, business fiber and fixed wireless customer bases in Phases 1 and 2 in Johnson City, Jonesborough, Piney Knob, the Bowmantown area, Pleasant Valley, and in Phase 3 area in Gray.

Cost projections and actual costs pertaining to the recently completed grant project were discussed. Approximately \$2.3 million was spent, with the 80% reimbursement totaling about \$1.8 million and the BrightRidge share totaling approximately a half-million. Mr. Evans also showed how the grant benefitted the Electric Division as well, as tree-trimming associated with the buildout cleaned up over 70 miles of line at approximately 20 cents on the dollar.

The USDA Community Connect grant application was submitted on December 23rd. The purpose of this grant is to serve underserved areas, with an 85%/15% match. Total project costs are estimated at \$1,534,102.00, with BrightRidge's match totaling approximately \$230,116.00.

Ms. Brock expressed her appreciation to BrightRidge leadership and staff in working so diligently to complete the grant work to enable service to underserved and unserved rural sectors of the company's service areas.

CEO Jeff Dykes echoed Ms. Brock's commendation to the entire BrightRidge workforce for the success of the broadband roll-out. He also stated that winter weather was expected later in the week, and he commended officers and staff for excellent construction and maintenance of the BrightRidge power grid.

Mr. Mabrey also praised all the team members involved in procuring the grant and bringing that project to fruition.

There being no further business, the meeting was adjourned.