

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

June 22, 2021

PRESENT: 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
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
Tiphonie Watson, Customer Support Manager
Tim Whaley, Director of Public and Governmental Affairs

ABSENT: Dan Brant
Connie Crouch, Human Resources Manager
Brian Ellis, Service Department Manager
Donnie Hall, Safety/Environmental Manager
David Spinnato, Physical Plant/Warehouse Manager
Stephen M. Darden, Hunter Smith Davis, LLP

Chairman James Smith called the meeting to order.

Brenda Whitson, Executive Director of the Johnson City Convention and Visitors Bureau, delivered a presentation to the Board regarding the bureau's "Visit Johnson City" initiative. The program was originally part of a statewide initiative under the Tennessee Tourism Department, as tourism plays a large front-line role in regional economic development. When the COVID pandemic struck last year, tourism in the area was profoundly affected, and it was necessary to consider new ideas to boost tourism, and as a result, economic development, at which time BrightRidge was approached to partner with the initiative to help with social media platforms. The initial target audiences

for social media video spots were retirees and young families. Facebook and Instagram posts targeted the primarily 25 - 55 age group. Both types of posts received positive comments, and many received shares to the viewer's personal social media page. The first campaign, which began in October 2020, received over 853,000 impressions. The campaign was targeted in cities which were heavily impacted by COVID, but which could also have been impacted by potential weather issues. The #1 market was Atlanta, followed by Nashville and Charlotte, evidencing a good marketing reach area. Web analytics for "Visit Johnson City" revealed that the "Retire Tennessee" page received over 150,000 views, which was five times more popular than any other page on the website. The campaign was paused in November 2020 due to the national election and the upcoming holidays, and was reactivated in Spring, 2021 utilizing the same videos. Facebook views were over one-half million, with positive "likes" and comments. Impressions were over 2.4 million, with Facebook logging more impressions than Instagram. The average engagement was 1 minute, 38 seconds, which evidenced that the videos were being watched the entire way through. The videos were run in an on-two-weeks/off-two weeks manner to keep the content fresh during Phase 2 (through June 2nd). Page views were over 81,000.00, with 50% of those views within the targeted age demographic. Bonnie Donnolly's team reviewed utility new activation data from October 2019 - April, 2021, and the numbers and the states represented on this data correlated well with that of the campaign.

Ms. Whitson announced to the Board that the Northeast Tennessee Tourism Association had recently submitted BrightRidge as Tourism Partner of the Year in a competition judged by the Southeastern Tourism Society Board of Directors. BrightRidge had been selected for the award, and Ms. Whitson presented same to Chairman James Smith and CEO Jeff Dykes at the meeting.

Ms. Whitson gave Board members an update on the plans for the new Visitors' Center facility to be located at 300 Buffalo Street in Johnson City, and she invited BrightRidge to continue to partner with "Visit Johnson City" in future campaigns for the mutual benefit of both entities.

Upon motion of Dr. King, seconded by Ms. Brock, the monthly power distributor's report submitted to the Tennessee Valley Authority for May 2021 was approved. The motion carried unanimously by roll call vote. Year-to-date income was \$399,887.70 less than last year's year-to-date figure; however, year-to-date actual net income was \$494,861.66 more than the budgeted figure. The general fund balance stands at \$26,119,022.26; the reserve fund balance stands at \$6,784,569.03, the special reserve fund balance stands at \$6,034,504.97, the tax equivalent fund balance stands at \$5,102,376.39, the economic development fund balance stands at \$728,624.46, the 2017 bond and interest sinking fund balance stands at \$383,007.75, the renewal and replacement fund balance stands at \$6,315,139.52, and the self-insurance fund balance stands at \$2,002,799.79. BrightRidge is currently serving 80,701 customers, which is an increase of 937 customers (a 1.2% increase) since the same time last year.

Upon motion of Dr. King, seconded by Ms. Brock, the monthly financial statements for May 2021 for the Broadband Division were approved. The motion carried unanimously by roll call vote. The cash bank balance stands at \$421,798.05, and capital projects closed to plant through May 2021 totaled \$7,345,328.47 (plus construction work in progress since June, 2020 totaling \$1,269,880.84), with a \$311,510.69 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 regularly scheduled Board meeting on May 25, 2021.

(b) The low bid of Williams in the amount of \$66,154.00 for 9,300 feet of rigid 2 1/2" PVC conduit (\$30,690.00) and 8,800 feet of rigid 3" PVC conduit (\$35,464.00).

(c) The low bid of Permatile in the amount of \$124,410.00 for 10 10' X 10' X 7' octagonal manholes.

(d) The low bid of Irby in the amount of \$276,750.45 for 80 36" cable stanchion racks (\$3,996.00), 240 20" heavy duty rack arms (\$11,998.00), 12,000 feet of 500 CU 15 KV compact primary cable (\$239,580.00), 30 deadbreak 4-point 600A junctions (\$12,073.50) and 63 deadbreak 600A T-body elbows (\$9,112.95); and the low bid of P. Supply in the amount of \$145,508.40 for 13,520 feet of rigid 6" PVC conduit (\$142,636.00) and 1,720 feet of 6" C 3" PVC base conduit spacers (\$2,872.40).

(e) The low bid of Irby in the amount of \$2,981,208.00 for 72 fault interrupters (\$2,874,312.00), 24 communications Intellinode modules (\$92,496.00), and 24 GSP antennae (\$14,400.00).

The motion carried unanimously.

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

(a) The sole bid of Graybar in the amount of \$664,887.40 for 60 1 X 64 splitters (\$208,306.60), 20 TII distribution cabinets (\$63,653.80) and 200,000 feet of 288 CT ZWP fiber (\$392,922.00).

The motion carried unanimously.

Mr. Grandy delivered the report of the Finance, Audit, Rates and Budget Committee which had held budget workshops to review the proposed FY 2021-22 Electric Division operating and capital budgets. The budgets did not include any rate increases by BrightRidge or the Tennessee Valley Authority. Funding for the budgets does include the issuance of \$28 million in bonds for FY 2022 and FY 2023 capital expenditures.

Upon motion of Mr. Grandy, on behalf of the Committee, the Board approved the approval of the FY 2021-22 operating and capital budgets for the Electric Division. The motion carried unanimously by roll call vote.

The Finance, Audit, Rates and Budget Committee further met on June 2, 2021 in a workshop to review the FY 2021-22 Broadband Division operating and capital budgets. The budgets include network adjustments to offer fiberoptic services to more customers earlier than expected as part of Phase IV of the broadband deployment. Upon motion of Mr. Grandy, on behalf of the Committee, the Board approved the FY 2021-22 Broadband Division operating and capital budgets. The motion carried unanimously by roll call vote.

Rick Dulaney with Raymond James, who serves as Financial Advisor for BrightRidge, delivered a brief overview of a Resolution authorizing the issuance of \$28 million in electric revenue bonds as approved in the FY 2021-22 Electric Division operating and capital budgets. Upon motion of Ms. Brock, seconded by Dr. King, the Board approved a "Resolution Authorizing the Issuance of Not to Exceed \$28,000,000 in Aggregate Principal Amount of Electric System Revenue Bonds, Series 2021 of the Johnson City Energy Authority; making provision for the Issuance, Sale, and Payment of Said Bonds, Establishing the Terms Thereof and the Disposition of Proceeds Therefrom; providing for the Collection and Disposition of Revenues from the Electrical Power Distribution System of the Authority; and Making Provision for the Operation of Said System." The motion carried unanimously by roll call vote. A copy of the Resolution is attached as Exhibit "A" to these minutes.

Mark Eades, Chief Engineering and Facilities Officer, delivered a presentation to the Board regarding recent activities in his departments, focusing this month on the Electrical System Capacity of BrightRidge. Mr. Eades demonstrated through the examples of ordinary household objects the composition of a kilowatt and a kilowatt hour. The average cost charged for a kilowatt hour is approximately 9 1/2 to 10 cents. He also cited examples of typical monthly kW demands such as for residences, fast food restaurants, supermarkets, manufacturing facilities, and for megawatt users such as universities or hospitals.

Mr. Eades next discussed the composition of a three-phase transformer, the LTC component which regulates the output voltage of the transformer, and the operation of the oil and the transformer's cooling fans. Some transformers are equipped with separate regulators, which perform the identical function of the LTC.

The BrightRidge system consists of approximately 30 distribution stations, 5 of which are TVA delivery points (Northeast Primary, West Primary, Walters Primary, Boone Hydro and Fordtown). The BrightRidge system is a "winter-peaking" system. A recent system study revealed predictions of peak up to the year 2030. It was Mr. Eades' analysis that, based upon this study, the Boones Creek, Broadway, Gray, Piney Flats, and Telford distribution points will likely need to be addressed within the next few years.

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 4,466 active customers, 8.8% of which are business or commercial entities.

The current broadband customer base is as follows:

Jonesborough Fiber:	539
Johnson City Fiber:	2,343
Piney Flats Fiber:	5
Telford Fiber:	127
Limestone Fiber:	205
Gray Fiber:	1,043
Kingsport Fiber:	48
Fixed Wireless:	157
Managed Wi-Fi:	2,791 (67% average "take rate")
IPTV Video:	1,126
Telephone VoIP:	690

Mr. Evans stated that there was currently an average of 8.2 networked devices in a home per person. By 2023, it is predicted at there will be 13.4 of these devices per person. He discussed a study released by the Fiber Broadband Association (FBA, which determined that a family of four will require symmetrical broadband speeds of at least 2 Gbps by the year 2030 to adequately meet its needs. Additional research commissioned by the FBA found that a four-person household today needs a connection offering download speeds of 131 Mbps and upload speeds of 73 Mbps; by the start of the next decade, these speeds are projected to rise to 2.14 Gbps for the downlink and 2.04 Gbps for the uplink. It was noted that average fixed broadband download speeds have increased at a compound annual growth rate of 27% (179 Mbps) over the past 5 years and uplink speeds had risen at a compound growth rate of 28% (65 Mbps). If growth continues at this rate, the average download and uplink speeds will be well short of the forecasted need. Emerging applications such as 4K and 8K high-definition televisions, automated homes, fully integrated security systems, smart thermostats, and e-health applications utilizing video and services linked to medical staff will only increase these needs. Mr. Evans felt that the investments BrightRidge has made in its broadband infrastructure should benefit the area for many, many years to come.

Mr. Evans discussed the active customer growth rate for the current budget year. The Broadband Division is currently expected to exceed its budgeted projection of 2,540 customers. Based upon scheduled installations, by June 30, 2021, it is expected that there will be 4,557 broadband customers by the end of this fiscal year.

Phase 3 fiberoptic construction continues towards completion, with 6,324 customer passings currently ready.

Mr. Evans discussed two new options for video services customers. Locast.org is a not-for-profit service offering users access to broadcast television stations over the internet and provides 28 channels. Mybundle.tv offers customer education regarding multiple options for purchasing video solutions, including certain free streaming content, low-cost options to stream local broadband channels, and help in identifying the best paid streaming services to fit the customer's viewing and budgetary needs.

Mr. Evans discussed the Emergency Broadband Benefit Program (EBB) which applies a \$50 per month credit toward broadband costs to certain eligible households. Four BrightRidge Broadband customers were verified and received the credit in May and nine new customers are verified and participating in June.

Mr. Evans stated that the Broadband Division's USDA Community Connect grant application had moved to the next stage of review, and that he had recently checked the status of the application. He was advised that the review process had been moved out until the first week in July.

CEO Jeff Dykes announced that BrightRidge had recently participated with Seven States Power Corporation and East Tennessee State University at a ribbon cutting for the 100th Seven States electric vehicle charging station, located on the campus at ETSU. This event and the recent Silicon Ranch solar farm groundbreaking had both received national recognition.

Mr. Dykes stated that the Marketing and Customer Service Divisions will update the Board next month regarding broadband outreach. He also mentioned that Stacy Evans had been asked to speak at the Fiber Broadband Association's "Fiber Connect" meeting in Nashville next month.

Board members will be notified of potential meeting dates for a Business Development/Planning Committee meeting in July.

Mr. Dykes stated that the local company working with Red Dog Technologies had brought some of their engineers down from Connecticut, and that representatives from a Washington DC sound engineering firm will be at the facility within the next few days.

The CEO advised that he had recently been contacted by Manfred Goessling, who had expressed his appreciation to the BrightRidge Board of Directors for their assistance in helping his former company, Goessling, USA, with the USDA Rural Development expansion loan. He stated that the loan had been a milestone for the company's operations in the United States.

Board member Jenny Brock commented that BrightRidge's reputation in our community is stellar and expressed her appreciation to the Board, staff, and employees for their innovation in the development of so many projects which had benefitted the communities in its service area.

There being no further business, the meeting was adjourned.