

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

May 26, 2020

PRESENT: Dan Brant
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
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
Angela Shrewsbury, Energy Services/Marketing Manager
Tim Whaley, Director of Public and Governmental Affairs
Joe Harvey, Hunter Smith and 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 B. J. King called the meeting to order.

CEO Jeff Dykes delivered the following statement:

Operating under authority of **Executive Order No. 16** 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. BrightRidge, organized as a public political subdivision of the State of Tennessee, will conduct its meetings telephonically beginning Tuesday, March 24, 2020 at 4:15 PM. As required under **Executive Order No. 16**, a full audio recording of the meeting will 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 liability of other potential virtual meeting venues moving forward, with authority to conduct meetings electronically set to expire on May 18, 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 Dr. Knight, the monthly power distributor's report submitted to the Tennessee Valley Authority for April, 2020 was approved. The motion carried unanimously by roll call vote. Kilowatt hour sales continued a downward trend due to mild weather. Last year, 21 of 30 days in April were above 70 degrees, and 4 of 30 days were above 80 degrees. This year, only 7 of 30 days were above 70 degrees. COVID-19 shutdowns also impacted sales to a modest degree.

In spite of these conditions, year-to-date income was \$1,836,366.40 more than last year's year-to-date figure, primarily resulting from a \$2.3 million TVA Partnership Credit. Likewise, year-to-date actual net income was \$3,453,046.44 more than the budgeted figure. The general fund balance stands at \$28,113,059.03, the reserve fund balance stands at \$6,720,625.90, the special reserve fund balance stands at \$5,978,434.83, the tax equivalent fund balance stands at \$4,701,022.36, the economic development fund balance stands at \$1,654,265.33, the 2017 bond and interest sinking fund balance stands at \$50,059.31, the renewal and replacement fund balance stands at \$6,255,961.74, and the self-insurance fund balance stands at \$2,039,467.64. BrightRidge is currently serving 79,460 customers, which is an increase of 346 customers since the same time last year.

Mr. Bolling advised the Board that the April load factor was the highest (68.48%) since October, 2014 (68.15%), but that April also had the lowest peak demand since 2007. TVA fuel cost adjustments continue at record low levels. Mr. Bolling attributed low FCAs to increased hydroelectric production resulting from unusually rainy weather.

The Accounting Department continues to monitor past-due accounts. Mr. Bolling stated that Customer Service is employing various measures to alleviate this

condition, including contacting customers in an attempt to set up payment plans. It is expected that the level of past-due accounts will be mediated once the economy begins to reopen following the COVID-19 pandemic.

Upon motion of Mr. Mabrey, seconded by Mr. Smith, the monthly financial statements for April, 2020 for the Broadband Division were approved. The motion carried unanimously by roll call vote. The cash bank balance stands at \$1,800,218.94, and capital projects closed to plant through April totaled \$3,254,366.51 (plus construction work in progress since June, 2019 totaling \$3,842,993.17), with a \$2,010,755.96 capital budget remaining at this time. There were 1,140 total customers in the Broadband Division at the end of April.

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 1,315 customers, which represents an increase of 150 customers since last month's Board meeting.

The current Broadband Division customer base is as follows:

Jonesborough Fiber:	78
Johnson City Fiber:	1,107
Piney Flats Fiber:	4
Fixed Wireless:	126
Managed WiFi	714
IPTV Video	142
Telephone VoIP	170

The current most popular product packages are as follows:

Residential Fiber, 200 Mbps	561
Residential Fiber, 500 Mbps	455
Residential Fiber, 1 Gbps	127

Phase 1 wireless coverage areas (Persimmon Ridge and Piney Knob) are currently being marketed through door hangers, mailers, and call-outs, and street-level wireless site surveys are being performed to determine more detailed availability of coverage. With respect to Phase 2 wireless coverage areas, the Stockyard tower (serving the Bowmantown area) pole and equipment were installed on May 13th and 19th. Fiber will be linked and testing will occur this week, at which time launching with CBRS will occur. A higher (100') pole was installed at the South Central tower site on May 14th, and radio and antennas were assembled on May 20th. Equipment mounting and fiber linking on this pole will follow shortly. Phase 3 wireless coverage areas (Buffalo Ridge and Fall Branch) remain pending. It was determined that the tower attachment costs were not viable at the Buffalo Ridge site, so the search continues for a suitable tower site or alternate transmission. The Tennessee Department of Transportation is performing road-widening in Fall Branch at this time and that may impact the placement of this tower.

Bonnie Donnolly, Chief Development & Market Strategy Officer, updated the Board on marketing strategies for the Broadband Division. Phase 1 and 2 marketing strategies centered upon widespread education regarding our products, emphasizing local service, reliability, speed, symmetric operations, and customized solutions. As phases are built out, the company has now begun to emphasize more directing marketing strategies, including a "New Decade, New Service" theme in January highlighting the newness of the broadband services (digital, print, and e-mail campaigns), and the "Try Us at Home" theme in February highlighting speed and symmetry (digital, print, billboards, and e-mail campaigns).

Marketing strategies changed somewhat in March and April due to the COVID-19 pandemic. Testimonials, comparisons of service with other providers, and customer support were emphasized through direct mail, video, print, and digital campaigns.

In May, more direct marketing began by notifying specific customers that the company's broadband services were now available in their locations. Telephone marketing and direct mail comprises the bulk of these marketing contacts. Interviews are also being scheduled at this time for door-to-door sales personnel.

Phase 3 marketing plans are designed to create excitement and promotion of availability of service. The primary theme of these marketing campaigns is "The Best Service, The Best Speed, The Best Price", with the secondary topic answering the question, "Why Switch?" Marketing will emphasize the low-cost options offered, ease of switching from a different service provider to BrightRidge, local customer service, and the fact that there are no contracts, no installation fees and no data caps.

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

- (a) The minutes of the April 28, 2020 Board meeting.
- (b) Underground primary cable at a cost not to exceed \$104,000.00 for the 25 MW GRIID Data Center project (to be reimbursed to BrightRidge through the aid to construction contract with GRIID).
- (c) Three G & W Electric Company (through Power Connections, Inc.) Viper pole-mounted reclosers in the amount of \$58,395.00 for the 25 MW GRIID Data Center project (likewise to be reimbursed to BrightRidge through the aid to construction contract with GRIID). The reclosers are a sole-source item because they offer a calendar function to provide automated control of the site during off peak/peak transition times.

The motion carried unanimously by roll call vote.

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

(a) The sole bid of Preston Construction in the amount of \$82,100.00 for site preparation and the concrete pad for a 14' X 28' telecom building at the Boones Creek Substation (\$41,700.00) and site preparation and the concrete pad for a 14' X 28' telecom building at Cedar Creek Substation (\$40,400.00).

The motion carried unanimously by roll call vote.

Mr. Thomas presented the report of the Human Resources/Insurance Committee, which had met immediately prior to today's Board meeting to consider quotes for workers' compensation insurance coverage for the period of July 1, 2020 through June 30, 2021. Upon motion of Mr. Thomas, on behalf of the Committee, seconded by Dr. Knight, the Board approved the low quote of the current carrier, TVPPA - DIC, in the amount of \$198,439.00, which represented a decrease of \$4,798.00 over last year's premium. BrightRidge qualified for a 2.5% premium credit for participation in DIC's Safe Power Provider Program and for a 5% premium credit for participation in the State of Tennessee Drug Free Workplace Program.

The motion carried unanimously by roll call vote.

Upon motion of Ms. Brock, seconded by Mr. Mabrey, the Board approved the audit fees of Blackburn, Childers and Steagall, PLC in the amount of \$53,500.00 for their audit for the fiscal year ending June 30, 2020. The motion carried unanimously by roll call vote. This amount includes a gross fee, including expenses, in the amount of \$50,500.00 for the audit, \$1,500.00 for the additional testing of the census data for the pension plans with the Tennessee Consolidated Retirement System, and \$1,500.00 for the additional testing of the census data for the other post-employment benefit plan.

CEO Jeff Dykes advised the Board that the planned June 1, 2020 reopening of the Boones Creek Road facility to the public had been delayed due to having not yet received some materials the utility had ordered to better facilitate social distancing of employees and customers. It is anticipated that the reopening may be able to occur within the next week or two.

Mr. Dykes relayed to the Board the appreciation of RegionAHEAD for the company's \$50,000.00 economic development investment to the Local Business Recovery Fund, designed to support local businesses severely impacted by the COVID-19 crisis. Mr. Grandy advised that RegionAHEAD had facilitated an efficient and quick distribution of the needed funding. Upon motion of Mr. Grandy, seconded by Ms. Brock, the Board voted to approve a second \$50,000.00 economic development investment to the fund, to be taken from the utility's Economic Development fund. The motion carried unanimously by roll call vote.

Mr. Dykes announced to the Board that a workshop was being scheduled on June 11th regarding the Broadband Division budget, and invited interested Board members to attend.

Mr. Grandy stated that Washington County continues to work with the BrightRidge Broadband Division on several county projects, and expressed his appreciation to the Division for their assistance in this regard.

There being no further business, the meeting was adjourned.