

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

October 27, 2020

PRESENT: Dan Brant
Jenny Brock
Joe Grandy
James Haselsteiner
B. J. King
Gary Mabrey
James Smith
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 Technology and Broadband Officer
Rodney Metcalf, Chief Operations Officer
Joe Harvey, Hunter Smith Davis, LLP

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

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 60**), 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 October 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 Dr. King, seconded by Mr. Grandy, the monthly power distributor's report submitted to the Tennessee Valley Authority for August 2020 was approved. The motion carried unanimously by roll call vote.

In August, year-to-date income was \$173,498.81 more than last year's year-to-date figure; however, year-to-date actual net income was \$917,010.00 less than the budgeted figure. The general fund balance stood at \$29,410,357.34, the reserve fund balance stood at \$6,746,452.89, the special reserve fund balance stood at \$6,001,433.98, the tax equivalent fund balance stood at \$920,464.58, the economic development fund balance stood at \$1,594,095.29, the 2017 bond and interest sinking fund balance stood at \$1,327,991.09, the renewal and replacement fund balance stood at \$6,280,028.54, and the self-insurance fund balance stood at \$2,047,313.52. BrightRidge served 80,073 customers in August, which was an increase of 926 customers since the same time last year.

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

Year-to-date income was \$141,015.53 less than last year's year-to-date figure. Year-to-date actual net income was \$1,229,757.32 less than the budgeted figure. The general fund balance stands at \$26,831,485.05, the reserve fund balance stands at \$6,751,180.94, the special reserve fund balance stands at \$6,005,634.90, the tax equivalent fund balance stands at \$1,384,190.98, the economic development fund balance stands at \$1,607,020.06, the 2017 bond and interest sinking fund balance stands at \$1,647,886.45, the renewal and replacement fund balance stands at \$6,284,479.71, and the self-insurance fund balance stands at \$2,048,748.32. BrightRidge is currently serving 79,749 customers, which is an increase of 708 customers since the same time last year. It should be noted that the Electric Division made a \$3 million inter-company

loan to the Broadband Division during September, for a total of \$30 million in inter-company loans with respect to the broadband project.

Brian Bolling delivered a short report concerning the impact of the TVA Partnership Credit on the company's revenue picture.

Upon motion of Dr. King, seconded by Mr. Grandy, the monthly financial statements for August 2020 for the Broadband Division were approved. The motion carried unanimously by roll call vote. There were 210 net fiber customers and 2 net fixed wireless customers added in August. The cash bank balance stood at \$942,053.42, and capital projects closed to plant through August totaled \$1,686,272.44 (plus construction work in progress since June 2020 totaling \$568,303.94), with a \$6,672,143.62 capital budget remaining at this time.

Upon motion of Dr. King, seconded by Mr. Grandy, the monthly financial statements for September 2020 for the Broadband Division were approved. The motion carried unanimously by roll call vote. There were 171 net fiber customers and 3 net fixed wireless customers added in September. The cash bank balance stands at \$2,290,468.16, and capital projects closed to plant through September totaled \$1,795,712.48 (plus construction work in progress since June 2020 totaling \$1,683,529.76), with a \$5,447,477.76 capital budget remaining at this time.

Mr. Grandy inquired whether the Broadband Division budget needed to be amended because of the grant projects. He was advised that the company would be reimbursed up to a maximum amount of \$2.47 million, with the local contribution estimated to be approximately \$600,000.00. Following the reimbursement, the Broadband Division budget can either be footnoted or amended to adjust for the local contribution amount expended. Mr. Dykes suggested amending the capital budget line item by adding a separate line item for the grant expenditures. Board members will be provided a copy of the revised capital line items prior to the next Board meeting for their review and consideration.

Mr. Bolling updated the Board on the TVA Community Cares funding, with BrightRidge providing matching funding. Since May, 279 families have received assistance totaling \$54,586.88. At the end of September, a balance of \$5,310.00 remains in the fund. Total available funding, including donations, is now approximately \$132,000.00. TVA has now committed to a second round of funding, also to be matched by BrightRidge, for new additional money totaling \$60,000.00.

In 2020, prior to COVID, 554 families had received assistance totaling \$93,765.56. Families may receive assistance up to twice annually, in amounts up to \$300.00 per year.

Ms. Brock inquired whether some funding could be allocated for weatherization of homes to lower the power bills at those residences, possibly in partnership with another community organization which would perform the labor on the

projects. Mr. Dykes advised that TVA had begun a "Home Uplift" program a few months ago in which BrightRidge was participating that was working to achieve those purposes through energy audits and home upgrades such as replacement of HVAC units. Funding for this program is currently around \$500,000.00. Implementation of the program has been delayed somewhat due to the COVID pandemic, but it is hoped that it will be able to operate on a limited basis at present, and then later expand its services when the pandemic wanes.

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

- (a) The minutes of the September 22, 2020 Board meeting.
- (b) The low evaluated bid of ERMCO in the amount of \$156,400.00 for 100 15 KVA 1-phase CSP transformers (\$74,900.00) and 100 25 KVA 1-phase CSP transformers (\$81,500.00).
- (c) The low bid of Irby in the amount of \$101,515.00 for 25,000 feet of #2AL 15 KV compressed primary cable (\$40,600.00), 25,000 feet of 1/0AL 15 KV compressed primary cable (\$51,125.00), and 100 suspension/dead-end 69 KV insulators (\$9,790.00).
- (d) The low bid of Power and Tel in the amount of \$213,939.00 for 110,000 feet of 288 count loose tube double-jacketed fiber.
- (e) The low bid of Irby in the amount of \$89,523.00 for 1 85' LD-2 H1 weathering steel pole (\$4,407.00), 10 75' LD-1 weathering steel poles (\$35,630.00), 2 55' LD-1 weathering steel poles (\$4,890.00), 8 65' LD-2 H1 weathering steel poles (\$25,360.00), 4 70' LD-2 H1 weathering steel poles (\$13,860.00), 1 75' LD-2 H1 weathering steel pole (\$3,767.00), and 2 55' LD-2 weathering steel poles (5,074.00).
- (f) The low bid of Hypertec USA in the amount of \$62,797.20 for 10 Alcatel ALC-OS6865-U28X hardened gigabit ethernet L3 (\$54,059.00), 10 1-year Alcatel support ALC-SW1N-OS6865 (\$1,695.30), and 10 Alcatel ALC-OS6865-BP-D modular 180W DC backup (\$7,042.90). This purchase is for substation network equipment.
- (g) The low bid of Verister in the amount of \$73,288.00 for 2 HPE SimpliVity upgrades.

The motion carried unanimously by roll call vote.

Upon motion of Ms. Brock, seconded by Dr. King, the Board approved the following item on the Broadband Consent Agenda:

(a) The low bid of Graybar through the OMNIA Contract in the amount of \$176,054.00 for 100,000 feet of 96 count singlemode loose tube fiber (\$76,243.00) and 100,000 feet of 144 count singlemode loose tube fiber (\$99,811.00).

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 October 14th to consider two items, the first of which was a update to Aid to Construction charges, which had last been updated in 2012. Upon motion of Mr. Grandy, on behalf of the Committee, the Board approved the new Aid to Construction charges list, to become effective January 1, 2021, attached as Exhibit "A" to these minutes. It was also recommended by the Committee that these charges be reviewed for update every three years. The motion carried unanimously by roll call vote.

The second item considered by the Finance, Audit, Rates and Budget Committee was a recommendation from the staff regarding an interest rate change on the inter-divisional loan between the Electric and Broadband Divisions. The staff had engaged BrightRidge's financial advisor, Raymond James, to determine current rates for the bond market, and it was determined that a rate that is reasonable at the present time is 2.5%. Staff asked the Tennessee Valley Authority if they would approve decreasing the interest rate from the current amount of 4% to 2.5%, which is more consistent with current financing, for the final \$13 million of the approved inter-divisional loan. TVA agreed and has prepared an amendment to cover this modification. Upon motion of Mr. Grandy, on behalf of the Committee, the Board approved the rate adjustment as outlined above. The motion carried unanimously by roll call vote.

Chairman Smith delivered the report of the Human Resources/Insurance Committee, which had met on October 21, 2020 to consider a proposal from staff regarding BrightRidge's medical insurance renewal beginning January 1, 2021. Upon motion of Mr. Smith, on behalf of the Committee, the Board approved that the company's medical insurance coverage be renewed for calendar year 2021 with Blue Cross Blue Shield of Tennessee, at a 15% premium increase over the current premium with a 5% increase in contribution to employees and retirees, and the following plan design changes:

- (a) Increase in specialty office visit co-pay from \$30.00 to 50.00.
- (b) Increase Emergency Room visit co-pay from \$200.00 to \$250.00.
- (c) Increase the plan deductible from \$4,500.00 to \$5,000.00. BrightRidge would increase the HRA from \$4,000.00 to \$4,400.00, leaving the employee responsible for a \$600.00 deductible. (The current employee deductible is \$500.00.)
- (d) Increase the maximum out-of-pocket expenses from \$7,150.00 to \$7,500.00.

The motion carried unanimously by roll call vote.

The second agenda item considered by the Human Resources/Insurance Committee on October 21st was the renewal of the BrightRidge flex spending account to become effective January 1, 2020. After marketing several companies, BrightRidge staff recommended a move from the current vendor to Health Equity. Upon motion of Mr. Smith, on behalf of the Committee, the Board approved the recommendation to renew the BrightRidge flex spending account with Health Equity. The motion carried unanimously by roll call vote.

Chairman Smith commended the staff for their efforts and attention to detail in negotiating plans that best serve BrightRidge and its employees. He expressed his appreciation to the staff for their commitment to ensure the best in quality medical insurance coverage for the company's employees and retirees.

Upon motion of Mr. Mabrey, seconded by Mr. Grandy, the Board approved the following Resolution:

**RESOLUTION TO REQUEST UNCLAIMED BALANCE
OF ACCOUNTS REMITTED TO STATE TREASURER
UNDER UNCLAIMED PROPERTY ACT**

WHEREAS, *Tennessee Code Annotated Section 66-29-146(c)* provides that a municipality or county in Tennessee may request payment for the unclaimed balance of funds reported and remitted by or on behalf of the local government and its agencies if it exceeds \$100.00, less a proportionate share of the cost of administering the program; and

WHEREAS, the Johnson City Energy Authority, d/b/a BrightRidge, and/or its agencies have remitted unclaimed accounts to the State Treasurer in accordance with the *Uniform Unclaimed Property Act*, and

WHEREAS, the Johnson City Energy Authority, d/b/a BrightRidge, agrees to meet all of the requirements of *Tennessee Code Annotated Section 66-29-101, et seq.* and to accept liability for future claims against accounts represented in funds paid to it; and

WHEREAS, it is agreed that this local government will retain a sufficient amount to insure prompt payment of allowed claims and that the balance of funds will be deposited in this local government's general fund;

THEREFORE, BE IT RESOLVED that the Johnson City Energy Authority, d/b/a BrightRidge, requests the State Treasurer to pay the unclaimed balance of funds to it in accordance with the provisions of *Tennessee Code Annotated Section 66-29-*

146(c). A list of remittances made by or on behalf of the local government and its agencies is attached.

I hereby certify that this is a true and exact copy of the foregoing Resolution which was approved and adopted at a meeting held on the 27th of October 2020, original that is on file in this office. I further certify that the Johnson City Energy Authority, d/b/a BrightRidge, Board of Directors consists of nine members and that seven members present voted in favor of the Resolution.

The motion carried unanimously by roll call vote.

Upon motion of Ms. Brock, seconded by Mr. Mabrey, the Board approved the following Committee appointments for 2020:

Economic Development Council

Jeff Dykes - representative to NetRep and NETWORKS
Gary Mabrey
James Smith
James Haselsteiner

Finance, Audit, Rates and Budget Committee

Joe Grandy, Chairman
Jenny Brock
B. J. King
Hal Knight
Robert Thomas

Human Resources/Insurance Committee

Robert Thomas, Chairman
Dan Brant
Hal Knight
Gary Mabrey
James Smith

Business Development/Planning Committee

Jenny Brock, Chairman
Joe Grandy
B. J. King
Gary Mabrey
James Haselsteiner

The motion carried unanimously by roll call vote.

Eric Egan, Chief Data Officer, delivered a video/in-person presentation to the Board regarding recent activities in his department. The subject he covered this month was improvement of efficiency and business processes through technology. Mr. Egan introduced Adam Miller, Software Developer/DERMS Administrator, and Heather Light, Billing and Business Process Manager.

For the past six months, Mr. Miller has been working with the BrightRidge Billing Department to develop software to streamline its operations and allow for better service to the company's stakeholders. Ms. Light has worked with him on the business process optimization aspects of the process. They worked to automate certain facets of the Billing Specialist role, specifically those portions that were tactical and repetitive in nature. They first examined those processes which occurred frequently, which added value, and which had an impact cross-functionally across the organization. Some processes required manual transactional multiple-keystroke and system interfaces from the Billing Specialist. The new program developed by Mr. Miller pulled a list of all the transfer orders in the queue to be completed by the specialist each day. It then utilizes an MDM export file from Tantalus to pull midnight register readings for each of the orders into a spreadsheet. This eliminates the need for a Billing Specialist to manually look up those register readings for each meter. The program also has a set of auto hot keys macros that utilize the same spreadsheet to go into the CIS system, look up the order, key the readings and perform the keystrokes to close the order. The missing midnight program was built with the same application methodology. It utilizes missing midnight reports from MDM, iterates through each meter with missing midnight read for the first of the month, calls a separate system to collect the surrounding register readings, performs the calculation to determine average usage per day, and provides an estimated register reading for the first of the month. Once that estimation process is complete, the program collects service application data from CIS, converts the data into an MDMR file format, and then provides an export file that can be uploaded into MDM. This translates to the elimination of manual deletion and estimation for these necessary readings for the specialist. In just a few hours of research and development time, Mr. Miller was able to create automations that saved specialists nearly an hour of processing time each day.

Mr. Miller spent an additional ten hours of development time to automate interval resets and interval estimations. "Emily" is an auto hot key program designed to perform repetitive tasks with accuracy and efficiency. Many MDM issues require simply correcting and performing the same processes over and over to allow the estimation process to reinitialize. A script utilizes an exception report as a baseline and then iterates through the list to perform these tasks and actions on each of the accounts on the list. The automation goes out to the spreadsheet, extracts the account number, goes into MDM, and searches for the account number. Once the data loads, it selects the calendar month, and deals with the intervals which need to be addressed, then goes back out to the file, pulls the next account number, and begins the process again. Emily successfully processes 150 meters in just over 200 minutes. This translates to 180 minutes of daytime savings on Monday, Tuesday and Wednesday and an average of 85 minutes on Thursday and Friday - nearly 12 hours of time savings per week. The Billing Department now has

a stand-alone workstation to run script automation, as to not limit the output of work or consume any equipment from the billing team. The automations are started manually and are checked periodically throughout the day to ensure accuracy and completeness.

The Billing Department has begun reaching out cross-functionally to other members of the team. From those conversations, a synergy was identified between the AMI and the Billing Departments. A hybrid role is being developed to incorporate the administrative tasks associated with the Meter Shop and the functions of billing. It is anticipated that some of those roles will be transitioned to Billing by the end of this year. Training is underway and specialists are already spending about two hours a day in the Meter Shop performing these tasks, which allows Meter Shop management to re-evaluate that team and to determine future needs.

Reporting functions account for nearly 14 hours a month, including KPIs, Department of Energy reporting, checks and balances for billing, rates, and miscellaneous charge accounts. Mr. Miller was able to add this functionality to pre-existing tools. The Management Console has been expanded and equipped with an expanded tool set for these particular items. Paperless billing queries, monthly corrections, Department of Energy reports, and rate check tools are examples of this recently developed tool set. Ms. Light demonstrated how these tools work and how quickly the data is extracted and exported.

In three months, working with Adam Miller, eight automations were developed with a team of two core members and two supporting members.

Continued process assessments and automation opportunities will take place in each area of the Billing Department, specifically for rate entry. Training materials will be developed and distributed, including work instruction protocol and documentation associated with all the new devices. These learning experiences will be translated to the Engineering Department in their upcoming process assessments.

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 2,205 active customers, 242 of which are businesses. There are presently 524 video subscribers and 326 telephone subscribers. There has been a consistent growth in "take" rates. Phase I and II marketing actions continue with direct mailings, Customer Service call-outs, digital marketing and social media activities, door knockers, yard signs as customers sign up for service, three billboards, and the Customer Referral program. A new door-to-door sales representative, Chance Gibson, has been added to the Broadband team. Mr. Gibson has five years of broadband sales experience and has made 20+ sales in the past two weeks of his tenure with the company.

Phase III areas have not yet been opened due to reassignment of staff in getting the grant areas built out. There are 166 miles of fiber to be built in the Phase III area - in mid-September, 68 miles of strand and 44 miles of fiber had been built. Five cabinets with 2,218 passings can be activated within the next two weeks. On August 27,

crews were moved to the grant areas due to time constraints related to those projects and the value of the matching grant funding. An internal decision must be made about focusing on the grant areas vs. continuing with the Phase III build-out.

Mr. Evans discussed the viability of small cell projects in areas where microtrenching or aerial fiber build-outs are not fiscally viable, and he discussed a product which will be available in early 2021 which may allow small cell utilization in those areas.

Grant projects must be completed by December 15, 2020 to qualify for matching funding, and Mr. Evans felt that the Broadband Division was well on its way to meeting this deadline. All the strand construction is complete in the Bowmantown/Ducktown/Glendale/Big Sandy area and the aerial fiber construction for the first two cabinets is also complete, including splicing. The final two cabinets will be ready by Wednesday of next week, including splicing, at which time installation of service to customers will begin. One hundred sixty-nine fiber drops from the pole to the home mounted to a box on the side of the home are completed, from a total of 559. This work continues daily. Scheduling of installations will begin next week.

The project in the Pleasant Valley area is a hybrid solution, with a fiber route for a direct fiber-to-the-home solution, and fixed wireless LTE to service the remaining areas. The construction is now complete. The electronics on the pole will take about a half day to complete. Fiber drops to 17 homes out of 82 available drops are now ready.

Four Washington County schools remain pending for fiber drops. Wireless access points have been placed at three locations. The old Boones Creek Elementary School has been activated for service. A few other locations are pending backbone splice work.

A contract has now been signed with Education Network of America (ENA) that will enable the converting of all Washington County schools from the current provider with a 100 mg link to each school to BrightRidge Broadband, with a 5 gig link, a 50-fold increase for a price-neutral conversion. Connectivity between schools will be much enhanced. Internet service to the schools will be provided by ENA at this time.

Fiber drops are completed for all three Sullivan County schools. Wireless access points are installed. Pending splicing to the fiber backbone, those facilities will be ready for activation.

Work remains pending on the three Johnson City schools.

Fiber construction to the Limestone Ruritan site has been completed. Construction is well under way at the Oak Glen Community Center, with completion expected within the week.

Drops are also complete to Telford/Limestone and Oak Glen buildings, and access points are installed at Telford/Limestone as well.

The Broadband Division is reviewing other grant opportunities for areas close to the current grant areas but are not in what the SEC considers "underserved areas". The USDA has a Community Connect grant that can sponsor a cost-to-build between \$100,000.00 and \$1 million for contiguous areas with less than ten megabit by 1 (DSL below to nothing) with less than 20,000 residents in that unincorporated area or town. These grants involve a lot of community support and customers are being canvassed in those areas and letters or e-mails are being requested outlining needs and lack of services. The letters or e-mails must be submitted by December 23, 2020. The USDA grant is an 85%/15% local matching funds grant.

CEO Dykes asked Board members to review their calendars for a possible rescheduling of the December Board meeting due to the Christmas holidays. He suggested December 15th as a potential date. The November Board meeting is scheduled for November 24th. He stated that that meeting could be moved ahead a week if such was the desire of the Board.

Mr. Dykes stated that the Broadband capital budget would be adjusted to reflect grant funding as previously discussed today.

The CEO announced that the BrightRidge golf team did exceptionally well in the recent Chamber-sponsored golf tournament and thanked the Board members who represented the company in the tournament.

Mr. Dykes advised that GRIID is moving along exceptionally well. Their goal was to be activated by the first part of November, but Mr. Dykes opined that it would likely be in the latter weeks of November before activation.

Mr. Dykes stated that he had forwarded today's Egan/Miller/Light officer update presentation to each Board member. He stated that the business process evaluations in every department would greatly impact the company as they move forward.

Chairman Smith reiterated how impressed he was with the management staff and employees of BrightRidge. He stated that the care the management staff showed for the employees was exemplary. He also expressed his desire to visit BrightRidge to further discuss automation and robotics.

Chairman Smith expressed his condolences to Board member Dan Brant in the recent death of his father.

There being no further business, the meeting was adjourned.