

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

October 24, 2023

PRESENT: Gary Mabrey  
James Haselsteiner  
Ronald Hite  
Kenneth Huffine  
John Hunter  
Kimberly McCorkle  
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 and Market Strategy Officer  
Mark Eades, Chief Engineering and Facilities Officer  
Eric Egan, Chief Data Officer  
Stacy Evans, Chief Broadband and Technology Officer  
Lori Farmer, Supervisor, General Accounting  
Tiphanie Watson; Customer Support Manager  
Tim Whaley, Director of Public and Governmental Affairs  
Stephen Darden, Hunter Smith Davis, LLP  
Joeseph Harvey, Hunter Smith Davis, LLP

ABSENT: Hal Knight  
Robert Thomas  
Donnie Hall, Safety/Environmental Manager  
David Spinnato, Physical Plant/Warehouse Manager

Chairman Gary Mabrey called the meeting to order.

Chairman Mabrey addressed the board regarding the recent BrightRidge luncheon where employee anniversaries were recognized. Chairman Mabrey acknowledged Mr. Dykes' ten years of service as CEO and thanked him for his continued leadership.

Upon motion of Mr. Smith, seconded by Mr. Haselsteiner, the monthly power distributor's report submitted to the Tennessee Valley Authority for September 2023 was approved. The motion carried unanimously by roll call vote. Year-to-date income was - \$1,187,316.36 less than last year's year-to-date figure and year-to-date actual net income was \$719,221.94 more than the budgeted figure. The general fund balance stands at

\$22,436,628.50, the reserve fund balance stands at \$10,989,778.58, the special reserve fund balance stands at \$8,158,478.70, the tax equivalent fund balance stands at \$2,019,540.68, the economic development fund balance stands at \$1,811,869.04, the 2017 bond and interest sinking fund balance stands at \$1,918,143.01, the renewal and replacement fund balance stands at \$10,621,988.14, the 2021 bond proceeds fund balance stands at \$1,537,556.80; and the self-insurance fund balance stands at \$2,011,463.26. BrightRidge is currently serving 82,899 customers, which is an increase of 1,026 customers since the same time last year, which represents a 1.25% growth rate.

Upon motion of Mr. Smith, seconded by Mr. Haselsteiner, the monthly financial statements for September 2023 for the Broadband Division were approved. The year-to-date income was \$453,496.21 more than last year's year-to-date figure, and year-to-date actual net income was \$853,013.25 more than the budgeted figure. The cash bank balance stands at \$1,996,478.02, the broadband debt service fund balance stands at \$3,707,170.25, the reserve fund balance stands at \$1,033,080.12, the broadband checking account balance stands at \$426,565.94, the broadband money market account balance stands at \$1,506,770.69, the voice service balance stands at \$108,886.66, and the video service balance stands at \$16,974.73.

Mr. Bolling added that the year-to-date Operating Revenues are also down \$8,622,463. The year-to-date Operating Expenses, excluding Power Cost, are up \$463,865 compared to last year and under budget by 5.66%. The year-to-date Average Load Factor is 58.61% and the year-to-date Net Income is down \$1,187,316 over the last year. Customers are currently up 1,026 since last year.

Upon motion of Dr. McCorkle, seconded by Mr. Haselsteiner, the Board approved the following items on the Consent Agenda:

- (a.) The minutes of the Board meeting on September 26, 2023

The motion carried unanimously by roll call vote.

Upon motion of Mr. Huffine, seconded by Mr. Hunter, the Board approved the following items on the Broadband Consent Agenda:

- (a.) The approval of a Fiber Optic cable construction services contract with Quantra Telecom on a per unit price basis, for a contract period extending from January 30, 2024 through January 29, 2027.

The motion carried unanimously by roll call vote.

Mr. Smith delivered the report from the Insurance Committee, which met on October 24, 2023 prior to the Board Meeting to consider the renewal of the employee health insurance for 2024. Employees would be offered the choice between a plan paired with an HRA (the current plan), and one paired with an HSA as a new option. The renewal for the HRA plan comes with a 6% increase and the new HSA plan comes at a 6% decrease

compared to the current cost. Vision insurance will be renewed for 2024 with no change in plan design or cost. Blue Cross Blue Sheild of Tennessee is the administrator for the HRA plan.

The current contract with Health Equity to administer the employee flex spending accounts is set to expire December 31, 2023. The committee recommends that this plan be renewed and to add Health Equity as the administrator for the HSA accounts.

Upon motion by the Insurance Committee, the Board approved the renewal of employee health insurance and contracts with Health Equity by unanimous roll call vote.

Chairman Mabrey presented the board with the proposed 2023/2024 BrightRidge Board Committee members as follows:

Economic Development Council

Jeff Dykes – Representative to WCEDC & NETWORKS

Gary Mabrey

James Smith

James Haselsteiner

Finance, Audit, Rates and Budget Committee

James Haselsteiner, Chairman

Ron Hite

John Hunter

Robert Thomas

Kimberly McCorkle

Human Resources/Insurance Committee

James Smith, Chairman

Ken Huffine

Hal Knight

Gary Mabrey

Robert Thomas

Business Development/Planning Committee

Gary Mabrey, Chairman

Ron Hite

Kimberly McCorkle

John Hunter

James Haselsteiner

Upon motion of Mr. Hite, seconded by Mr. Haselsteiner, the Board voted and approved the Board Committee realignments.

Brian Bolling delivered a presentation on TVA Generating Power Mix changes over the twenty years (involving hydro, coal, nuclear, natural gas and additional sources). Mr. Bolling also discussed BrightRidge's yearly PILOT ('Payment in Lieu of Tax') funds made to area cities and county governments, which are confirmed and verified by the TVA to ensure no overages are submitted.

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 13,247 active customers; 1,217 of which are business or commercial entities.

The current broadband customer base is as follows:

Jonesborough Fiber:	1,314
Johnson City Fiber:	7,315
Piney Flats Fiber:	281
Telford Fiber:	231
Limestone Fiber:	309
Gray Fiber:	3,268
Kingsport Fiber:	235
Fall Branch Fiber:	138
Fixed Wireless:	156
Managed Wi-Fi:	8,604 (72% average "take rate")
IPTV Video:	845
Telephone VoIP:	1,306

Mr. Evans stated that the Broadband Division continues to work toward new FY2024 goal of adding 4,542 net customers for a target of 16,249 by June 30, 2024. As of October 20, 2023, the division is trending 92.6 customers above the linear budget line (13,195 actual vs. 13,102 budgeted).

The residential product growth since July 1, 2023 has been 20% in 1Gb service with 410 net adds (2,497 current customers), 12% in 600Mb service with 629 net adds (5,874 current customers) and 11% in 300Mb services with 325 net adds (3,368 current customers) for a total 1,363 net increase in residential customers.

Mr. Evans stated that U.S. Broadband providers average between 1% to 5% churn (customer disconnects), with 2% considered normal. In September 2023, BrightRidge was below this national average, with a churn rate due to moves at 0.81% and churn rate without moves down to 0.22%.

Mr. Evans updated the Board on the recent submission to the TN ECD Middle Mile Grant Program. Tennessee has allocated \$125 million for the middle mile program, with a max per grant of \$15 million. Grant opportunity opened on September 4<sup>th</sup> with applications due by October 5<sup>th</sup>. Eligible areas are those lacking broadband at speeds of 100/20 Mbps in the state of Tennessee, with priority given to areas lacking 25/3 Mbps. BrightRidge successfully challenged the state's position that Washington County had unserved areas lacking access to 25/3Mb.

The grant proposal submitted by BrightRidge would cover 235 miles of fiber construction and provide services to 2,067 unserved homes, with an additional 3,826 homes along middle mile then available for services. Approximately \$9.544 million will be needed to

build the proposed unserved areas, with a \$2.86 million local match. We will be competing with other areas of the state for the funding. Mr. Evans reviewed with the Board the application process and scoring criteria used.

Mr. Huffine relayed comments he received from a local community leader who commended Mr. Dykes for his professionalism, wealth of knowledge and his humility.

Mr. Dykes mentioned that several upcoming events, including: the Key Account Breakfast on October 25<sup>th</sup> at the Holiday Inn in Johnson City; an upcoming safety conference this Thursday and Friday at the Carnegie Hotel; TMEPA with legislators on February 13<sup>th</sup>; APPA National Meeting in Washington D.C. from February 26<sup>th</sup> through February 29<sup>th</sup>; there is an upcoming Tennessee fiber optic community meeting with legislatures next week in West Tennessee; Seven States Power has an upcoming meeting; and finally, there will be an informational meeting put on by Silicon Ranch solar farm on November 6<sup>th</sup>.

Following the regular meeting agenda, the Board moved to executive session.

In regards to the Century Link Pole Attachment Litigation, a Motion made by Ken Huffine and seconded by John Hunter, to authorize CEO Jeff Dykes to execute any and all documents necessary to finalize and effectuate the settlement terms agreed-to by the parties in principle, including a make ready procedure for attachments going forward and a \$12 attachment fee per pole/per year as adjusted in accordance with the parties' standing agreement.

In regards to the pending litigation brought by Washington County, a Motion was made by Ron Hite and seconded by James Smith, to approve the terms of settlement contained in the Settlement Agreement that was distributed to and reviewed by the Board Members.

There being no further business, the meeting was adjourned.