

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

September 24, 2019

PRESENT: Dan Brant
Jenny Brock
Joe Grandy
B. J. King
Gary Mabrey
James Smith
Robert Thomas
Guy Wilson
Jeffrey R. Dykes, Chief Executive Officer
Brian Bolling, CPA, Chief Financial Officer and Chief Customer Officer
Mark Eades, Chief Engineering and Technology Officer
Stacy Evans, Chief Broadband Officer
Rodney Metcalf, Chief Operations Officer
Tim Whaley, Director of Public and Governmental Affairs
Stephen M. Darden, Attorney

ABSENT: Hal Knight
Connie Crouch, Human Resources Manager
Eric Egan, Chief Data Officer
Brian Ellis, Service Department Manager
Donnie Hall, Safety/Environmental Manager
Angela Shrewsbury, Energy Services/Marketing Manager
David Spinnato, Physical Plant/Warehouse Manager
Tiphonie Watson, Customer Support Manager

Chairman B. J. King called the meeting to order and welcomed Kenny Kidner, Substation and Power Equipment Supervisor for BrightRidge, who was attending today's meeting. Mr. Kidner began his work at the utility in 1992 as a Meter Reader. In 2001, he moved into the Engineering Department as an Engineering Assistant. He went on to serve as a SCADA Electrician Apprentice, a SCADA electrician, and a Lead SCADA Electrician, and in 2016, Mr. Kidner was promoted to Substation and Power Equipment Supervisor. Mark Eades stated that one of Mr. Kidner's principal responsibilities was the oversight of substation rebuild projects.

Chris Quillen, Customer Service Manager for the Tennessee Valley Authority, introduced Michael Scaff, Senior Strategic Consultant, Innovation and Research, who delivered a presentation regarding TVA's recently released Integrated Resource Plan and associated Environmental Impact Statement. The plan and statement

evaluate options to meet the region's power generation needs over the next 20 years, and has been under development since February, 2018.

The plan examines a variety of economic, regulatory, and market-driven scenarios and strategies, both within and outside TVA's control, to enable TVA to respond to changing energy demands while continuing to provide reliable power at the lowest possible cost to its customers. The energy marketplace is rapidly changing, and the plan emphasizes the importance of flexibility in the generation of power to ensure a reliable power supply. Recent changes in the energy industry include the abundance in lower-cost natural gas, decreased costs of generation of renewables, and increased focus on energy conservation.

Some results of the study included a need for new capacity in all scenarios to replace expiring or retiring capacities; solar expansion; gas, storage and demand response additions to provide reliability and flexibility; operational flexibility in the resource portfolio; additional possible coal generation plant retirements; wind (if it becomes cost-effective), and continuation of TVA's work in the economic development arena in the Tennessee Valley.

TVA conducted public meetings in three states and seven locations and engaged public response through webinars, social media, and online resources, and received over 1,200 comments from the public, as well as engagement from a broad group of the company's stakeholders.

Upon motion of Ms. Brock, seconded by Mr. Grandy, the monthly power distributor's reports submitted to the Tennessee Valley Authority for July and August, 2019 were approved. The motion carried unanimously. In July, year-to-date income was \$22,336.56 more than last year's year-to-date figure. The year-to-date actual net income was \$663,385.59 less than the budgeted figure. The general fund balance stood at \$35,090,153.19, the reserve fund balance stood at \$5,645,452.80, the special reserve fund balance stood at \$5,901,132.15, the tax equivalent fund balance stood at \$5,504.29, the economic development fund balance stood at \$1,951,722.30, the renewal and replacement fund balance stood at \$5,185,920.14, and the self-insurance fund balance stood at \$2,001,378.22. BrightRidge served 79,388 customers in July, which was an increase of 297 customers since the same time last year.

In August, year-to-date income was \$952,738.89 less than last year's year-to-date figure. Year-to-date actual net income was \$1,022,501.01 less than the budgeted figure. The general fund balance stands at \$35,072,004.27, the reserve fund balance stands at \$5,652,884.69, the special reserve fund balance stands at \$5,916,930.25, the tax equivalent fund balance stands at \$946,736.63, the economic development fund balance stands at \$1,966,806.49, the 2017 bond and interest sinking fund balance stands at \$1,303,727.31, the renewal and replacement fund balance stands at \$5,192,747.08, and the self-insurance fund balance stands at \$2,002,696.47. BrightRidge is currently serving 79,041 customers, which is an increase of 528 customers since the same time last year.

The monthly financial statements for July and August, 2019 for the Broadband Division were also approved. The cash bank balance for July stood at \$1,121,473.76 and capital projects closed to plant through July totaled \$108,344.61 (plus construction work in progress since June, 2019 totaling \$1,043,721.34), with a \$7,770,828.05 capital budget remaining at the end of July.

In August, the cash bank balance stands at \$1,730,460.08, and capital projects closed to plant through August totaled \$1,588,459.96 (plus construction work in progress since June, 2019 totaling \$505,609.50), with a \$6,828,824.54 capital budget remaining at this time.

Brian Bolling advised the Board of a correction to the June, 2019 unbilled revenue estimate resulting from the addition rather than the subtraction of a figure related to the unbilled revenue calculation. Unbilled revenue is an estimate using best methods to reflect estimated revenue for KWh sales that have taken place up to the end of the month, but not billed. The estimate was originally booked at \$9,404,229.97 when it should have been booked at \$7,653,928.10. TVA was provided the correction for the annual report for BrightRidge, since it occurred at the end of the fiscal year. The company's audited financial statements will not be impacted because the correction was made prior to the completion of the auditors' field work.

Upon motion of Mr. Grandy, seconded by Mr. Thomas, the following items were approved on the Electric Division Consent Agenda:

- (a) The minutes of the August 27, 2019 Board meeting.
- (b) The low bid of B. States in the total amount of \$54,082.50 for (i) 30 Evolve 57 W LED lighting fixtures (\$5,677.50), (ii) 30 Evolve 194W LED lighting fixtures (\$16,080.00), and (iii) 300 100A linebreak cutouts (\$32,325.00).
- (c) The low bid of Irby in the total amount of \$51,781.00 for (i) 100 Head RMA 100W lighting (\$3,820.00), (ii) 800 hotline clamps (\$4,384.00), (iii) 25,000 feet of #2AL primary cable (\$42,050.00) and (iv) 10 Quazite enclosure boxes (\$1,527.00).
- (d) The bid of Ford of Murfreesboro in the amount of \$61,670.00 for two 2020 Ford Explorers to replace Vehicle Nos. 7 and 50. These vehicles were purchased under the state bid contract for utilities and government entities.
- (e) The quotation of Mountain View Chevrolet for one 2019 Chevrolet Bolt electric vehicle at a cost of \$29,929.00. This vehicle will replace the Nissan Leaf electric vehicle previously approved for purchase due to a long delay in delivery time for the Leaf. The company also received an \$8,000.00 discount on the purchase of this automobile through TVPPA.

(f) An estimate in the amount of \$205,735.66 as received from Thomas Weems, Architect, representing the project cost estimate related to entrance plaza renovations at the Administration Building at the Boones Creek Road BrightRidge facility.

The motion carried unanimously.

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

(a) The evaluated bid of Enfopoint in the amount of \$80,571.14 for the initial purchase of two A10 model Thunder 3040 units for the carrier-grade NAT (CGN) solution, along with one year of licensing and technical support.

(b) The upgrading of the 10Gb transport circuit to Ashburn Virginia to a 100Gb circuit for a monthly cost of \$7,250.00 for a 36-month contract period. This is necessary to support wholesale service opportunities to provide wholesale colocation and internet services to other utilities. This represents a \$5,500.00 monthly increase to the current contract.

The motion carried unanimously.

Mr. Thomas delivered the report of the Human Resources/Insurance Committee, which met immediately prior to today's Board meeting to consider proposals for four types of insurance coverage. There was no quorum at that meeting, so all motions made required a second by a Board member.

Upon motion of Mr. Thomas, seconded by Mr. Grandy, the Board approved the proposal of Chubb Insurance through Johnson City Wofford Brothers/DIC in the amount of \$11,494.00 for directors' and officers' liability coverage for the contract period of October 1, 2019 - October 1, 2020. The motion carried unanimously. This premium represents a \$104.00 increase over last year's premium.

Upon motion of Mr. Thomas, seconded by Mr. Mabrey, the Board approved the proposal of Lloyds/Beazley through Johnson City Wofford Brothers/DIC in the amount of \$27,874.00 for cyber and privacy coverage for the contract period of October 1, 2019 - October 1, 2010. The motion carried unanimously. This premium represents a \$126.00 increase over last year's premium.

Upon motion of Mr. Thomas, seconded by Ms. Brock, the Board approved the following proposals through the TVPPA Insurance Program and/or the TMEPA Insurance Program through Johnson City Wofford Brothers/Distributors Insurance Company (DIC) for general liability, excess liability (umbrella), and pollution liability coverages. The motion carried unanimously.

(a) General liability insurance in the amount of \$96,911.00 (50% - Electric Division; 50% - Broadband Division) quoted by DIC and Federal Insurance

Company (Chubb) combined for the coverage period of October 1, 2019 - September 30, 2020.

(b) Excess (umbrella) liability insurance in the amount of \$21,924.00 (100% - Broadband Division) quoted by Navigators Insurance Company for the coverage period of October 1, 2019 - September 30, 2020:

(c) Pollution liability insurance in the amount of \$4,757.00 (50% - Electric Division; 50% - Broadband Division) quoted by Illinois Union Insurance Company (Chubb) for the coverage period of June 30, 2019 - June 30, 2020.

Upon motion of Mr. Thomas, seconded by Mr. Smith, the Board approved the proposal of Cincinnati Insurance through Watauga Insurance in the amount of \$28,841.00 for commercial property coverage, and in the amount of \$53,910.00 for commercial auto coverage, for the coverage period of October 1, 2019 - September 30, 2020. The motion carried unanimously.

Total blanket property levels have been increased from \$41 million to \$42,600,000.00 due to increased broadband operations inventory, broadband contractor warehouse inventory, and additional electronic data processing equipment. Blanket business personal property levels were also increased from \$8 million to \$9 million and EDP levels from \$1 million to \$1.25 million. Blanket building limits were adjusted for inflation by \$385,000.00. For these reasons, the premium for this coverage increased \$1,569.00 over last year's premium. This premium will be borne 100% by the Electric Division, as the Broadband Division pays a lease rate for use of facilities.

Commercial auto coverage includes 110 vehicles, with 21 vehicles fully covered and the remaining 89 vehicles covered with traditional liability-only coverage. The fleet increased by 10 vehicles this year, with the insured vehicle total value at \$7,139,612.00, representing an increase of \$519,716.00 over last year. The auto premium increased \$6,189.00 over last year's premium for these reasons. This premium will be borne 50% by the Electric Division and 50% by the Broadband Division.

Mr. Grandy delivered the report of the Finance, Audit, Rate and Budget Committee, which had met to consider a Long-Term Agreement between the Johnson City Energy Authority and the Tennessee Valley Authority amending Power Contract TV-67511A, effective June 30, 1985. Upon motion of Mr. Grandy, on behalf of the Committee, the Board approved this Agreement, which is attached as Exhibit "A" to these minutes. The motion carried unanimously.

Stacy Evans, Chief Broadband Officer, delivered a short presentation regarding the broadband project. Mr. Evans updated the Board on the progress of the various phases of the fiberoptic construction in Johnson City, Jonesborough and the local business parks, of the fixed wireless construction and towers, and of the Johnson City and Jonesborough public wi-fi projects. There are presently 377 broadband customers, 43 Jonesborough fiber customers, 251 Johnson City fiber customers, 51 Persimmon Ridge wireless customers, 42 Ubiquiti wireless customers, and 138 managed wi-fi

customers. Broadband wholesale and bulk customer opportunities include a 600-student housing complex with 187 units, and providing services through Erwin Utilities, Morristown Utilities, and MountaiNet, as well as a possible VzW tower contract.

With respect to video services, video contract providers have now approved 90% of BrightRidge's requests for distribution. It is hoped that the remaining 10% will be approved in the very near future, at which time a robust marketing campaign for video services will begin.

Chief Engineering and Technology Officer Mark Eades delivered a short presentation on recent activities in his departments, this month updating the Board on several ongoing projects. He discussed work on the Jug Substation rebuild and the transformer replacement at the Southeast Substation.

Several projects have been undertaken with respect to the BrightRidge Boones Creek Road facility. A fiber lot has been constructed at the rear of the facility, and a contractor storage lot/facility has been constructed on the hill beside the facility campus near Boones Creek Road. A reorganization of the outside plant is currently underway to accommodate more efficient management of those areas and the materials contained therein.

The architectural design has been completed for the front entrance area of the Administration Building at the Boones Creek Road facility. Curbs and sidewalks will be lowered to parking lot level near the front entrance and granite blocks will be replaced with concrete to enhance pedestrian traffic safety. An electric vehicle charger will be placed near the front entrance. In an effort to upgrade security at the large front entrance of the building, lighted signage containing bollards and surrounded by landscaping materials will be placed at the front of the entrance area, and the building itself will be marked with lighted entrance signage. The Board approved the project cost estimate for the work at today's Board meeting and requests for construction proposals will now be elicited.

CEO Jeff Dykes advised that Washington County had finally received and executed a contract for an electric school bus, and that the state will issue an RFP for the bus shortly. He invited Board members to attend an electric vehicle test drive exhibition to be held at Tusculum University in Greeneville, Tennessee on September 25, 2019.

There being no further business, the meeting was adjourned.