JULY 2019 BOARD MINUTES

The regular meeting of the Bristol Tennessee Essential Services Board of Directors was held on Friday, July 26, 2019 at noon at 2470 Volunteer Parkway, Bristol, Tennessee.

Call to Order
Larry Clarke called the meeting to order at 12:00.

Board Members Present
Larry Clarke, David Akard, Erin Downs, two vacant seats

Others Present
Vince Turner, City Councilman; Gary McGeough, Board Applicant; and Doug Harmon, Board Applicant

Staff Present
CEO Dr. Mike Browder, Director of Engineering Clayton Dowell, Director of Accounting and Finance Lola McVey and Director of Management Services Tara McCall

Minutes
Mr. Clarke presented the minutes of the June 2019 Board Meeting. Ms. Downs made a motion to approve the minutes. Mr. Akard seconded the motion and the minutes were unanimously approved.

Annual Election of Officers
The officers of the corporation are elected at the July meeting each year to serve a one-year term. Mr. Akard nominated Mr. Clarke to serve as Board Chair. Ms. Downs seconded the motion and it was unanimously approved. Ms. Downs nominated Mr. Akard to serve as Vice Chair. The motion was seconded by Mr. Clarke and unanimously approved. Mr. Akard nominated Ms. Downs to serve as Secretary. Mr. Clarke seconded the motion and it was approved unanimously.

Safety Report
Ms. McCall reported that BTES has completed 213,103.40 hours as of June 30, 2019 without a lost time accident. This month’s safety training was held on July 2 with a topic of glove and sleeve safety.

Financial Reporting
There were no monthly financial reports because June 30 is the end of the fiscal year which requires more time to close out the books. The June 30 financial report will be presented at the August board meeting.

Kilowatt Hours Sold and Customer Numbers
Dr. Browder indicated that kilowatt hours sold in June was lower than expected. The end of June was hot but the kWh sold only includes those that have been billed by the end of June. The kWh used after the customer is billed in June will be billed in July and will be reflected in the July statistics. Total broadband customers increased by 58 customers most of which are Internet only
customers. David Akard noted that this is in accordance with industry trends and that Direct TV has lost almost one million subscribers this year.

**TVA Monthly Fuel Cost**
Dr. Browder indicated that the August 2019 monthly fuel cost will be 1.794 cents per kWh for residential (RS) customers. This is lower than usual because the wet weather resulted in greater hydrogenation and gas prices are lower.

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<th>July 1, 2019</th>
<th>August 1, 2019</th>
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<tr>
<td></td>
<td>Fuel Cost</td>
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<td>500 kWh</td>
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**GFOA Award**
Dr. Browder announced that BTES has received the prestigious Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report from the Government Finance Officers Association for the fiscal year ended June 30, 2018. This is the 22nd year that BTES has received the award and was proficient in every category. The Board congratulated Lola McVey for her fine work.

**Approval of Statistical Data Collector**
Dr. Browder requested the Board to approve the purchase of a Nokia Statistical Data Collector for $72,255.71. He explained that the tool would collect data regarding broadband usage on our network. This will help with reliability and make sure people are on the right data package. It will help identify network congestion problems before customers are aware of them. Ms. Downs asked if any other vendor equipment had been considered. Mr. Dowell explained that Nokia is the vendor for the system and has expertise regarding the system. Since much of the cost is for professional services, it is appropriate to use a Nokia product. Mr. Akard made a motion to purchase the Nokia Statistical Data Collector. Ms. Downs seconded the motion and it was unanimously approved by the Board.

**Pending items**

**Cybersecurity Audit**
Mr. Dowell indicated that BTES is reviewing a tool to internally test employees to determine if they click on things they’re not supposed to in emails. He met with a company at a recent TMEPA meeting that provides Cybersecurity assessments. BTES staff are reviewing this information to determine the next course of action.

**Carina Technologies**
Mr. Dowell reported that firmware updates to collars were recently completed which resolved one problem but, after the updates, the relays opened on more collars. He reported that the behaviors are different this time and they are working to determine the similarities. About 24 relays opened this month compared to about 30 since January. Some problems this month were
compounded because there was also a server outage. BTES is pricing the hardware components of the new system, which may help resolve some of the issues.

**Prepay Program**
Lola McVey reported that they are working with SEDC to resolve two issues including the integration of: (1) a daily file for fiber services and (2) customer contracts.

**CEO's Report**
Dr. Browder reported that the marketing department worked with the city on an ad in Blue Ridge Country magazine for the Bristol community highlighting livability, education, and working/playing in the same place. The cost of the ad was split with the city. The magazine is available in seven states.

Dr. Browder reported that the electric bill receipts from businesses located at the Pinnacle have been substantial, more than $2.5 million the past 12 months. The investment in the development was also substantial due to the request for underground lines. An automated system to detect problems with the underground lines and isolate faults was also installed. The reliability of power at the Pinnacle is extraordinary with only infrequent, momentary outages.

In response to questions raised by Ms. Downs at the last board meeting, Dr. Browder provided an in-depth analysis and explanation of the capital budgets for the last five years. Ms. Downs was concerned about the projected spend down of operating capital. Dr. Browder explained that the current year budget changes drastically for a number of reasons including the shifting of capital expenses to operating expenses in current year and the shifting of capital expenses to subsequent years.

Dr. Browder reported that a One Ownership Study is underway to determine whether TVA will build another 161 kV delivery point in the Highway 394 area. This will improve reliability, provide capacity for normal growth, provide capacity for peak load during cold weather and make it possible to serve new industrial customers in that area.

Dr. Browder reported that 362 new accounts were added to the Round Up program during the past six weeks in response to a June email. Customer response to the program has been very positive.

**CEO Performance Appraisal**
Mr. Clarke asked Ms. Downs to provide information regarding the CEO Evaluation process. Ms. Downs reported that she had attended sessions at the APPA National Conference regarding the role of the Board in CEO Evaluation and CEO Succession Planning. The presenters provided materials including sample forms used by other utilities. The board reviewed the materials and decided to use one of the forms as a starting point, revise it and then the Board members would complete the form. The Board also reviewed a sample self-evaluation form to be completed by the CEO and asked Dr. Browder to prepare a CEO job description including the roles and responsibilities of the CEO.
There being no further business, the meeting was adjourned at 1:49.

The next meeting is scheduled for Wednesday, August 21, 2019 at noon.

Respectively Submitted,

[Signature]
Erin Downs, Secretary