

JULY 2016 BOARD MINUTES

The regular meeting of the Bristol Tennessee Essential Services Board of Directors was held on Wednesday, July 20, 2016 at Noon at 2470 Volunteer Parkway, Bristol, Tennessee.

Call to Order

Vice-Chairman Clarke called the meeting to order at Noon.

Present

Larry Clarke, Michelle Denise, Patrick W. Hickie, Jr. and Gary McGeough.

Staff

CEO R. Michael Browder, Director of Engineering Clayton Dowell, Director of Management Services Tara McCall, Director of Accounting and Finance Lola McVey and Attorney C. Thomas Davenport

Minutes

Minutes of the June 2016 meeting were presented. Mr. Hickie made a motion to approve the minutes and Mr. McGeough seconded and the motion was approved.

Annual Election of Officers

Mr. Hickie made a motion to elect Mr. Clarke as Chairman. Mr. McGeough seconded the motion, and the Board approved it unanimously. Mr. Hickie made a motion to elect Mr. McGeough as Vice-Chairman and Secretary. Mr. Clarke seconded the motion, and the Board approved it unanimously.

Safety Report

Ms. McCall reported that the safety meeting this month was about Rubber Gloves. She also gave an update on Lineman Matthew Proffitt who had an accident on June 13, 2016. She reported that he is improving and may get to leave the hospital this weekend for a few days and will return for another surgery on Tuesday. After some discussion and inquiries in to the condition of Mr. Proffitt and the welfare of his family, Ms. McCall reported that he is expected to make a full recovery.

TVA Fuel Cost Adjustment

Dr. Browder reported that the Monthly Fuel Cost for the month of August decreased. The Monthly Fuel Cost is forecasted to decrease slightly in the next few months.

Rules and Regulations

The CEO presented changes to the Rules and Regulations to change the trip charges to collection charges and service calls to better reflect the reason for the charge. After discussion, Ms. Denise made a motion to accept the changes and Mr. Hickie seconded. The motion passed.

Ethics Policy Review

Mr. Davenport reported on his review of the Ethics Policy. He stated that state statute takes precedent over policies that the City or BTES has adopted. He reported that the City of Bristol Ethics Policy and the BTES policy are very similar. He also stated that if he was to report every inquiry about potential conflicts to the Board that it may discourage people from reporting potential conflicts. After discussion, Mr. McGeough made a motion to accept the policy as written, Mr. Hickie seconded and the motion passed unanimously. Mr. Davenport also reported that he has prepared an Ethics and Patent Policy Acknowledgement form to be completed each year by BTES Board members and employees. That form will be completed as new Board members are appointed and as new employees are hired and each July thereafter.

Approval of Telephone Switch

Dr. Browder presented a recommendation to purchase upgrades to hardware and software for our original Metaswitch 3510 telephone switch that is 10 years old and a redundant Metaswitch system to increase reliability of telephone services. Metaswitch is offering additional incentives to purchase both systems at the same time for a total cost of \$643,070, a savings of \$346,218. After discussion, Mr. Hickie made a motion to purchase the equipment, Mr. McGeough seconded the motion and the Board approved it.

Final Approval of BTES Budget and Business Plan

The CEO reviewed the Five Year Projected Income Statement, Five Year Projected Plant Additions and the Five Year Projected Cash Flow. There was extensive discussion about projecting negative net income over the next five years, cash balances and TVA's cash threshold percentages. Ms. Denise made a motion to approve the 2016-2017 current year budget and Mr. McGeough seconded. The motion passed. The five year projections will be amended to reflect an electric rate increase for fiscal year 2019 and be presented for approval at the August Board meeting.

Pending Items

Local Origination Channel

Mr. Dowell reported that we will begin to test Channel 207 which will be turned on for employees. He has been to Knoxville to check on the production trailer. It is on schedule to be delivered August 4 and we will have a technical run through on August 5. Dr. Browder reported that East High School and Central High School are excited about having some of their games aired live by BTES. Bristol Tennessee High School has not signed the contract presented to them yet. BTES has offered assistance with any issues many times but still does not have a signed contract and deadlines are quickly approaching. At this point there is only one available opportunity to air a Tennessee High School game and that is the 100th Anniversary VT game on September 8, 2016. Dr. Browder indicated that at this stage of negotiations with the Bristol Tennessee City Schools, BTES has agreed to almost everything Bristol Tennessee City Schools has asked for and that if some agreement is not reached by Friday, July 22, 2016, BTES would not be able to present any of the Tennessee High School football games on the new channel.

Taxable Employee Benefits

Ms. McVey reported she will be talking to Nan Bobbett from Coulter & Justus on July 21.

Mobile Substation

Mr. Dowell reported that the mobile substation is on schedule to be delivered in November. The tractor has been delivered.

10,000 WISE2 Switches

Ms. McVey reported that most parts have been ordered and almost all parts have been delivered. Over half of the Gibson units have been delivered to BTES. It is expected that BTES will be in receipt of the entire WISE2 switch order by the end of the year or shortly thereafter.

PrePay

Dr. Browder reported that Carina and SEDC are working on the file format for data that will be stored in the Meter Data Management System (MDMS). SEDC will then provide specifications for BTES to purchase their MDMS.

CEO's Report

The CEO reported that Networks was planning the Red Carpet Tours again this year during race week. A new business in Bristol, Agero, was a direct result of this event in previous years. We are still working to present our World Class 10 Gigabit and Automated Outage Isolation and Power Restoration System information at the Red Carpet Tours.

Board Comments:

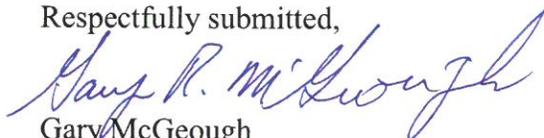
Mr. Hickie commended BTES on the minimal outages during a recent storm.

Ms. Denise asked about the expansion of rail service to serve customers in the Bristol Industrial Park.

Mr. Clarke asked that information sent about net income and budget for the last six years be made part of the minutes (attached). He also reported that because of issues with the Food Country Contract for Lighting and Power Service, BTES contracts are being reviewed. Dr. Browder has talked to Don Henderson at Food Country about the contract. He also asked that Aid to Construction be added to the agenda for the August meeting.

There being no further business to come before the Board, the meeting was adjourned. The next meeting is scheduled for **Wednesday, August 17, 2016 at Noon.**

Respectfully submitted,



Gary McGeough
Secretary-Treasurer

