

## JANUARY 2016 BOARD MINUTES

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

Board members present were Bryan K. Boyd, Larry Clarke, Michelle Denise and Patrick W. Hickie, Jr. Others present were CEO R. Michael Browder, Director of Management Services Tara McCall, Director of Engineering Clayton Dowell and Director of Accounting and Finance Lola McVey.

Chairman Boyd called the meeting to order.

Minutes of the December 2015 meeting were approved as mailed.

At the call of the Chairman for the next item of business, the election of BTES Board Secretary was held. Ms. Denise made a motion to elect Mr. Clarke. Mr. Hickie seconded the motion, and the Board approved it unanimously.

The CEO's Safety Report stated that there were no lost time accidents and we have completed another 6 months with no lost time accident. The report also stated that we had a TOSHA inspection in January. The inspector was extremely complimentary about our compliance with TOSHA standards. As of December 31, 2015, BTES had 871,270 safe working hours since the last lost time accident on November 17, 2009.

The Financial Statement for December 2015 was presented for review and discussion and filed for audit as submitted. Dr. Browder reported that revenue was less in December due to the weather and expenses were down as well. The CEO reviewed increases in cable, Internet and telephone subscribers.

Dr. Browder, CEO, reported that the Monthly Fuel Cost for the month of February decreased. The Monthly Fuel Cost is forecasted to increase slightly in the next few months.

For the next item of business, the CEO presented the Economic Development Loan Program Loan Summary and Application. These documents incorporate changes previously discussed by the Board. After discussion about types of entities eligible for the program, Mr. Hickie made a motion to approve the changes and Mr. Clarke seconded the motion. The Board approved it unanimously.

In other business, the CEO presented a recommendation to purchase three pick-up trucks from Champion Chevrolet for the Meter Reader Department at a net price not to exceed \$55,759.58. After discussion, Mr. Hickie made a motion to purchase the pick-up trucks, Mr. Clarke seconded the motion and the Board approved it unanimously.

For the next item of business, the CEO presented recommendations from Alcatel-Lucent. The first was support for our 7450 and 7750 routers for the 2016 year at a cost of \$55,373.62. These are the 10Gbps routers and switches that comprise our backbone network. He also recommended renewing our Technical Assistance Center support with Alcatel-Lucent for 2016 at a cost of \$72,652.56. He also presented a proposal to upgrade our software for IPTV MediaRoom to the current version. The upgrade will require approximately 50 servers being upgraded which will take Alcatel-Lucent over six months to complete. The amount for the upgrade is \$233,655.00. Mr. Clarke made a motion to accept all three proposals, and Mr. Hickie seconded the motion. Following discussion, the Board approved it unanimously.

At the call of the Chairman for the next item of business, the CEO gave an overview of the proposed updates to the Labor Agreement By and Between BTES and International Brotherhood of Electrical Workers Local 934. Mr. Clarke made a motion to approve the changes. Mr. Hickie seconded the motion, and the Board approved it unanimously.

In other business, the CEO presented an update on the Automation Project. He reviewed the equipment installed and how it has improved reliability for BTES customers. He reported that in 2015 customer outage minutes were 34 minutes per customer which is below the stated goal of 60 minutes per customer per year. The year of 2015 was our most reliable year. At least 17 minutes of customer outage was saved in 2015 that can be directly attributed to the automation system. According to the Department of Energy Interruption Cost Estimate (ICE) Calculator, that saved our customers over \$2,000,000 last year.

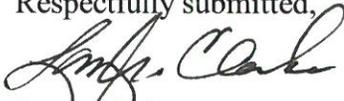
The CEO also reported that the property along Highway 75 has been purchased for \$65,803.00 for a future substation to increase reliability as additional load grows around Tri Cities Regional Airport towards Boone Dam. He also reported that we are in final negotiations for the Sharps Hollow Road property. The CEO also reported that we are still reviewing the specifications for a mobile substation and discussed a meeting with area General Managers about electric rates in our area.

Board Comments:

Bryan Boyd reported that he will not be able to attend the quarterly meeting of the City Council, Power Board, Planning Commission, Industrial Development Board and Housing Authority on January 26, 2016.

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

Respectfully submitted,



Larry Clarke

Secretary-Treasurer