

MARCH 2016 BOARD MINUTES

The regular meeting of the Bristol Tennessee Essential Services Board of Directors was held on Wednesday, March 16, 2016 at Noon at 2470 Volunteer Parkway, Bristol, Tennessee.

Board members present were Bryan K. Boyd, Larry Clarke, Michelle Denise, Patrick W. Hickie, Jr. and Gary McGeough. 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 February 2016 meeting were approved as mailed.

The CEO's Safety Report stated that there were no lost time accidents. The report also stated that the monthly safety meeting was on Traffic Control. As of February 29, 2016, BTES had 893,157 safe working hours since the last lost time accident on November 17, 2009.

The Financial Statement for February 2016 was presented for review and discussion and filed for audit as submitted. Dr. Browder reported that some unbilled revenue rolled into February and we sold more kWh than we purchased. The CEO reviewed increases in the number of cable, Internet and telephone subscribers.

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

In other business, the CEO presented a proposal from Coulter & Justus, P.C. to perform the fiscal year 2016 financial statement audit. There was discussion about getting additional quotes on the 2016 audit but due to time constraints for starting the 2016 audit, it was decided to get quotes for the 2017 financial statement audit. After discussion, Mr. Clarke made a motion to accept the proposal, and Mr. Hickie seconded the motion. The Board approved it unanimously.

For the next item of business, the CEO presented a recommendation to purchase a semi tractor for our Mobile Substation and TV Production Trailer from Goodpasture Motor Company at a price of \$114,865. It will be used to mobilize both units as well as additional transportation options with existing equipment. After discussion, Mr. Hickie made a motion to purchase the truck, Mr. Clarke seconded the motion and the Board approved it unanimously.

At the call of the chairman for the next item of business, the CEO presented a proposal recommending the purchase of equipment for the video production trailer at a cost not to exceed \$900,000. As part of the CEO's proposal and the ensuing discussion, it was explained that the BTES staff will be attending various trade shows, consulting with multiple industry experts and negotiating the purchase of new and used equipment subject to availability and condition of the equipment. The BTES staff explained that the proposal was intended to be a "not to exceed" to allow maximum flexibility in the making of individual equipment decisions and purchases to get the maximum value for the least expense. The Board discussed how Dr. Browder and the staff would authorize purchases to the various vendors as the negotiations completed and equipment was available. The equipment needed was presented in the Local Origination Channel Business Plan discussed in the October 2015 Board meeting. The Board agreed to allow the flexibility in equipment decisions and procurement and Mr. Hickie made a motion to authorize the negotiation and purchase of equipment up to \$900,000. Mr. McGeough seconded the motion and it was approved.

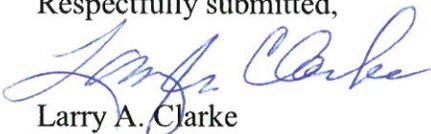
In other business, the CEO presented a proposal to apply for TVA InvestPrep grants for BTES property located in both the Bristol Industrial Park and the Bristol Business Park. Although the Community Team continues to aggressively market and show the available acreage, grading costs and time delays to grade available sites continue to be reasons for not making the final list in potential projects. The grants, which provide up to \$500,000 each from TVA, would allow those sites to be pad-ready which speeds up the time for project completion and limits risk, factors that site selection consultants are looking for when assisting companies in site location. If those grants are awarded, there would be additional costs that we would be responsible for. Cost estimates for the Bristol Industrial Park are approximately \$1.6 million and approximately \$1.4 million for the Bristol Business Park. If selected for the grant, BTES would have to secure and make available matching funds in order to receive the grant. These funds may be covered by Tax Increment Financing (TIF) or PILOT guarantees by taxing authorities. After much discussion, Ms. Denise made a motion to apply for the InvestPrep Award on both properties. Mr. Clarke seconded the motion. The Board approved with a 4-1 vote.

For the next item of business, the CEO reported:

- The proposed legislation for Tennessee municipalities to serve broadband outside their electric footprint has been withdrawn.
- April Eads, Business Development Manager has worked with local businesses and TVA to get electric credits, grants and low interest loans for 3 local companies.
- The Sharps Hollow property has been purchased for \$162,000 plus the costs for appraisal, realtor and legal fees.

There being no further business to come before the Board, the meeting was adjourned. The next meeting is scheduled for **Wednesday, April 20, 2016 at Noon.**

Respectfully submitted,



Larry A. Clarke
Secretary-Treasurer