

## **NOVEMBER 2020 BOARD MINUTES**

The regular meeting of the Bristol Tennessee Essential Services Board of Directors was held on Wednesday, November 18, 2020 at noon. The meeting was held pursuant to Governor Bill Lee's Executive Order No. 16, which allows members of the governing body subject to the Tennessee Open Meetings Act to meet and conduct essential business by electronic means if the body determines meeting electronically is necessary to protect the health, safety and welfare of Tennesseans in light of the COVID-19 pandemic. The public could attend the meeting live via remote access from the BTES office and was notified of the process for joining remotely with detailed instructions on the BTES website, including the opportunity to address the Board on any matter of BTES business.

### **Call to Order**

Chairman Downs called the meeting to order at 12:00.

### **Board Members Present**

Erin Downs, Vince Turner, David Akard III, Larry Clarke and Doug Harmon

### **Staff Present**

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

### **Others Present**

Joel Cullum from SESCO Management Consultants, James Bence from Mauldin & Jenkins and Leif Greiss from the Bristol Herald Courier

### **Audit for Fiscal Year Ending June 30, 2020**

James Bence from Mauldin & Jenkins presented the audit report for the fiscal year ending June 30, 2020. The opinion is unmodified (clean) on the financial statements. No audit findings of noncompliance or material misstatements were found. The auditors tested financial control procedures and had no findings. Mr. Bence presented the financial trend information in the report to the Board. Mr. Clarke made a motion to approve and Mr. Harmon seconded the motion. It was unanimously approved.

### **Leadership Progression Planning**

Joel Cullum reported that the management team have done self-evaluations and the MDQ-R. He and Kelly Ison will meet with the management team individually next week to discuss the Leadership Assessment summaries, DiSC, MDQ-R and Performance Reviews. Mr. Cullum and Mr. Ison will determine Individual Development Plans and communicate those to the management team individually.

## Minutes

Chairman Downs presented the minutes of the October board meeting. Mr. Harmon made a motion to approve the minutes. Mr. Clarke seconded the motion and the minutes were unanimously approved.

## Safety Report

Ms. Ellis reported that BTES has completed 398,880.55 safe working hours as of October 31, 2020 without a lost time accident. A safety meeting was held on November 3 for all employees on Dealing with the Public and Social Media.

## Financial Reporting

### Electric Business Unit

Ms. McVey presented the October 2020 financial reports. She reported that the average cost of purchased power for October was lower than the previous year because of a high Load Factor of 71.3 percent, the Long-Term Partnership Credit and the Wholesale Pandemic Relief Credit.

Operating and Maintenance Expenses continue to be below budget due to the timing of expenses and labor being diverted from maintenance work to the Sharps Hollow Substation capital project.

There are 105 PrePay customers as of November 6, 2020.

Ms. Ellis reported that we have added two additional students to the BTES COVID-19 Educational Support Program. This is a total of thirteen families receiving Internet service through this program. She also reported that contracts for past due balances from the suspension of residential disconnects are current.

The financial highlights are as follows:

<b>\$(000)</b>	<b>YTD Actual</b>	<b>YTD Budget</b>
Electric Revenue	\$ 26,341.5	\$ 27,584.2
Other Electric Revenue	\$ 2,390.5	\$ 2,371.9
Other Income	\$ 180.4	\$ 299.7
Total Operating Expense	\$ 26,387.5	\$ 28,667.3
Non-Operating Expense	<u>\$ 460.6</u>	<u>\$ 348.8</u>
<b>Electric Net Income (Loss)</b>	<b>\$ 2,064.3</b>	<b>\$ 1,239.7</b>
Operating & Maintenance Expense	\$ 3,403.9	\$ 3,978.8
Broadband Net Income	\$ 1,140.1	\$ 760.7

### Advanced Broadband Services Business Unit

Ms. McVey reported that the number of customers in the Advanced Broadband Services (ABS) Business Unit increased by 91 in October 2020. There was an increase in the number of services for cable, Internet and telephone. Net income remains positive.

### TVA Monthly Fuel Cost

Dr. Browder indicated that the December 2020 monthly fuel cost will decrease to \$.01590 per kWh for residential (RS) customers.

	November 1, 2020	December 1, 2020
	Fuel Cost	Fuel Cost
500 kWh	\$8.28	\$7.95
1000 kWh	\$16.56	\$15.90
1500 kWh	\$24.84	\$23.85
2000 kWh	\$33.12	\$31.80

### Approval of 2021 Board Meeting Dates

The Board reviewed the tentative schedule of meeting dates for 2021 with meetings on the third Wednesday of every month and noted that the May meeting is scheduled during the annual meeting of the Tennessee Valley Public Power Association. The Board discussed rescheduling that meeting to Monday, May 24 at noon. Mr. Akard moved for approval of the meeting schedule as revised. Mr. Turner seconded the motion and it was approved unanimously.

### Ethics Policy Discussion

Dr. Browder recommended that the Use of Company Time, Facilities, Equipment and Vehicles portion of the Ethics Policy be removed and the BTES Employee Handbook be amended to prohibit the personal use of BTES equipment. Mr. Turner made a motion to:

- Remove the Use of Company Time, Facilities, Equipment and Vehicles from the Ethics Policy
- Amend the BTES Employee Handbook to include the following: *To protect BTES assets, BTES employees shall exercise due care in the use of company property. Personal use of BTES equipment is prohibited outside of BTES property, except as is necessary for employees to complete their job duties off site. The CEO may grant written permission to employees to use BTES equipment for charitable or community projects.*
- Perform a comprehensive review of the Ethics Policy.

Mr. Akard seconded the motion and the motion passed. Chairman Downs said the Ethics Policy will be reviewed next month.

**Pending Item****Cybersecurity Report**

Mr. Dowell reported that he is evaluating a quote for a cybersecurity assessment. We are continuing to monitor the security of remote working.

**CEO Report**

Dr. Browder reported on the future of the Exide building which is being abandoned as part of the bankruptcy.

**Board Comments**

Mr. Akard asked about moving the electric lines on Anderson Street.

Chairman Downs stated that marketing BTES Internet service during the COVID pandemic could be beneficial. People are moving from larger areas because of working remotely and need excellent Internet access. Mr. Turner suggested advertising outside of our area instead of waiting for people look at our area. Mr. Harmon said it could be difficult to target such a narrow audience.

Mr. Clarke congratulated the staff on being recognized by AdvisorSmith for having the fastest Internet available in the small city category (between 10,000 and 100,000 residents). He also wants BTES to look for ways to leverage prepay.

Mr. Harmon congratulated BTES on a smooth audit and having no adjustments.

Respectfully Submitted,



David Akard III, Secretary