

## MINUTES (OPEN SESSION)

MI-Connection Board of Directors Special Meeting

Date: Tuesday, June 7, 2011, 5:00 pm

Location: Davidson Town Hall

**Board Members present:** John Venzon, Leamon Brice, Dawn Huston (via phone), Brett Ellis (via phone) and Steve Miller (via phone)

Board Members absent: Erskine Smith, Rodney Short, and Ken Essex

Others present: Nola Perkins, Alan Hall, Nick Miller (phone), and Gail Karish (phone), members of the press.

Quorum was determined by Mr. Venzon at 5:07 pm

- 1) Adoption of the recommended FY2012 budget
  - a. Public hearing on Thursday May 26- comment from 1 citizen, no additional comments received.
  - b. Motion to approve 2012 budget by Brett Ellis, Steve Miller seconded, Dawn Huston third
  - c. No further discussion on budget
  - d. Roll call vote: all in favor; motion passes 5-0
- 2) Roundtable: no items discussed
- 3) No closed session
- 4) Motion to adjourn by Dawn Huston, seconded by John Venzon, motion passes unanimously; meeting adjourned at 5:13

approved  
6/7/11

MI-Connection Recommended Budget  
FY 2012

	2009 Actual	2010 Actual	Reestimate 2011 Budget	2012 Projection
Voice Revenue	\$44,383	\$643,400	\$1,031,775	\$1,381,342
Video Revenue	\$9,694,919	\$9,932,820	\$9,604,825	\$10,585,609
Data Revenue	\$3,863,571	\$4,087,510	\$4,488,896	\$5,123,639
Other Revenue	\$254,022	\$206,368	\$457,440	\$449,557
<b>Total Revenue</b>	<b>\$13,856,895</b>	<b>\$14,870,098</b>	<b>\$15,582,937</b>	<b>\$17,540,147</b>
growth %		7.3%	4.8%	12.6%
Cost of Goods Sold	\$5,429,920	\$6,601,318	\$5,413,880	\$6,667,804
Operating Revenue	\$8,426,975	\$8,268,780	\$10,169,057	\$10,872,343
Gross Margin	60.8%	55.6%	65.3%	62.0%
Facility Based Expense	\$4,562,184	\$4,165,025	\$4,384,905	\$4,553,270
Marketing Expense	\$815,452	\$814,666	\$723,414	\$695,923
as percentage of Revenues	5.9%	5.5%	4.6%	4.0%
Administration	\$2,737,018	\$2,031,808	\$2,030,801	\$2,080,107
Depreciation & Amortization	\$2,657,441	\$3,408,023	\$3,546,112	\$3,637,550
Interest Expense	\$4,083,531	\$4,647,424	\$4,553,523	\$4,552,767
Transition Expense	\$0	\$0	\$138,280	\$23,217
<b>Total Expenses</b>	<b>\$14,855,626</b>	<b>\$15,066,946</b>	<b>\$15,377,035</b>	<b>\$15,542,834</b>
<b>Net Income</b>	<b>(\$6,428,651)</b>	<b>(\$6,798,166)</b>	<b>(\$5,207,978)</b>	<b>(\$4,670,491)</b>
<b>EBIDA</b>	<b>\$312,321</b>	<b>\$1,257,281</b>	<b>\$2,891,656</b>	<b>\$3,519,826</b>
Percent EBIDA	2.3%	8.5%	18.6%	20.1%
percent growth		302.6%	130.0%	21.7%
Beginning Cash Balance		\$5,977,998	\$381,382	\$288,174
<b>Capital Spending</b>		<b>\$2,998,281</b>	<b>\$2,575,800</b>	<b>\$2,240,000</b>
		20.2%	16.5%	12.8%
Debt Service		\$4,596,779	\$7,289,582	\$7,290,250
Reimbursed Sales Tax		\$0	\$420,866	\$0
Escrow Reimbursement		\$164,559	\$0	\$0
<b>Contribution to Capital</b>		<b>\$576,604</b>	<b>\$6,459,651</b>	<b>\$5,888,230</b>
Davidson Contribution		\$180,189	\$2,018,641	\$1,943,116
Mooresville Contribution		\$396,415	\$4,441,010	\$3,945,114
<b>Year End Cash Balance</b>		<b>\$381,382</b>	<b>\$288,174</b>	<b>\$165,980</b>
EOY Voice Customers	580	1,967	2,593	3,265
growth %		239.1%	31.8%	25.9%
EOY Video Customers	13,616	13,384	12,684	12,684
growth %		-1.7%	-5.2%	0.0%
EOY Data Customers	8,481	9,293	9,552	10,128
growth %		9.6%	2.8%	6.0%
RGUs	22,677	24,646	24,829	26,077
growth %		8.7%	0.7%	5.0%
Total Customer Relationships	15,193	15,212	14,945	15,696
growth %		0.1%	-1.8%	5.0%
Average Revenue/Customer	\$76.00	\$81.46	\$86.89	\$93.13
growth %		7.2%	6.7%	7.2%