



Board of Directors Meeting  
Davidson Town Hall/ Main Meeting Room  
216 South Main Street  
Davidson, NC 28036

MINUTES

Board of Director's Meeting (October 29, 2013)

Present: John Venzon, Brett Ellis, Larson Jaenicke, Erskine Smith, Leamon Brice, Steve Miller, Howard Kosofsky and David Auger. Absent: Jim Duke

Other Attendees: Alan Hall, Nick Miller (by telephone), Sarah Muller, and Nola Perkins

1. Call to Order/Quorum

Mr. Venzon determined that a quorum of the Board was present and called the meeting to order at 6:30pm.

2. Approval of the June and July, 2013 Board Meeting Minutes

Mr. Jaenicke presented the Board Meeting Minutes from the June 27, 2013 and July 25, 2013 Board meetings and noted that drafts of the minutes had been previously circulated to the Board members for review and comments and that minor modifications had been made to the drafts as a result of comments made by certain Board members. It was also clarified that Mr. Venzon is the Chair of the Compensation Committee as reflected in the July 25, 2013 minutes. A Motion to approve both the June 25, 2013 and July 25, 2013 minutes was made, seconded and unanimously adopted.

3. Consent Agenda

A motion was made, seconded and unanimously adopted to approve the Consent Agenda matter dealing with employee compensation.

4. External Audit Results

Two representatives of Certified Public Accountants Dixon Hughes Goodman LLP ("Dixon Hughes") were present to discuss Dixon Hughes' audit of MI-Connection's financial statements for the year ended June 30, 2013. Each Board member was given a copy of Dixon Hughes' October 7, 2013 Audit Letter and Dixon Hughes' Audit Report dated October 7, 2013. With respect to the Audit Letter, it was noted that MI-Connection had adopted Governmental Accounting Standards Nos. 63 and 65 which resulted in, among other things, certain minor terminology changes and a modified presentation in

MI-Connection's financial statements. With respect to the Audited Financial Statements, Dixon Hughes' representatives noted the following. First, MI-Connection's Accounts Receivable remained steady year over year, Net Asset Deficit declined year over year and Installment Financing Contracts decreased year over year, all of which are good news for MI-Connection's financial position. Second, Cash Flow from Operating Activities had increased year over year and MI-Connection's Operating Loss while still negative was also decreasing, again good news for MI-Connection's financial position. Finally, MI-Connection's cash flow increased so that less money was required from Mooresville and Davidson to service MI-Connection's debt obligations. Several Board members asked the Dixon Hughes' representatives questions regarding their presentation and the Audit Report to clarify matters discussed by them.

## 5. Financial and Operations Update

Mr. Auger provided the Board with a financial and operational update of MI-Connection for the first quarter 2014. Mr. Auger told the Board that for the first quarter 2014 EBIDA was on budget and that when compared to the first quarter 2013, revenue was up 6.7% and expenses were up approximately 7%. Mr. Auger attributed the increase in expenses to an approximately \$24,000 increase in benefits costs, \$7,500 in additional unemployment insurance, \$10,800 in additional repairs (instead of capital expenditures), \$5000 in increased commissions and \$38,000 in salary increases. Customer growth, both RGU and relationships, were up each month in the quarter and higher revenue was obtained from each unit due, in part, to reduced discounting. The overall trend for expenses was down with marketing expenses being up and administrative expenses being fairly constant. Customer net gain was 228 or 1.48% and RGU net gain was 446 or 1.63%.

With respect to plant construction, Mr. Auger explained MI-Connection was shifting away from using contractors and moving construction in-house. MI-Connection hired 4 construction employees and purchased and converted tools and equipment for construction activities. This change should increase cash flow by \$198,000 annually and also provide MI-Connection more flexibility in obtaining acceptable rates of return for construction activities.

Mr. Auger explained that the Langtree apartments were coming online during 2<sup>nd</sup> quarter 2014 and that Mi-Connection expected additional subscribers, having already obtained 12 subscribers from the first 14 residents. Mr. Auger also detailed other new residential and commercial opportunities which had been obtained during first quarter 2014 including The Grove at Morrison Plantation, Autumn Care of Cornelius, Mooresville Ford and Randy Marion Chevrolet.

Mr. Auger then discussed the additional subscribers obtained as a result of schools in Davidson and Mooresville which, with the assistance of others, were assisting in providing MI-Connection's internet to students who are economically disadvantaged. In

addition to positive revenue results for MI-Connection, Mr. Auger described some of the very positive press coverage MI-Connection had received from this initiative.

Further, Mr. Auger told the Board that MI-Connection was to be the exclusive cable provider of Davidson College's men basketball team's home games (except when broadcast by network television or ESPN) and that it was working on similar arrangements for the women's basketball team.

Finally, Mr. Auger discussed the anticipated rate increase to take effect in December, 2013, the first since April, 2012 and one that was required, in part, by programming costs increases, the most recent of which will be \$35,000/month in 2014. The rate increase will consist of the following: a \$1.99/month modem fee, a \$1.99/month local transmission fee and a \$7.50/month DVR service charge on additional outlets. Mr. Auger then answered questions from Board members related to his discussion.

#### 6. 2014 Marketing Presentation

Dave Sopp, who along with his wife was retained to assist MI-Connection's marketing efforts, gave an overview of MI-Connection's 2014 marketing strategy. By way of background, Mr. Sopp briefly summarized the successful 2013 MI-Connection marketing campaign he and his wife helped to formulate. The initial 2013 campaign was entitled "Straight Talk" and proved to be very successful. Mr. Sopp explained that the 2014 campaign will be a return to the "Straight Talk" concept and provided the Board with several examples of how that concept will be implemented.

#### 7. Roundtable Discussion

Mr. Venzon then asked Board members for comments. Members complimented MI-Connection representatives for their success and made several suggestions regarding business opportunities and marketing ideas.

#### 8. Adjournment

Having no other business, a motion was made, seconded and passed unanimously to adjourn the meeting. The meeting ended at approximately 7:45pm.

# Mooresville High School PTSO

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To Whom It May Concern,

The Mooresville High School PTSO is providing lunch to all teachers and staff on Wednesday, February 12. This lunch is for nearly 200 people. The PTSO relies on donations in order to operate. We are requesting a donation from Food Lion to help us provide this lunch. Any donation is greatly appreciated. If you have any questions, please feel free to contact Christy Brotherton at 704-200-7601 or email [072295@gmail.com](mailto:072295@gmail.com). Thank you in advance for your help!

Sincerely,

Christy Brotherton

MHS PTSO Hospitality Committee