

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

January 26, 2017

OPEN SESSION MINUTES

Board Members Present: Larson Jaenicke, Jamie Justice, Steven Miller, Howard Kosofsky, David Auger and Mark McDowell (phone). Member Absent: Brett Ellis, Brad Davis Other attendees: Alan Hall, Angelia Ryan and Nola Perkins.

Call to Order/Quorum

Mr. Jaenicke called the roll and determined that a quorum of the Board was present. Mr. Jaenicke then called the meeting of the Board to order at approximately 6:34 pm.

1. Approval of the November 17, 2016 Open and Closed Meeting Minutes

Mr. Jaenicke stated that the Board members had previously received and had the opportunity to review the minutes for the November 17, 2016 Board meeting. Mr. Jaenicke asked if anyone had any additional comments, changes or modifications to those minutes. None were noted therefore, Mr. Jaenicke asked for a motion to approve the November 17, 2016 Board Minutes. A Motion to Approve the November 17, 2016 Board Minutes was made by Jamie Justice and seconded by Steve Miller. The Motion passed unanimously.

2. 2nd Quarter 2017, Financial, Operational and Update

Next, Mr. Auger provided the Board with a financial and operational update of MI-Connection's Second Quarter of its 2017 fiscal year. Mr. Auger explained that Q2 2017's revenues were up \$208,809 or 4.01% when compared to Q2 2016's revenues. Expenses for Q2 2017 were down by \$16,298 or just under .5% when compared to Q2 2016's expenses. As a result of the income and expense results, EBIDA for 2Q 2017 was favorable by \$225,108 or 18.19% when compared to 2Q 2016. Mr. Auger stated these results were good growth for MI-Connection. Also, Mr. Auger noted that the recent EBIDA margin is a healthy 27% and higher than 2011's 15 % margin. He also noted that EBIDA had been increasing about 2.5% annually which he believed to be a significant accomplishment.

Mr. Auger also stated that total net income loss was favorable by \$15,300 or 2.45% when comparing Q2 2017 to Q2 2016. Gross Margin was close to 61%, and has been in that range for the past five years. Average Revenue per Customer was \$105.29 or up \$2.31 or 2.24% in the recent quarter when compared to the same quarter in the previous fiscal year. RGU's were up 467 or 1.51% and total customers were up 292 or

1.73% in the recent quarter when compared to the same quarter last year. When comparing Q2 and Q1 2017, MI-Connection gained 99 RGU's and 40 Customer Relationships. The historical data indicates that MI-Connection's recent gains in customers and RGU's are lower than gains in those categories in previous years. Some of that reduction probably is attributed to recent customer service issues which created an excessive and unacceptable backlog of service calls. These service issues resulted in MI-Connection ceasing its marketing efforts for new customers and focusing its resources on its existing customers by fixing its ongoing issues and eliminating the excessive backlog of service calls. These service issues continued for several months and it was not until December before marketing resumed again when the service calls were approaching a manageable level.

Mr. Auger continued his presentation by stating that the Company continues to keep safety as a major priority. He explained it had been 557 days since the Company had its last reportable incident. He also explained since the leader of the Safety Committee person is leaving the Company, another employee will be taking over that role. The Company will continue to provide safety updates and requirements weekly to its personnel.

Mr. Auger also provided an update on the upcoming rate increase, which will take effect in February. This increase is due to increases in the local broadcast fees which will be passed through to customers at \$.89/month. The cable modem fees will also be increased \$2.00/month.

3. Roundtable discussion

Mr. Jaenicke then asked Board members if they had any question or comments. The only comments were to thank all MI-Connection employees for their hard work and dedication during the recent very busy period.

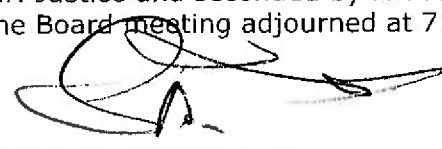
4. Closed Session

Mr. Jaenicke then asked for a Motion to go into a closed session to consider the qualifications, competence, performance, character, fitness and conditions of employment or conditions of initial employment of a new MI-Connection Chief Executive Officer. Mr. Kosofsky made the Motion which was seconded by Mr. Justice. The Motion was passed unanimously. Pursuant to the Motion, the Board went into Closed Session at approximately 7:30 pm.

The Minutes of the Closed Session are attached herein as Exhibit A.

5. Adjournment

Having ended the Closed Session and having no further business for the Board, Mr. Jaenicke requested a Motion to Adjourn. The Motion was made by Mr. Justice and seconded by Mr. Miller. The Motion passed unanimously and the Board meeting adjourned at 7:43pm.

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