



Approved 10/25/18

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

August 23, 2018

MINUTES

Board Members Present: Larson Jaenicke, Brett Ellis, Brad Davis, Steven Miller (telephone), Robert Guth, Mark McDowell (telephone) David Treme and David Auger. Members Absent: Jamie Justice

Other attendees: Sean Wilbur, Pieta Swartz, Nola Perkins, Vicki Casey and two people from the public.

- **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 6:30 pm.

- **Approval of the May 17, 2018 Board Meeting Minutes**

Mr. Jaenicke next stated that the Board members had previously been provided and had the opportunity to review the Minutes for the May 17, 2018 Board Meeting. He asked if anyone had any additional comments, changes or modifications to those Minutes. None were noted. Mr. Jaenicke then requested a Motion to Approve the May 17, 2018 Board Minutes. Mr. Davis made a Motion to Approve the May 17, 2018 Board Minutes, which was seconded by Mr. Ellis. The Motion was passed unanimously.

- **Q4 Financial Review**

Mr. Auger presented the unaudited financial results for the Fourth Quarter of Fiscal Year 2018 and for Fiscal Year 2018. With respect to the financial results for Fiscal Year 2018 Fourth Quarter, Mr. Auger compared those results with the Fiscal Year 2017 Fourth Quarter. Mr. Auger noted the 2018 Fourth Quarter results were one of the strongest Quarters in the history of the Company. Total Revenue was \$5,370,645, which was \$47,462 higher than the same Quarter last year. Reconciliation of prior quarters' advertising revenues in the recent Quarter had reduced Total Revenues by \$71,000.00. Expenses in the 2018 Fourth Quarter were favorable to the 2017 Fourth Quarter by \$167,572.00 or 4.23%. Cost of Goods Sold was unfavorable by 36,826.00 or 1.70% higher than same Quarter in 2017. Facility Based Expenses were favorable in the recent Quarter by \$108,284 or 7.52%. Marketing Expenses were favorable by \$2,732 or 1.75%. Administrative Expenses in the recent Quarter were favorable by \$19,729 or 9.67%. Total Expenses in the recent Quarter were favorable to the prior year's Fourth Quarter by \$167,572 or 4.23%. EBIDA was the highest ever, favorable to the prior year by \$215,034 or 15.77%. EBIDA Margin came in at 29.39% which, Mr. Auger pointed out, just missed 30%, his goal since 2012. Net Income was favorable to prior year by



\$225,118 or 33.60%. Gross Margin was 1.04% higher than the previous year's Fourth Quarter and Average Revenue per Customer in the recent Quarter was \$105.32, virtually equal to what it was in the prior year's Fourth Quarter.

Continuum had 336 fewer Revenue Generating Units ("RGU's") in the recent quarter than in the 2017 Fourth Quarter. While Continuum lost video customers primarily due to "cord cutting", it gained telephone and data customers. Mr. Auger is confident based on current trends that Continuum will be able to repeat the 2018 Fourth Quarter's financial performance over the next couple of Quarters.

Mr. Auger next Compared Fiscal Year 2018 with Fiscal Year 2017. Revenue in Fiscal Year 2018 was lower by \$168, 659 when compared to Fiscal Year 2017. Total Expenses for the two recent fiscal years were virtually flat since the recent fiscal year's Expenses were only \$19,520 or .12% higher than those in the 2017 Fiscal Year. The primary cause of the increased Expenses was the \$214,027 increase in Marketing Expenses, an increase caused primarily by the name change and rebranding expenses. Without the Marketing Expense increase in Fiscal Year 2018, EBIDA would have been higher than it was in Fiscal Year 2017. However, EBIDA was unfavorable in 2018 when compared to 2017 by \$188,179 or by 3.49%. However, EBIDA was 23.4% of Total Revenue even with the Marketing Expense increase. Total Net Income in Fiscal Year 2018 was unfavorable to Fiscal Year 2017 by \$115,420 or was unfavorable by 4.15%. Average Revenue per Customer in Fiscal Year 2018 was unfavorable to Fiscal Year 2017 by \$3.01 or by .72%. Continuum paid the Town of Mooresville \$3,150,000 in June, approximately 50% of the current annual debt payment for Continuum.

Mr. Auger next discussed Continuum's New Technical Support Department which began its operation in July, 2018. Creating this in-house team of technical support representatives gave Continuum the ability to end its vendor relationship with an Atlanta company and create a 100% local presence. So far, this change has been a huge success. Also, in August, Continuum switched telephone providers and is currently moving customers over to the new provider. In the next fiscal year, Continuum should realize a substantial savings from this transition. Mr. Auger concluded by stating that the Fiscal Year 2018 Fourth Quarter and the full year financial results demonstrated the continuing financial success of Continuum.

Mr. Auger next gave the Board a brief safety update and told the Board that it had been 35 days since the last recordable accident. Mr. Auger conceded that there had been no safety meeting in the Fourth Quarter, but he stated there would be one in the next Quarter.

After Mr. Auger concluded his report, Mr. Jaenicke asked if there were any comments or questions for Mr. Auger. Since there were none, Mr. Jaenicke moved to Fiscal Year 2018 Committee Assignments. Mr. Jaenicke stated there would be no changes to Committee assignments in Fiscal year 2018. Therefore, Mr. Ellis will continue to be the Finance Committee Chairman, with Bob Guth and Larson Jaenicke as members: and Mr. McDowell will continue to be the Chairman of the Strategic Committee with Mr. Miller, Mr. Davis and Mr. Jaenicke as members. Mr. Jaenicke requested a Strategic Meeting be held sometime in October.



Roundtable discussion

Mr. Jaenicke then asked Board members if they had any questions or comments. Mr. Treme and Mr. Ellis briefly commented on the great results of the recent Quarter.

- **Adjournment**

The Board having no further business, Mr. Jaenicke asked for a motion to adjourn. Mr. Davis made the Motion which Mr. Ellis seconded. The Motion to Adjourn passed unanimously and the meeting adjourned at 6:55 pm.