



Board of Directors Meeting

Davidson Town Hall
216 South Main Street
Davidson, NC 28036
Meeting Room

July 26, 2012

Minutes

Present: John Venzon, Brett Ellis (phone), Dawn Huston, Steve Miller (phone), Rodney Short(phone), Leamon Brice, Erskine Smith, Ken Essex (phone) and David Auger

Other Attendees: Gail Karish, Nick Miller, Sarah Muller, Alan Hall, and Nola Perkins

1) Call to Order/Quorum – John Venzon.

Mr. Venzon determined that a quorum was present and called the meeting to order at 6:34 pm.

2) Year End Results- David Auger/Brett Ellis

Mr. Auger presented FY2012 accomplishments, including: new operating agreement with BVU effective December 1, 2011; MIC became a member of the National Cable Television Cooperative; operating functions transitioned into Mooresville which resulted in 6.5 new employee hires; new marketing/promotional strategy implemented; first fiber to the home deployment in the Charlotte region marketplace installed in Jetton Cove; six-fold increase in internet capacity ; added a third internet backbone; increased internet upload speed to 4 Mbps from 2 Mbps; and offered the sports tier free of charge to all digital customers.

Mr. Auger reported a significant positive impact to financial results. Strong customer growth combined with a decrease in operating expenses contributed to strong EBIDA growth. Customer relationships grew by 495 with a net gain in revenue generating units (RGUs) of 2,325. FY2012 had the highest video, data, customer and RGU growth of any year since MI-Connection began its first full year of operations in FY2009. Finally, it was noted that the financial results were preliminary and unaudited, and thus subject to change.

Mr. Brice asked if FY2012 financial results were repeatable. Mr. Auger stated that the decline in cost of goods sold (COGS) would be difficult to repeat because they decreased in part due to a one-time adjustment as a result of the renegotiation of numerous programming contracts. He added that going forward programming costs will be difficult to contain, however, he anticipated that MIC will see very healthy run rates for EBIDA in FY2013.

Mr. Ellis was encouraged by the results and stressed the strong results and trends are in the right direction. Mr. Venzon said the results are more than a triple play, they were a home run and thanked the management team and MIC employees for great results.

3) Approval of the June 28, 2012 meeting minutes- Dawn Huston

Ms. Huston presented the meeting minutes to the Board for the open session on June 28. No comments or changes to minutes were requested. Mr. Brice moved that the minutes be approved. The motion was seconded by Mr. Smith. The motion to approve the minutes passed unanimously.

4) Roundtable Discussion- All

Revised Board Meeting Schedule- John Venzon

Mr. Venzon proposed going to a quarterly board meeting schedule and establishing informal working committees or groups to be available to assist the organization as needed. A quarterly board meeting would be held on the fourth Thursday of January, April, July, and October in order to receive a report on quarterly financial results. Mr. Venzon outlined a draft list of the proposed working groups that could meet from time to time between the quarterly board meetings, including suggestions for their respective members.

Mr. Venzon noted the inter-local agreement anticipated that board meetings could occur quarterly and that the board could always call special meetings if needed between quarterly meetings to conduct hearings, participate in deliberations, or vote upon or otherwise transact the public business of MIC.

Mr. Venzon made motion to revise the current monthly board meeting schedule to establish a quarterly meeting schedule beginning on the fourth Thursday of the month of October 2012. Ms. Huston seconded the motion. The motion to revise the board meeting schedule to establish a quarterly meeting schedule passed unanimously.

5) Adjournment

Having no other business, Mr. Auger made a motion to adjourn the open meeting which was seconded by Mr. Brice. The motion passed unanimously and the meeting ended at 7:15 pm.

*approved
10/25/12*

Board of Directors Meeting

Davidson Town Hall
216 South Main St
Davidson, NC 28036
Main meeting room

October 25, 2012

Minutes

Present: John Venzon, Brett Ellis, Leamon Brice, Steve Miller (phone), Rodney Short, Erskine Smith and David Auger

Absent: Dawn Huston, Ken Essex

Other Attendees: Alan Hall, Nick Miller, Gail Karish, Sarah Muller, Ellen Baker, Nola Perkins, Aprille Bell, Maura Henderson (Dixon Hughes), Kelly and David Sopp.

- 1) Call to Order/Quorum – John Venzon.

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

- 2) Approval of prior meeting minutes: Nola Perkins

Nola Perkins presented the open session board meeting minutes from the July 26, 2012 meeting. No comments or changes to minutes were requested. Mr. Brice moved that the minutes be approved. The motion was seconded by Mr. Ellis. The motion to approve the minutes was unanimously adopted.

- 3) Audit Report – Aprille Bell and Maura Henderson from Dixon Hughes

Ms. Bell and Ms. Henderson were invited by the Chairman to discuss the audit procedures and review the Audit Committee Letter, Management Letter, and Financial Statements. The numbers from 2011 to 2012 were stable and there was a debt decrease of 1.3 M. They reported that there were no significant deficiencies nor any delays or disagreements with Management were noted.

- 4) Quarterly Financial Report - David Auger

Mr. Auger reported that Q1 2013 results. This quarter showed gains in voice, data and video subscribers. Revenues were up 6.5% during the first quarter. EBIDA was reported to be 12.9 % better than in Q4, 2012. He also stated that retention will be critical to maintain revenue and is confident with new technology plans and great marketing campaign, MI-Connection can help grow the business.

approved January 24, 2013
D. S. Hill

Mr. Auger then introduced David and Kelly Sopp who were brought in to assist with the newest marketing Branding Campaign.

5) Marketing Campaign- Kelly and David Sopp

The Sopps' presented the Board with the newest campaign that will be shown on TV, along with print, online advertising and direct Mail for 13 weeks. This campaign is called Straight talk and will drive home the benefits of a locally owned communications service, and explains we are on your side and every add will come with a great offer. There will be such slogans as: Does your cable company really need your business? This campaign is geared to make people aware of MI-Connection and how important it is for people to subscribe and how it gives back to the communities it serves.

6) Technology Update— David Auger

Mr. Auger announced his plan to launch "TV Everywhere" service which will allow customers to watch TV on mobile devices anywhere. Along with this he announced a new offering of "WARP SPEED BROADBAND" which will be the fastest speeds available in the communities served by MI-Connection. Mr. Auger said with new technologies and Campaign in place he feels it will give boost MI-Connection penetration in the Lake Norman Territories and drive out other competitors in the footprint served. Mr. Auger then announced MI-Connection has won the contract to provide video, phone and internet service to the first phase of Langtree at the Lake project, a huge residential, office and retail project underway at exit 31 off I-77.

7) Roundtable Discussion –All

Mr. Venzon commended all for the great job that everyone has done and the rest of the Board agreed and congratulated everyone.

8) Adjournment

Having no other business, Mr. Auger made a motion to adjourn the meeting and it was seconded by Mr. Brice. The motion passed unanimously and the meeting ended at 8:00 pm.

Board of Directors Meeting

Davidson Town Hall
216 South Main St
Davidson, NC 28036
Main meeting room

January 24, 2013

Minutes

Present: John Venzon, Dawn Huston, Brett Ellis, Learnon Brice, Steve Miller (phone), Rodney Short, Erskine Smith, Ken Essex and David Auger

Other Attendees: Alan Hall, Nick Miller, Gail Karish, Sarah Muller, Nola Perkins

- 1) Call to Order/Quorum – John Venzon.

Mr. Venzon determined that a quorum was present and called the meeting to order at 6:32 pm.

- 2) Approval of prior meeting minutes: Dawn Huston

Dawn Huston presented the open session board meeting minutes from the October 25, 2012 meeting. No comments or changes to minutes were requested. Mr. Brice moved that the minutes be approved. The motion was seconded by Mr. Ellis. The motion to approve the minutes was unanimously adopted.

- 3) Q2 2013 Financial Report and Customer Gains - David Auger

Mr. Auger reported the Q2 2013 results. This quarter showed gains of 5.2% in revenue for voice, data and video subscribers. Cost of goods sold was up 3% Year over Year driven by a programming costs increase of 7%, offset by savings from transition and administration costs. EBIDA was up 8 %, favorable by \$325,000. Mr. Auger noted that this was the 5th quarter of growth in a row. Mi-C gained 91 customer relationships and 383 RGUs which mirrored the gains of Q2 2012; 2nd highest gain in 6 years for the quarter.

Mr. Ellis expressed his pleasure at seeing these financial results which he said were a testament to the management team. He added that the decisions to transition to local management were the right ones as evidenced by the financial results.

- 4) Technology & Operations Update– David Auger

Approved
1/25/2013
Dawn Ellis

Mr. Auger announced that Enhanced Internet Technology had been put in place effective December 10, 2012 which offered increased internet speeds (up by 25-300%) at no charge to residential customers. In addition, he announced that MI-C had launched a new offering of "WARP SPEED BROADBAND" (60 Mb x 10 Mb), a speed which no competitor matches, and has gained 44 customers to date.

Mr. Auger advised the Board that high definition channel ad insertions are currently available on 39 channels, and that 10 new high definition channels will be offered in February, giving MI-C increased revenue opportunities through the sale of more ads. Currently 25% of the ad insertions are used by MI-C to advertise its own offerings.

Mr. Auger indicated that the launch of "TV Everywhere" service is scheduled for February, a service which will allow customers to watch TV on mobile devices anywhere. He added that the Aris Video on Demand Platform is scheduled to launch in March, once some technical implementation issues are resolved.

Mr. Auger announced a new partnership with Rose & Associates, an incubator for small business start-ups and local entrepreneurial support, to offer the first ever Video Conferencing in the Lake Norman area. The video conferencing system installation will be completed in January with an open house scheduled for February 19.

Mr. Auger briefed the board on the status of retransmission consent negotiations with WCNC, the local NBC affiliate, with the 3rd highest viewership in the market. He said that WCNC has demanded an increase in rates for 2013 of 161%, far exceeding amounts paid to others. The contract is currently set to expire on January 31 and Mr. Auger said he is putting plans in place in case contract negotiations are not successful.

Mr. Auger gave an update on the Langtree Development, where MI-C is the provider. The first move-ins are scheduled for July 2013 with fiber to the home. The planned hotel has been converted to an additional 100 residences, in addition to the planned 300 residences and 42 businesses.

Mr. Steve Miller commented that the technology updates, being great individually, combined give MI-C a better competitive advantage.

5) Phase 2 Branding Campaign- David Auger

Mr Auger reported that the Phase 1 campaign, straight talk, ended January 18. The campaign had 13 message points with print, on-line, and direct mail and was very successful and well-received by the community. The Phase 2 campaign extends the straight talk to testimonials with a 30 day cycle. The theme "It's Your Media Company" has three key messages: "you have ownership", "local heroes equal community pride", and "we're better together." Starting off the campaign is a testimonial from the Epic Steakhouse owners.

Approved
4/15/2013
David Auger

6) Roundtable Discussion –All

Mr. Steve Miller shared that Bi-Lo the owners of the NBC affiliate CNBC is very aggressive and have played dirty in some markets. Ms. Karish has worked with other companies on the west coast that have had the same issues and offered assistance if needed.

Mr. Venzon stated he has a high vote of confidence in the management team.

7) Adjournment

Having no other business, Mr. Ellis made a motion to adjourn the meeting and it was seconded by Mr. Brice. The motion passed unanimously and the meeting ended at 7:30 pm.

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approved
4/25/2013
D. Brice