

**MI-Connection
Board of Directors Meeting
Open Session
July 22, 2010**

On July 22, 2010, the Board of Directors of MI-Connection held a meeting beginning at 7:30 am in the MI-Connection Board Room, 420 S. Academy Street, Mooresville, NC.

Present were Board members John Kasberger, Rick Howard. Present in person from the Town of Mooresville, Finance Director, Maia Setzer. Attending by telephone were Board Members, John Venzon, Ken Essex, Steve Miller, Dawn Huston, and MIC's counsel, Nick Miller and Gail Karish. Also present in person were Alan Hall, Kyle Hollifield (BVU) and Nola Perkins.

The meeting was called to order by John Kasberger.

Nick Miller briefed the Board on the North Carolina sales tax refund and provided an update on the pending refund to MI-Connection. At this time a compromise has been reached and MI-Connection is fully exempt through fiscal year 2010. The sales tax paid from 2008, 2009, 2010 will be refunded back to MI-Connection in the amount of approximately \$500,000 dollars. After 2010 MI-Connection will not be eligible for any tax exception unless the sunset clause, which was a part of the legislation, is lifted. The plan is to have the Board's representative attend the next legislative session to push for making the exemption from tax permanent.

Nick Miller briefed the Board on the legislation that is currently going on in Raleigh regarding an effort by the cable and telephone industry and their supporters to impose a moratorium on any further public borrowing for municipally owned systems until the end of 2011. This would undercut or eliminate the possibility of public ownership. The municipal league and private sector side opposed this. The Legislature decided to put together a 12 member committee to study the issues related to municipal ownership and other issues related to broadband in North Carolina. That entity has designated seats available for industry and public sector participants. One of those seats is being allocated for a cable owner that is a product of an inter-local agreement of the State (e.g. MI-Connection) Therefore; it may be advantageous for a member of the Board to be present during this study because this is where the policy debate will take place. By the next board meeting a decision needs to be made as to which member will be placed on the committee.

Alan Hall briefed the Board on its annual obligation under the Interlocal Agreement to determine the respective ownership shares of the Towns of Mooresville and Davidson (the Operating Parties). He reported that BVU had performed a calculation to determine the Towns' respective ownership shares as of June 30, 2010, and presented a proposed Resolution approving the annual allocation of subscribers for the Board's consideration. After discussion, a motion was made to adopt the resolution, and the motion passed by a unanimous vote.

Mr. Hall briefed the board on the new "Community Growth Plan." This plan has been developed to both educate the towns about MI-Connection and engage the towns in MIC's success. There

will be a number of presentations made at the Town Halls and members of the public will be invited and encouraged to attend.

Mr. Hall presented the month-end summary report for June. There has been a large gain of commercial accounts. Customer service calls are up slightly due to the storms that have been in the area over the last few weeks. Overall revenues are up 3.4 % and expenses were down.

Mr. Essex moved to adopt the minutes for each of the open sessions of June 24 and June 30, 2010, and the minutes were adopted.

Mr. Kasberger asked if there were any additional issues which required discussion in the open session, and no such issues were raised. A motion was made to move into closed session for the purpose of discussing privileged matters, including receiving legal advice from counsel. The motion passed.

After returning to open session, the meeting was adjourned.