

CROSSLAKE COMMUNICATIONS ADVISORY BOARD/COUNCIL
MEETING
TUESDAY, MARCH 5, 2013
CROSSLAKE CITY HALL

The Regular Meeting of the Crosslake Communications Advisory Board was called to order at 8:34 am by General Manager Paul Hoge. Members present: Mike Myogeto, Randy Young and Mike Winkels. Members absent: Ann Schrupp, Jim Talbott, John Moengen and Alternate Steve Kohlmann. Also present were General Manager Paul Hoge, Office Manager Debby Floerchinger, Accountant Cyndi Perkins, Network Engineer Paul Davis and Operations Manager Jared Johnson.

Actions Taken:

- 1. The Advisory Board recommends to the City Council approval of the 2012 List of Professional Organizations assisting Crosslake Communications.**
- 2. The Advisory Board recommends to the City Council that the Broadcast TV Surcharge be increased \$2.00 and that the package rates be increased 10%.**
- 3. The Advisory Board recommends to the City Council that the hotel Base Rate rate be increased to \$10.50/room, the local channel fee be increased to \$0.85/room and the Fox Fee be increased to \$3.22/room.**
- 4. The Advisory Board recommends to the City Council a rate increase for HBO to \$18.00/month and the rates for multiple premium channels to \$26 for two premium channels, \$35 for three premium channels and \$45 for four premium channels.**
- 5. The Advisory Board recommends to the City Council that Gordon Siemers be approved as an alternate for the Advisory Board**

The Minutes of the January 29, 2013 meeting were reviewed. Mike Winkels moved to accept the January 29, 2013 Minutes as presented. Second by Mike Myogeto, all in favor, motion carried.

The January 2013 Financial Statements were reviewed. Paul Hoge reported that the cable TV revenues were up over last year due to a rate increase we put in place last year. Randy Young moved to accept the January, 2013 Financial Statements as presented. Second by Mike Myogeto. All in favor, motion carried.

The January 2013 Check Disbursements were reviewed. Mike Myogeto moved to accept the January 2013 Check Disbursements. Second by Mike Winkels. All in favor, motion carried.

COMMUNICATIONS

- 1) 2012 List of Professional Organizations Assisting Crosslake Communications. This list for 2013 was reviewed by the Advisory Board. Randy Young moved to recommend to the City Council approval of the 2013 List of Professional Organizations assisting Crosslake Communications. Second by Mike Winkels. All in favor, motion carried.
- 2) Advisory Board Alternate – Gordon Siemers. Mike Winkels moved to recommend to the City Council that Gordon Siemers be approved as an alternate for the Advisory Board. Second by Mike Myogeto.
- 3) Advisory Board Co-Chair. Mike Myogeto agreed to serve as co-chair of the Advisory Board.
- 4) Tower Updates. Paul reported that AT&T wants to put a new microwave up and Sprint is going to put a new antenna on the tower. We haven't seen either of them yet.
- 5) Five Year Plan. Paul reviewed the Five Year Plan prepared for the FCC's new reporting rules.
- 6) Digital TV Transition. Paul said that at the last meeting we talked about the digital TV transition and that it would not cost us any money. Since then, we have discovered that there are some problems with the EAS and some contracts. If we do the digital TV transition, we will need to pay \$0.42 per box to the NCTC. We are going to look at this some more. The EAS is about a \$6,000 expense. Paul stated that we don't have a choice on the digital transition but there will be expenses that were not budgeted.

Darrell Schneider joined the meeting at 8:55 am.

- 7) Cable TV Programming Costs. Paul reviewed a spreadsheet of the 2013 rates for programming. We had anticipated rate increases of about 5%. We have actually received increases in contract renewals of about 20%. If we do not raise rates, we are currently losing between \$8.00 and \$17.50 based on packages per sub each month. Paul noted that we have received information that Charter is increasing their rates \$4.00/month and Dish is increasing their rates \$5.00/month plus \$1.00/box/month. Paul recommended raising rates 10% to offset this increase and to raise the Local Broadcast fee \$2.00. After considerable discussion, Mike Winkels moved to recommend to the City Council that the Broadcast TV Surcharge be increased \$2.00 and that the programming be increased 10%. Second by Mike Myogeto, all in favor, motion carried. Paul also reviewed the hotel rates. Randy Young moved to increase the hotel Base Rate to \$10.50/room, the Local Channel fee to \$0.85/room, the Fox Fee increase to \$3.22/room and that the Big 10 fee remain the same. Second by Mike Myogeto.

All in favor, motion carried. Paul also reviewed the rates for the premium channels (HBO, Showtime, Starz/Encore and Cinemax). Paul recommended increasing the HBO rate to \$18.00 and leaving the other channels at their current rates and to increase the rates for multiple premium channels to \$26 for two premium channels, \$35 for three premium channels and \$45 for four premium channels. Mike Myogeto moved to increase the HBO rate to \$18 and the rates for multiple premium channels to \$26 for two premium channels, \$35 for three premium channels and \$45 for four premium channels. Second by Mike Winkels. All in favor, motion carried.

The next meeting is scheduled for March 26th but that is the same time as the MTA. Paul will pick an alternate date and email the Board.

Other Business

- 1) Day on the Hill. Paul reported that Aitkin, Milaca, McGregor and Minneapolis are all looking at getting into the telephone business. Counties are also looking into it. Bagley is looking at city-wide Internet.

The meeting was recessed at 9:55 am for a short break.

Council Members Steve Roe, Mark Wessels, and Gary Heacox and Mayor Darrell Schneider joined the Advisory Board for a Joint Advisory Board/City Council Meeting. Mayor Darrell Schneider called the meeting to order at 10:11 a.m. Also present were Jenny Max, Steve Kohlmann and Gordon Siemers.

The Advisory Board meeting resumed at 10:15 am. Pat Powers from Olsen Thielen Co., Ltd. joined the meeting.

John Moengen joined the meeting at 10:17 am.

- 1) Review/Approve 2012 Crosslake Communications Audit. Pat Powers from Olsen Thielen was present to review the 2012 Audit for Crosslake Communications. Pat said the audit went very well with no adjusting entries. Pat stated that his firm audits about 100 telecommunications companies. As part of what they do, they are a member of an association across the country that audits telecommunications companies (Telergee Peer Group). Included in the recap were comparisons of Crosslake Communications with the Telergee Peer Group. Pat stated that we are depreciating more than we are putting into plant. The remaining life of our plant continues to drop. Our Minutes of Use are dropping and will continue to drop. Cell phones are a big component. If they terminate on our switch, they pay at a much lower rate. Pat stated that we are in pretty good shape compared to

other companies. Pat reviewed the fact that due to a small staff there is a deficiency in internal controls.

MOTION 03S1-01-13 WAS MADE BY JOHN MOENGEN, SECONDED BY STEVE ROE TO APPROVE THE 2012 AUDIT FOR CROSSLAKE COMMUNICATIONS. MOTION CARRIED WITH ALL AYES.

- 2) Cable TV Rate Increase. Paul Hoge reported to the Council that we have received higher than anticipated rate increases from the programmers leaving us with a deficit each month. The Advisory Board recommends to the City Council that the Cable TV rates be increased 10% and that the Local Channels fee be increased \$2.00 each month, to increase the HBO rate to \$18 and the rates for multiple premium channels to \$26 for two premium channels, \$35 for three premium channels and \$45 for four premium channels, and to increase the hotel Base Rate to \$10.50/room, the Local Channel fee to \$0.85/room, the Fox Fee increase to \$3.22/room and that the Big 10 fee remain the same.

MOTION 03S1-02-13 WAS MADE BY JOHN MOENGEN, SECONDED BY STEVE ROE TO INCREASE CABLE TV RATES 10% AND THAT THE LOCAL CHANNELS FEE BE INCREASED \$2.00 EACH MONTH, TO INCREASE THE HBO RATE TO \$18 AND THE RATES FOR MULTIPLE PREMIUM CHANNELS TO \$26 FOR TWO PREMIUM CHANNELS, \$35 FOR THREE PREMIUM CHANNELS AND \$45 FOR FOUR PREMIUM CHANNELS, AND TO INCREASE THE HOTEL BASE RATE TO \$10.50/ROOM, THE LOCAL CHANNEL FEE TO \$0.85/ROOM, THE FOX FEE INCREASE TO \$3.22/ROOM AND THAT THE BIG 10 FEE REMAIN THE SAME. MOTION CARRIED WITH ALL AYES.

MOTION 03S1-03-13 WAS MADE BY JOHN MOENGEN, SECONDED BY DARRELL SCHNEIDER TO ADJOURN THE MEETING AT 12:05 PM. MOTION CARRIED WITH ALL AYES.

Mike Winkels moved to adjourn the Advisory Board meeting at 12:05 p.m.
Second by Randy Young. All in favor, motion carried.


Debby Floerchinger