

SPECIAL COUNCIL MEETING
CITY OF CROSSLAKE
MONDAY, MAY 23, 2016
7:00 P.M. – CITY HALL

The Council for the City of Crosslake met in a Special Session on May 23, 2016. The following Council Members were present: Mayor Steve Roe, Gary Heacox, Brad Nelson, Dave Schrupp and Mark Wessels. Also present were City Administrator/Consultant Dan Vogt, Finance Director/Treasurer Mike Lyonais, City Clerk Char Nelson, Public Works Director Ted Strand, City Attorney Brad Person, Crosslake Communications Consultant John Finke, Northland Press Reporter Kate Perkins, and Echo Publishing Report Dan Determan. There were approximately twenty people in the audience.

Mayor Roe called the meeting to order at 7:00 P.M. The Pledge of Allegiance was recited. The Mayor turned the meeting over to John Finke.

John Finke reported that he had been hired by Crosslake Communications to assist in the pursuit of a strategic partnership with another coop. Mr. Finke would present the results of the sealed bid process for the sale of all of the assets used in the operations of Crosslake Communications. There were five important factors that were required from the bidders. They included the requirement that investments in infrastructure be made, that the company is involved in the community, that the company is financially stable, that the purchase price is sufficient and that there is commitment to the Crosslake Communications current employees.

Mr. Finke reported that 11 companies showed initial interest in the sale, 4 companies toured the facility, and two bids were received. The bids were opened on May 16th. Bids were made from Consolidated Telephone Company (CTC) and from Tri-Co Technologies, LLC (Tri-Co) and both companies met the five important requirements. Consultant Michael Mazer of Mazer Telecom Advisors reviewed the bids and found them to be compliant.

John Finke presented a summary of the bids to the Council and compared the two offers in detail. (Summary and complete bid documents to be attached to official minutes). Purchase price bid from CTC was \$5,200,000 and from Tri-Co was \$6,372,000. CTC offered to spend \$1,500,000 in infrastructure through 2021 and Tri-Co offered \$2,000,000. Both companies agreed to keep the Crosslake office open indefinitely. Both companies said they would employ all the Crosslake employees on the same terms and conditions, including wages and benefits that will be substantially the same as those that are currently being provided, including credit for their years of experience. Both companies stated that there is no plan for layoffs. Both companies provided financial information on how the transaction would be made.

Dave Schrupp asked how the long term agreement regarding infrastructure upgrades would be monitored. John Finke replied that both companies committed to spend a certain amount on infrastructure. After five years the company must provide a summary of the improvements to the City. If the conditions were not met, the City has legal recourse to collect the difference.

Steve Roe asked how the current bond payments would be handled. Mr. Finke responded that the current bond cannot be paid off early. The sale price includes principal and interest to cover the entire

amount of the bond and those funds would be placed in an escrow account until the bond matures in 2021.

Mr. Roe asked what happens to Crosslake Communications' cash on hand. Mr. Finke replied that cash on hand would transfer to the City. Approximately \$300,000 would be set aside for daily operations until the closing.

Mr. Roe asked what effect there would be on the Revolving Loan Fund from the USDA. Mr. Finke and Mr. Lyonais explained that the City of Crosslake would lose control of the Revolving Loans funds. The City has the choice to return the initial loan of \$300,000 to the USDA or to find a qualified utility company to take and disburse the funds. Both bidders would be eligible entities to take over the USDA loan.

John Finke compared the estimated values of Crosslake Communications that the 2015 Charles Mead Study reported and the actual bids that were received in this process. The estimates ranged from 5.2M to 6.3M, so the bids validate the study's results.

Crosslake Communications Advisory Board Chairman Mike Winkels addressed the Council and stated that the Advisory Board reviewed and discussed the two proposals at their meeting earlier in the day. Mr. Winkels reported that both companies were capable of providing good service and technological advances to the community. The Board discussed its relationship to CTC. Because of the large difference in price, the Board unanimously recommended that the City Council accept the bid from Tri-Co.

Steve Roe asked for any public comment. No one came forward to speak. The Council reviewed a resolution which would approve the sale of Crosslake Communications and Attorney Person noted that the Council could also reject all bids or table their decision to a later time.

Mark Wessels thanked the Advisory Board, Subcommittee, CTC management, John Finke, staff and everyone involved for all of the work put into the sale.

MOTION 05S1-01-16 WAS MADE BY BRAD NELSON AND SECONDED BY GARY HEACOX TO APPROVE RESOLUTION NO. 16-12 WHICH AWARDED THE SALE OF CROSSLAKE COMMUNICATIONS AND ITS ASSETS TO TRI-CO TECHNOLOGIES, LLC. MOTION CARRIED WITH ALL AYES.

Steve Roe asked if there was a list of assets which were included in the sale. Attorney Person replied that the purchase agreement included a very extensive list of assets.

There being no further business at 7:43 P.M., MOTION 05S1-02-16 WAS MADE BY MARK WESSELS AND SECONDED BY DAVE SCHRUPP TO ADJOURN THE MEETING.

Respectfully Submitted,



Charlene Nelson

City Clerk

City Clerk/Minutes/5-23-16 Special Meeting.doc

CITY OF CROSSLAKE
RESOLUTION NO. 16-12

RESOLUTION APPROVING THE SALE OF CROSSLAKE COMMUNICATIONS ASSETS

WHEREAS, the City of Crosslake (the "City") has completed the competitive bidding process to receive bids for the sale of the assets of Crosslake Communications (the "Crosslake Assets"); and

WHEREAS, the City received two qualified bids; and

WHEREAS, the City has received a recommendation from the Crosslake Communications Advisory Committee ("Committee") and a bid summary and recommendations from the City's consultants; and

WHEREAS, in connection with the sale of the Crosslake Assets, the City will defease its Communications Utility Revenue Refunding Bonds, Series 2015A (the "Bonds") as permitted by the City's resolution adopted on January 27, 2015 (the "Bond Resolution"), as a remedial action to preserve the tax-exempt status of interest on the Bonds;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF CROSSLAKE, MINNESOTA, AS FOLLOWS:

1. The City awards the bid for the sale of Crosslake Assets to TRI - Co TECHNOLOGIES, LLC as "Buyer".

2. The Mayor and City Clerk are hereby authorized and directed to execute and deliver the Asset Purchase Agreement with the Buyer ("APA"), and such other instruments, certificates, and documents on behalf of the City that are necessary to close and consummate the transactions contemplated by the APA, including without limitation any needed regulatory filings, the Escrow Agreement, Bill of Sale, Assignment and Assumption Agreement, and Limited Warranty Deed, and that upon the execution and delivery thereof, there will be a valid and legally binding obligation of the City in accordance with the terms and conditions thereof.

3. The City Council hereby directs and authorizes the Committee to continue all actions necessary to prepare for and complete the closing of the transactions contemplated by the APA, as set forth in said APA.

4. Staff of the City are authorized and directed to take such actions as may be necessary or convenient to, simultaneously with the sale of the Crosslake Assets: (a) defease the Bonds pursuant to the terms of the Bond Resolution, including, without limitation, establishing an irrevocable escrow account (the "Escrow Account") to pay principal of and interest on the Bonds through maturity, and (b) take appropriate remedial actions prescribed in Treasury Regulations § 1.141-12, to preserve the tax-exempt status of interest on the Bonds. In connection with such remedial actions, the City hereby makes the following findings:

- a. on the date of issuance of the Bonds, the City reasonably expected to continue to own the Crosslake Assets and to not permit it to satisfy the private business use tests for the entire term of the Bonds;

- b. the maturity date of the Bonds was not greater than 120% of the average economic life of the Crosslake Assets property financed or refinanced as of the issue date of the Bonds; and
- c. the City's sale of the Crosslake Assets to Buyer is an arm-length transaction and the Buyer's bid price is fair market value for the Crosslake Assets.

5. The Mayor and Clerk are authorized and directed to execute and deliver an escrow agreement and any other documents necessary or convenient in connection with the establishment of the Escrow Account. The Clerk is also authorized and directed to post to the Security and Exchange Commission's EMMA website, within 10 days following adoption of this resolution, notice of the City's intent to defease the Bonds.

Adopted by the City Council of the City of Crosslake on May 23, 2016.

Approved:



Mayor

Attested:



City Clerk

CROSSLAKE COMMUNICATIONS, SUMMARY OF BIDS

Bid Notice Section			
	Consolidated Telecommunications Company ("CTC")		Tri-Co Technologies, LLC ("Tri-Co")
1	Purchase Price	\$5,200,000	\$6,372,000
	Incidentals to Purchase	CTC will increase its Board size by one person, representing former Crosslake customers who would elect this new member.	Tri-Co is a partnership comprised of Emily Technologies ("ECTC"), West Central Technologies Corp. ("WCTA") in Sebeka, MN, and Rural Communications Holding Corporation ("BEVCOMM") in Blue Earth, MN.
		CTC intends to admit Crosslake customers as members of its cooperative, allowing for related co-op benefits including patronage refunds.	Each partner has executed a Transaction Guaranty that provides individual company guarantees for the commitments of Tri-Co with respect to this proposed acquisition.
2b	Infrastructure Investment (thru 2021)	\$1,500,000	ECTC will be responsible for managing day-to-day operations for the Crosslake service area.
2e	Investment Strategy for Crosslake Service area	CTC will upgrade existing infrastructure to deliver increased broadband internet speeds to all Crosslake customers. CTC will upgrade entertainment service offerings to CTCTV, an IPTV platform, and add new customer capabilities (robust search engine, for example) currently provided by CTC in its service area. CTC will also provide enhanced IP phone services to Crosslake business customers.	Through a combination of Fiber-to-the-Home ("FTTH") and VDSL2+ technologies, Tri-Co will upgrade existing infrastructure and provide increased broadband internet speeds to meet customer demand. The end goal for Tri-Co is to have 100% FTTH for all Crosslake customers. Tri-Co also has plans to improve the plant capacity with new capital investments in the internet backbone circuits.
3	Community	CTC has a management philosophy that includes being active in each of its service communities, as well as taking part in state and national communications industry organizations. CTC's list of management and employee involvement in their communities is extensive and includes financial support to those same communities.	Each of Tri-Co's partners have a long history of being focused on their communities. Tri-Co pairs the customer and the community focus of the member-owned cooperative partners who will be overseeing day-to-day operations with the resources of a larger family-owned communications company. Each of the partners donates to its respective service communities financially, and also contributes through employee volunteer participation. The Tri-Co partners will employ the same philosophy in Crosslake.
3(a)(1)(1)	Office Open 3 Years Y/N		
3(a)(1)(2)	If no, Months open		
3(a)(1)(3)	Philosophy Examples	CTC agrees to keep the Crosslake office open indefinitely.	Tri-Co agrees to keep the Crosslake office open indefinitely.

	Consolidated Telecommunications Company ("CTC")	Tri-Co Technologies, LLC ("Tri-Co")
3(a)(ii)(1) Employee Commitment/same Wages/Benefits	CTC will employ all current employees of Crosslake on the same terms and conditions, including wages and benefits that will be substantially the same as those that are currently being provided, including credit for their years of experience. Management employees will be offered long-term employment opportunities at substantially similar, if not better, wages and benefits. CTC will honor the Crosslake union employees' collective bargaining agreement with IBEW Local 949.	Tri-Co will employ all the Crosslake employees on the same terms and conditions, including wages and benefits that will be substantially the same as those that are currently being provided. Employees will be given credit for their years of experience with Crosslake, and union employees will be hired under the ECTC union agreement, which is similar to the Crosslake union agreement with the same IBEW Local 949. The Crosslake union employees will have the opportunity to participate in the union contract negotiations later in 2016.
3(a)(ii)(2) & 3(a)(ii)(3) If layoffs, severance policy	CTC does not have a severance policy, but has no plan to layoff any Crosslake employees. However, if layoffs did occur, CTC would offer a severance to non-union employees, and would negotiate a severance with the IBEW for union employees.	Tri-Co has no plan to layoff any Crosslake employees. However, if layoffs did occur, Tri-Co would offer severance benefits to any such employees of no less than 90 days pay and health benefits.
4(a)(i) Audited Financials received?	Audited financials have been received.	Audited financials have been received.
4(a)(ii) How will transaction be financed?	CTC will use a combination of cash on hand (currently \$2,617,000) plus RTFC loans consisting of a \$3,000,000 revolving line of credit and a \$1,000,000 non-revolving line of credit.	Tri-Co intends to use cash on hand (currently \$12,759,000) for the three partners combined. The partnership also has a commitment from First Bank Blue Earth for \$3,500,000 for a traditional loan, if Tri-Co decides to use debt financing.
4b How will future capital expenditures be financed?	CTC will use a combination of cash flows from Crosslake operations and its RTFC credit facility to fund future capital expenditures.	Tri-Co will use cash flows from Crosslake operations to fund future capital expenditures.
5a Operational Experience/ Expertise	CTC has extensive experience in the telecommunications industry and has operated its cooperative company successfully for the past 66 years. CTC has the management expertise, as well as the depth of technical and operational experience necessary to support all facets of the current and future network technologies required for the Crosslake community. In addition, CTC has managed and provided oversight of Crosslake for the past 18 months.	The combined management teams of the partners in Tri-Co have extensive industry experience in the telecommunications industry. BEVCOMM has operated successfully for the past 120 years, while WCTA has done the same for 66 years and ECTC for more than 40 years. While Tri-Co is a new entity, the management team combination provides the depth of technical and operational experience necessary to support all facets of the current and future network technologies required for the Crosslake community.
5b Investment Strategy for communities where you now operate	Since 2010, CTC has invested heavily both in its service area and outside its area in adjacent CLEC areas to provide various Fiber-to-the-Home ("FTTH") technologies, including investments in high speed internet services, video enhancements and home automation. CTC estimates that it has invested more than \$80 million in communications infrastructure in its service areas over the past 10 years.	ECTC and WCTA both provide FTTH telecommunications services to 100% of their members. BEVCOMM currently provides FTTH to approximately 20% of its customer base. In communities where FTTH is not available, BEVCOMM operates either VDSL2 platforms or coax CATV systems offering high speed data over a cable modem service. Those cable modem service areas are capable of receiving 90Mbps speeds.



consolidated telecommunications company

Connecting The Community.

(218) 454-1234 phone
(800) 753-9104 toll free

May 16, 2016

HAND DELIVERED

Crosslake City Council
Crosslake City Hall
37028 County Road 66
Crosslake, MN 56442

Re: Offer to Purchase Substantially All of the Assets used in the Operation of Crosslake Communications

Ladies and Gentlemen:

Consolidated Telephone Company, a Minnesota cooperative association doing business as Consolidated Telecommunications Company ("CTC"), is pleased to submit this offer ("Offer") to the City of Crosslake, Minnesota (the "City") to purchase substantially all of the City's assets used in the operation of the City's telecommunications business that is operated under the name Crosslake Communications ("Assets"). This Offer is being submitted in response to the City's Request for Bid. In addition to this letter, our Offer consists of:

- A copy of the Asset Purchase Agreement in the form that accompanied the Request for Bid with all blanks completed and signed on behalf of CTC (the "Asset Purchase Agreement").
- CTC's audited financial statements at December 31, 2014, and December 31, 2015, and for the calendar years then ended ("CTC's Audited Financial Statements").
- The Conditional Commitment Letter received by CTC from the Rural Telephone Finance Cooperative (the "RTFC") in which the RTFC has offered to extend the credit to CTC that is necessary to purchase the Assets on the terms set forth in this Offer.
- The application submitted by CTC to the United States Rural Utilities Service (the "RUS") for permanent financing, and a letter from the RUS approving the interim RTFC financing.
- Descriptions of key personnel on CTC's management team.

The following numbered paragraphs in this Offer correspond to the numbered paragraphs in the City's Request for Bid:

CTC Brainerd
1102 Madison Street
Brainerd, MN 56401

CTC Baxter
14385 Edgewood Dr.
Baxter, MN 56425

CTC Crosby
8 Third Avenue NW
Crosby, MN 56441

1. **Purchase Price.** CTC IS OFFERING TO PAY A CASH PURCHASE PRICE OF **\$5,200,000.00 TO THE CITY FOR THE ASSETS.** In addition, if CTC is the successful purchaser of the Assets, **CTC INTENDS TO ADMIT AS MEMBERS OF CTC ALL FORMER CUSTOMERS OF CROSSLAKE COMMUNICATIONS THAT CONTINUE TO PURCHASE RETAIL TELEPHONE, RETAIL INTERNET OR RETAIL TELEVISION SERVICE FROM CTC FOLLOWING THE CLOSING** on its purchase of the Assets pursuant to the Asset Purchase Agreement (the "Closing"). As members of CTC, such customers will be eligible to receive regular patronage refunds along with the other benefits of membership in CTC.

CTC is currently managed by its board of directors which is elected from candidates residing in five director districts. If CTC's Offer is accepted and CTC successfully closes on the purchase of the Assets, **CTC INTENDS TO INCREASE THE SIZE OF ITS BOARD, CREATE AN ADDITIONAL DIRECTOR DISTRICT COMPRISED OF THE AREA CURRENTLY BEING SERVED BY CROSSLAKE COMMUNICATIONS (THE "SERVICE AREA") AND TO PERMIT THE FORMER RETAIL CUSTOMERS OF CROSSLAKE COMMUNICATIONS WHO BECOME MEMBERS OF CTC TO ELECT ONE OF THE MEMBERS OF CTC'S BOARD.** Through this board representation, it is anticipated that the retail customers of CTC located within the Service Area will have an active voice in the management and operation of the cooperative.

2. **Infrastructure Investment.** As provided for in Section 5(e)(i) of the Asset Purchase Agreement, if CTC's Offer is accepted and CTC successfully closes on the purchase of the Assets, **CTC WILL COMMIT TO MAKING A CUMULATIVE INVESTMENT OF AT LEAST \$1,500,000.00 DOLLARS IN PLANT AND EQUIPMENT IN CROSSLAKE COMMUNICATIONS' HISTORIC SERVICE AREA BETWEEN THE DATE OF CLOSING AND DECEMBER 31, 2021.** We estimate that this total cumulative investment will be made during the following time periods:

<u>Calendar Year</u>	<u>Amount of Investment</u>
Closing through 12/31/2017	\$150,000.00
2018	\$250,000.00
2019	\$300,000.00
2020	\$350,000.00
2021	\$450,000.00
TOTAL	\$1,500,000.00

FOLLOWING THE CLOSING, OUR FIRST GOAL WILL BE TO ESTABLISH AND IMPLEMENT A CONCRETE PLAN TO UPGRADE THE EXISTING INFRASTRUCTURE TO OFFER AND DELIVER INCREASED BROADBAND SPEEDS TO ALL CUSTOMERS LOCATED WITHIN THE SERVICE AREA. CTC has made a substantial investment over the past few years in its state-of-the-art network.

Following the Closing, the customers within the Service Area will be integrated into CTC's network to facilitate high speed broadband communication with the outside world. Crosslake Communications customers will quickly understand the value of the network enhancements that have been made by CTC. In addition, since CTC has already made a substantial investment in its network, CTC will be able to provide increased broadband speed to all customers within the Service Area with a lower level of capital expenditures than would be required by other potential purchasers of the Assets. Consequently, with its promised level of infrastructure investment, CTC can devote more funds to upgrading the entertainment and other services within the Service Area.

IN ADDITION TO INCREASING BROADBAND SPEEDS FOR ALL CUSTOMERS IN THE SERVICE AREA, CTC INTENDS TO UPGRADE THE ENTERTAINMENT SERVICES AVAILABLE WITHIN THE SERVICE AREA TO CTCTV, AND ITS IPTV PLATFORM THAT IS STATE OF THE ART. With the CTCTV product, customers will be offered the best in entertainment. CTCTV currently offers 165 channels in standard definition and over 90 channels in high definition. CTC also offers through CTCTV Pay-Per-View concert, Fights, and WWE events, including UFC events in high definition. Some of the additional features of our CTCTV product, including TV Everywhere, Whole Home DVR and TimeShift TV are described below.

CTC has taken tremendous steps in the last several years to design and implement one of the most robust and redundant telecommunications network in central Minnesota and continues to look to the future for technological innovations that will keep pace with the changing world and all of its potential requirements. Some of the most important design features of CTC's network are as follows:

- 10Gig Core Network Design (with expansion in mind)
- 1 of 4 original cooperative partners in the creation of Cooperative Network Services (CNS) transport ring
- 100Gig Redundant Transport and Internet Topology to the 511 Building in Minneapolis
- Ericsson Mediaroom IPTV Redundant Design and Features
- VMWare, Virtual Server Environment
- Class 5 MetaSwitch Soft Switch

CTC first designed its 10G core network back in 2008 and it was implemented shortly thereafter. The design involved putting a Cisco 10G core router in each of our ILEC and CLEC exchanges, thereby creating two separate 10G rings around the entire network. By creating this type of architecture, if any site/node or fiber around a 10G ring is compromised with a hardware fault or fiber cut, it will not affect any CTC service due to ring protection. By correcting the hardware issue or fiber cut as quickly as possible, network outages can be mitigated to a great degree with very little effort.

This type of core design speaks directly to CTC's Mission Statement in that ***CTC is committed to providing advanced communication solutions, with the highest quality of service, for our customers.***

CTC's 100G core transport network to the 511 Building in Minneapolis also had redundancy as a first priority for network design and layout. Within the last 8 months, CTC has been able to implement a hardware, site and fiber path redundant 100G network so as to carry core Internet services and traffic to dedicated upstream Internet providers to better serve customer needs and, more importantly, the need for future network growth. Another primary reason for this 100G project was the foresight to look 5-10 years ahead to see what the future growth of Internet traffic will be, due to ever increasing number of internet connected devices that make up the Internet of Things around the globe. By continuously looking towards the future, CTC is prepared for not only what is happening today, but also for what our customers will be moving to in the future.

CTC's IPTV platform, Ericsson Mediaroom, a "state-of-the-art" middleware, was implemented 4 years ago and immediately became a very popular service with CTC's customers. Over the last 4 years, CTC has worked towards 100% hardware and head-end redundancy. By receiving our programming from two redundant head-ends, CTC has the ability to quickly adapt to unplanned channel/service outages and/or maintenance activities that might affect the customers' experience. From a hardware standpoint, CTC maintains a robust server environment so that even if several servers have hardware failures at once, customers' TV services still remain intact while CTC staff can repair the hardware. With CTC's latest upgrade to Mediaroom version 2.6, CTC now prides itself on having the most "state of the art" IPTV platform in Central Minnesota. Some of the most talked about features that customers enjoy are the following:

- TimeShift TV – the ability to rewind and restart local programming channels up to 6 hours in the past
- Whole Home DVR – the ability to record up to 4 TV channels at once and be able to play back that programming on any TV in the home
- Instant Channel Change – the ability for programming to *instantly* start playing on a channel change (typical TV services take about 2 seconds to start playing after a channel change)
- Robust Search Engine – the ability to search for programs by name, actor, etc.

CTC, like any other telecommunications company, has many physical servers that run everything from corporate domain servers to ISP related web servers. Unlike most telecommunications companies, however, CTC has had a fully redundant VMWare server environment for the last six years. With two VMWare physical sites and completely redundant management servers and SAN storage devices, CTC is able to house over 50 current servers in this environment with the ability to add hundreds more. This type of flexible and robust setup can make server management a very

simple process and helps lower the overall operating and capital costs that it typically takes to manage a network of many different physical servers, all doing separate functions in the network. One of the primary reasons that CTC has an environment like this is so the best hardware can be purchased one time, but taken advantage of for all servers installed into the environment. This type of environment also allows for easy upgrade scenarios where VM servers can be migrated over to a redundant site while the primary site hardware is upgraded in place. Then the secondary site can be upgraded using the same methodology.

CTC's Class 5 soft switch, known as the MetaSwitch, has been an important part of CTC's growth and success due to the many different features, products and services we can offer our residential and business customers. Not only is the MetaSwitch a completely hardware redundant platform, but it also has redundant trunks connected back to our upstream PSTN networks. CTC has recently made the hardware redundancy even more robust by implementing several of the MetaSwitch servers into CTC's newly upgraded VMWare environment. By moving such servers into this environment, not only are the servers hardware redundant, but also location/site redundant as well. In this way, one of our two primary VMWare hosted sites could have a failure of some kind and the server would still be 100% operational at the other physical site.

One of the major services that CTC has rolled out on the MetaSwitch is a product called HPBX. This entails a hosted IP phone business platform that businesses can have CTC manage for them. It functions as a robust and fully functional business telephone system with many more features available than a traditional PBX system, but all of the brains and functionality resides in the MetaSwitch. This eliminates the need for customers to pay for hardware maintenance or upgrades since the MetaSwitch is continuously kept up to date by CTC's staff. CTC cares for and maintains all aspects of the service while the customer's only need to be concerned with is running their own business. With over 2,300 IP phones currently deployed and managed, CTC has a comprehensive understanding of the hardware, networking and integration aspects that make this a premier business product for our customers.

With all of these investments, Crosslake Communication customers will receive and enjoy enhanced, reliable and redundant services beyond their present capabilities.

3. Communities/Employees. **WHILE WE HAVE AGREED IN SECTION 5(e)(ii) OF THE ASSET PURCHASE AGREEMENT TO KEEP THE OFFICE IN CROSSLAKE, MINNESOTA OPEN UNTIL THE THIRD ANNIVERSARY OF THE CLOSING, WE HAVE NO INTENTION OF CLOSING THE CROSSLAKE OFFICE AFTER THE THIRD ANNIVERSARY.** In addition, as required by Section 5(d) of the Asset Purchase Agreement, if our Offer is accepted and we successfully close on the purchase of the Assets, **CTC WILL OFFER TO EMPLOY ALL OF THE CURRENT EMPLOYEES OF CROSSLAKE COMMUNICATIONS ON TERMS AND CONDITIONS, INCLUDING WAGES AND BENEFITS THAT ARE SUBSTANTIALLY SIMILAR TO THAT CURRENTLY BEING PROVIDED BY THE CITY TO SUCH EMPLOYEES.**

Both Debby Floerchinger and Cyndi Perkins will be offered long-term employment opportunities with CTC at substantially similar, if not better, wages and benefits than they are currently receiving from Crosslake Communications.

As a telecommunications company with employees represented by the Communication Workers of America, CTC understands the importance of honoring the terms of a collective bargaining agreement. **CONSEQUENTLY, CTC WOULD PLAN TO HONOR CROSSLAKE COMMUNICATIONS' COLLECTIVE BARGAINING AGREEMENT WITH THE INTERNATIONAL BROTHERHOOD ELECTRICAL WORKERS "IBEW" LOCAL 949 TO THE FULLEST EXTENT REQUIRED BY THE AGREEMENT AND/OR AS PERMITTED BY LAW.**

It is our expectation that all of the former employees of Crosslake Communications who accept positions with CTC will continue to serve in the same capacities in which they are currently serving. This is not anticipated to change over the next three years unless one or more of the employees elect to retire.

CTC does not currently have a severance policy for its union or non-union employees. However, while CTC does not currently plan on laying off any of Crosslake Communications' former employees following the Closing, if any of the union employees are laid off, CTC would plan to negotiate severance with the representative of the IBEW bargaining unit. Similarly, if either of the non-union employees were to be laid off, CTC would offer severance benefits.

CTC's tag line is "Connecting the Community". It was established to show that we not only connect our communities with a state-of-the-art fiber optic network and services, but we also connect communities by focusing on giving back. Our mission statement is clear that "CTC employees inspire one another to support and strengthen the communities we serve." Our employees have embraced this mission and we take great pride in being community leaders.

Our CEO, Kevin Larson, leads by example in giving back to the community. Kevin has lived in the Crosslake area and has been active in the business and residential communities within the Crosslake and Brainerd Lakes Region for 20 years. Kevin was the General Manager for Crosslake Communications from January 1997 through May of 2001. Since June of 2001, he has been the CEO for CTC. Kevin has served on numerous regional boards, including the Crosslake Chamber (3 years), Brainerd Lakes Chamber (3 years), Brainerd Lakes Area Economic Developing Corporation (12 years), St. Joseph's Foundation Board of Directors (6 years), Crosslake Lutheran Church Council (6 years), the Crosslake Lutheran Personnel Committee (8 years) and the Region 5 Resilient Region Connectivity Champions Team.

Kevin and his wife Donna, have served as United Way Campaign Chairpersons during the 2005 fundraising period and Kevin has been a Tuesday Noon Rotarian since July 2001, and has received the "Paul Harris Fellow" status within the Rotary Foundation.

On the State level, Kevin has served on the Minnesota Telecom Alliance (MTA) Board of Directors for seven years, including three as Vice Chairman and two years as

Chairman. He has also served on numerous MTA committees such as the Legislative, Directors Nominating, Event Planning and Golf committees throughout the past 20 years. Kevin also serves on the Board of Directors, as Chairman, for Pinnacle Publishing and serves on the Board of Directors of Independent Emergency Services (IES) for the past 15 years.

On the National level, Kevin serves as a Trustee for the National Telecommunications Cooperative Association (NTCA) Retirement & Security and Savings Plan Committee since 2004 providing defined benefit and savings plan options for over 20,000 members of the NTCA. He served two years as Vice Chair and four years as Chairman. Kevin also serves on the Rural Telephone Finance Cooperative (RTFC) Board of Directors since 2009, including one year as Vice Chair and one year as Chairman.

Our CFO, Mark Roach, has lead with providing financial industry expertise to the MTA Regulatory Committee, Director and Treasurer of Central Transport Group, past Director of West Central Transport Group, Northern Transport Group, Northern Fiber Inc., Central Transport Video Group and Central Minnesota Network Systems. Mark has also served on the City Council of Parkers Prairie and the School Board of ISD #547. Mark volunteers with the Lord of Life Church serving on their finance committee.

Kristi Westbrook, CTC's Chief Operating Officer, provides leadership within the business community, non-profits and the industry. Kristi is currently serving on the Board of Directors for the Brainerd Lakes Chamber of Commerce, which represents Crosslake, and will be the incoming President of the Board in 2017. Kristi also works closely with the Brainerd Lakes Area Economic Development Corporation on projects that will enhance the growth of the community, specifically in the areas of tech readiness and attracting tech talent to the Brainerd Lakes Area. Kristi has been active in non-profits and served in Board or Committee roles with the United Way, United Way Vision Council, First Lutheran Church, YMCA Childhood Program, Lakes Area HR Association, and the Region 5 Resilient Region Connectivity Champions Team. In addition, Kristi is focused on providing leadership to the industry. Kristi serves on the Minnesota Telecom Alliance Legislative Committee and has been a key member testifying on behalf of bills that impact the industry. Kristi was recently named as a Trustee of the NTCA Group Health Plan to focus on long-term strategy health benefits.

The leadership at CTC encourages and strongly supports this type of community involvement at the management and employee level. In 2016, our employees will shine in community leadership roles. Our Sales Engineer serves as a board member of the Randall Business Group. Our Residential Account Executive is the Chair for the Jaycees Run for the Lakes. One of our Member Services Representatives will serve on the United Way Vision Council while our Engineering Manager is on the United Way Board of Directors. Our Channel Account Executive will serve as a Minnesota District Governor for Sertoma, the Board of Kids Against Hunger and Kinship as well as the Long-Term Planning Committee for the City of Baxter. Our Marketing Manager serves on the Brainerd Dispatch Advisory Committee while our Member Services Supervisor is a board member for Crisis Line. Our Sales Manager Chairs the Brainerd Sports

Boosters and all of its events and is on the Board of Directors for The Brainerd Public School Foundation, Brainerd Community Action and the Brainerd Basketball Association. Our Sales Coordinator is active with the Nisswa PTO and our Executive Assistant is the church pianist at St. Christopher's Catholic Church. This is just the beginning of the long list of volunteer opportunities our employees participate in and financially support.

Our customers are impacted to by our investment in giving back. On top of regular marketing campaigns, our customers stay connected with monthly Internet and TV eNewsletters, biannual printed newsletters mailed to the customers' homes and our Annual Report. Our members are invited to events on an annual basis, including the Annual Meeting and luncheon and Taste of Technologies that provide lunch and technology education for our members.

CTC is an active member of the Chamber of Commerce. CTC sponsored and furnished a high-tech meeting space called the CTC Room at the Chamber Offices in Brainerd, allowing businesses to have a high-tech meeting space with a 1 Gig symmetrical connection. CTC is committed to participating in the Crosslake St. Patrick's Day Parade and sponsorships of weekend festivities that enhance the Crosslake area, including Winterfest and Crosslake Days. Our employees have actively participated in the Chamber Leadership Development program, the Blue Ox Academy. CTC also hosts Business After Hours events and, if our Offer is accepted, we would set this up in Crosslake as an opportunity for the community to meet the leadership of their new telecommunications services provider. CTC participates in the Brainerd, Nisswa, Little Falls and Cuyuna Annual Dinners both in attendance and sponsorships. CTC is also a sponsor of the Brainerd and Cuyuna Chamber's Golf Tournaments.

CTC also does the "little things" that make us truly embedded into the community. CTC sponsors little league, softball, basketball, skiing and bowling teams. We have a very close working relationship with the Technology Director at ISD 181 and sponsor educational programs and youth activities within all of the school districts we serve.

Recently, CTC has been the financial sponsor of many local events throughout the year. These include the Brighter Days Foundation Fundraiser, Walk to End Alzheimer's, Bridges Career Exploration Day, Run for the Lakes, Good Samaritan Bowl, Brainerd Chamber Everything Expo, MMBA Home Show, Crosby Regional Medical Center Summer Soirée, United Way Chili Cookoff, Kinship Partners Taste of the Lakes, YMCA Charity Ball, Brainerd Public School Foundation and the Governor's Fishing Opener.

CTC also supports local charities with financial donation. CTC has a donation committee that makes recommendations for donations as well as voting to approve the donation. CTC donated \$5,475 to local charities in 2014, and \$6,542 in 2015. CTC has also donated over \$17,000 in the past year to various non-profits from unclaimed capital credits.

4. Financial Stability/Financing. As requested in the Request for Bid, we have enclosed CTC's Audited Financial Statements with this Offer. If its Offer is accepted, **CTC**

PLANS ON PAYING THE PURCHASE PRICE THROUGH A COMBINATION OF CASH ON HAND, ITS EXISTING \$3,000,000 REVOLVING LINE OF CREDIT FROM THE RTFC AND WITH A NEW \$1,000,000 NON-REVOLVING LINE OF CREDIT FROM THE RTFC. We have included the Conditional Commitment Letter from the RTFC with respect to these credit facilities with this Offer. Following the Closing, CTC plans on refinancing the RTFC credit facilities with a new long-term loan from the RUS. We have enclosed a copy of our RUS application with this Offer.

CTC PLANS ON FUNDING ITS CAPITAL EXPENDITURES IN THE SERVICE AREA AS DESCRIBED IN PARAGRAPH 2 ABOVE WITH A COMBINATION OF ITS CASH FLOW FROM OPERATIONS AND ITS PROPOSED RUS CREDIT FACILITY.

5. Expertise/Experience. **CTC IS UNIQUELY POSITIONED AND QUALIFIED TO MANAGE CROSSLAKE COMMUNICATIONS.** Along with the combined 256 years of telecommunications management experience, CTC has also been directly managing Crosslake Communications under a Management Contract that was unanimously approved by the Crosslake City Council in December 2014.

As can be seen from the descriptions of the key personnel on our management team that we have enclosed, CTC has both the operational experience and management expertise required to operate Crosslake Communications following the Closing.

After taking over the management of Crosslake Communications, CTC has assisted Crosslake Communications with several major accomplishments. These achievements came to fruition through strong working relationships with the employees at Crosslake Communications and the CTC Management Team.

Examples of these accomplishments include:

OSI (F5) to E7 Conversion: 1000 homes required conversion from the end of life OSI F5 electronic platform to the Calix E7 series. CTC secured a substantial reduction (over 25%) in pricing for Crosslake Communications due to CTC's buying power. Employees were provided training and by mid-September, 2015, the conversions were underway. The goal is to have all 1,000 homes completed by July 1st, 2016. As of today, 800 homes have been converted to E7, giving customers the ability to purchase Internet speeds up to 1 Gigabit of speed. This upgrade will further equip the infrastructure for future broadband needs.

Product Bundles: In 2015 CTC helped create new bundles with increased Internet speeds to offer Crosslake Communications' customers. This created a new stream of revenue for the company.

Business Customer Reviews: CTC Account Management, on behalf of Crosslake Communications, completed 55 business account visits to better understand their needs and assist them with new technology services to operate their business more efficiently.

TV Rate Increase: CTC has assisted with the communication and pricing structure for the 2015 and 2016 TV Rate Increase for programming costs. This allowed Crosslake Communications to have a small margin of revenue on their TV product. The communication pieces were targeted to help customers understand the changing environment of TV associated expenses.

Customer Appreciation Day: CTC assisted with a customer appreciation lunch the summer of 2015 to be available to assist customers with new service offerings and answer questions in person. CTC Staff also assisted in Crosslake Communications' Holiday Open House in December of 2015.

Branding: CTC worked with Crosslake Communications to develop a new branding image in 2015, including a new logo.

Union Contract Negotiation: CTC has negotiated union contracts on behalf of management for CTC and Crosslake Communications. CTC worked closely with the IBEW to negotiate the current contract between Crosslake Communications and Local Union 949. These negotiations were streamlined, professional and efficient. Our ability to work effectively with Unions will become vastly important during the purchase process.

The projects listed above are a sampling of the experience CTC has delivered in directly managing the Crosslake Communications business.

For over sixty-five years, CTC has brought telecommunication services to unserved and underserved areas in the Brainerd Lakes Region. Through strategic business, public and private partnerships, we understand the value of investment and leadership in providing communication services to the lakes area. Our foundational support towards bringing advanced communication services to our rural education, healthcare and public sectors has allowed us to be a growth leader in communication solutions. CTC's investment strategy supports our Mission Statement – *CTC is committed to providing advanced communication solutions with the highest quality of service for our customers.*

In 2010, CTC was awarded a USDA Rural Utility Services (RUS) loan in the amount of \$49.6 million to overbuild seven ILEC service areas with fiber to the home ("FTTH"). These areas include the exchanges of Pillager, Motley, Lincoln, Mission, Outing, Nokay Lake, Sullivan Lake and the City of Randall. This project connected 5800 CTC members to FTTH between 2010 and 2015. CTC was then awarded another \$12.3 million RUS loan to finish the remaining ILEC service areas of rural Randall, Leader and Freedhem in 2015. When completed this year, CTC will serve 100% of its ILEC members with a FTTH connection.

Additionally, CTC continues to invest in CLEC FTTH networks. In 2015, CTC received a MN Border-to-Border Broadband Grant in the amount of \$2M to build the unserved

areas of Fairview and Fort Ripley Township. CTC invested \$2.8M into this project for a total investment in this CLEC area of \$4.8M. CTC was also awarded an additional grant in 2015 in the amount of \$759,000 from the state Border-to-Border funds to continue building into the unserved areas of Fort Ripley, Crow Wing and St. Mathias Townships. In addition to these grant funded areas, CTC invested an additional \$1.5M into the CLEC businesses and residents in existing service areas.

CTC continues to invest in network infrastructure to support the long-term strategic vision of CTC and gain efficiencies in servicing our membership. In 2015, CTC invested \$330,000 to deploy a direct connection to the Internet Hub located in the 511 Building in Minneapolis. Additionally, CTC continues to invest in Video advancements and home automation. Since 2012, CTC has invested over \$1.6M in IPTV, Over-The-Top ("OTT") Video and Smart Home services.

CTC continues to grow the number of voice lines, for both residents and businesses. Our focus to provide high quality services through investment into the voice platform has been a part of our strategic plan. In 2010, as part of our RUS loan, CTC initiated its investment into the Metaswitch platform that now totals over \$1M. This investment allowed us to provide advanced HPBX service to our customers. Today, CTC hosts 172 business customers on this platform with over 2500 HPBX phones in service.

When adding up all of the investments made in the Brainerd Lakes Region over the past 5-10 years, CTC has invested over \$80M in communications infrastructure!

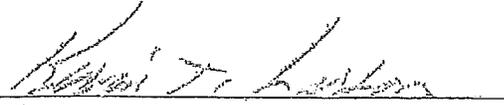
CTC continues to focus on being the premier provider of communication solutions to our membership and patrons through strong investment and growth strategies.

6. Asset Purchase Agreement. All of the blanks in the Asset Purchase Agreement have been completed. In addition, the Asset Purchase Agreement has been signed on behalf of CTC and is included with this Offer.

We are pleased to submit this Offer and are convinced that we can complete the purchase of the Assets in an expeditious manner. Please contact the undersigned if you have any further questions or wish to discuss this matter further.

Very truly yours,

Consolidated Telephone Company

By: 

Kevin Larson

Its Chief Executive Officer

Tri-Co Technologies Executive Summary

Tri-Co Technologies is a partnership comprised of Emily Technologies LLC, (ECTC), West Central Technologies Corp, (WCTA) and Rural Communications Holding Corp, (BEVCOMM). ECTC and WCTA are member owned cooperatives. BEVCOMM is a 4th generation family owned and operated communications service provider. The Tri-Co partnership brings the best of the 3 companies together. The customer focused philosophy of a coop with the resources of a larger company like BEVCOMM.

Should Tri-Co be the successful bidder the plan is for ECTC to manage all of the day to day operations. The proximity of Emily to Crosslake will keep the Crosslake customer at the front and the customers experience the focus of every decision.

Tri-Co's Technologies purchase price is **\$6,372,000.00**

Tri-Co Technologies commits to a total infrastructure investment from closing through 2021 **\$2,000,000**

The following schedule is the estimate per year of the total infrastructure investment.

Closing -2017	\$400,000
2018-	\$400,000
2019-	\$400,000
2020-	\$400,000
2021-	\$400,000

Included in the packet is the required documentation for the bid:

- The Request for Bid Letter along with the required additional partner information
- Copies of Audited Financials for all three partners
- Guarantees from all three partners guaranteeing the commitments made by Tri-Co Technologies to the city
- Letter of credit from the bank providing financing should Tri-Co decide to finance a portion of this transaction rather than use existing cash
- The Asset Purchase Agreement

Request for Bid

Description of Assets Being Sold: Substantially all of the assets used in the operation of Crosslake Communications telecommunications business.

Confidentiality and Non-Disclosure Agreement; Location of Diligence: The City of Crosslake "City" has established a data room with respect to the assets being sold. All potential bidders must sign a Confidentiality and Non-Disclosure Agreement (NDA) prior to being given access to the diligence information. To receive the NDA and gain access to the electronic data room, please contact either Michael Mazer or Patrick O'Keefe of Mazer Telecom Advisors at 303-320-3777. On-site diligence (half a day for each prospective bidder) can be scheduled during the week of May 2, 2016 with Mazer Telecom Advisors. All prospective bidders who would like to participate in an on-site due diligence will be contacted by Mazer Telecom Advisors on Tuesday, April 19, 2016. All questions during the bid/sale process should be directed to Mazer Telecom Advisors.

Bid Submission Requirements: Bids must be directed to the City Clerk and must be securely sealed with a statement on the outside wrapper describing the item for which the bid is being submitted. Sealed bids must be submitted to Crosslake City Clerk Crosslake City Hall, 37028 County Road 66, Crosslake, MN 56442 no later than 12:00 pm CST on May 16, 2016. Bids will be opened on May 16 at 5:00 pm CST. All bids must contain the following information in addition to completing and returning a fully executed Asset Purchase Agreement (APA):

1. Purchase Price = \$ 6,372,000.00
2. Infrastructure Investment
 - a. The infrastructure of a communications company needs continuous investment to ensure customers will have access to the latest technologies, including higher internet speeds and enhanced entertainment services. This is important to the City of Crosslake ("City") as it attracts businesses and residents to our community. We need to understand the minimum amount of capital investment you will commit to making in the Crosslake infrastructure over the next five years.
 - b. Total Cumulative investment from closing through the year 2021 = \$ 2,000,000.00
 - c. Approximate investment per year:
 - i. Closing through 2017 - \$400,000.00
 - ii. 2018- \$400,000.00
 - iii. 2019- \$400,000.00
 - iv. 2020- \$400,000.00
 - v. 2021- \$400,000.00
 - d. The City will expect the total cumulative investment for all years to be made in the Crosslake infrastructure, and if not made, consequences provided in the APA will apply.
 - e. Explain the investment strategy your company would have for the Crosslake Communications property if you are the successful bidder.

3. Community/Employees

- a. The City is interested in your company's commitment to our community and employees following the purchase of Crosslake Communications.
 - i. Community
 1. The City expects a commitment from the buyer to keep the office in Crosslake open for customers and employees for at least the next three years. See the APA for details.
 2. Your company's ongoing involvement in the community and support of the community are also very important to the City. Please explain your company's philosophy in regard to community involvement and support. Provide examples where appropriate.
 - ii. Employees
 1. The City expects the buyer will provide employees with substantially the same wages and benefits as they have today. See the APA for details.
 2. There are currently seven employees working at Crosslake Communications. Five of the seven employees of Crosslake Communications are represented by a Union Contract with International Brotherhood of Electrical Workers "IBEW" Local 949. The successful bidder will be required to assume the Collective Bargaining Agreement "CBA" and its terms and conditions to the fullest extent permitted by law. The current agreement expires December 31, 2017.
 3. The City would like your company to describe its plans for managing the staffing following the sale and the role your company anticipates these employees will have with the company over the next year and the following two to three years.
 4. If there are employee reductions (other than for cause) following the sale, are you willing to offer a severance to impacted employees? Yes X No _____. If so, what is your company's severance policy?

4. Financial Stability/Financing

- a. It is important to the City to understand the financial strength of your company and that your company has the financial capability to complete this transaction.
 - i. Please submit your company's audited financial statements for the past two years. If you don't have audited financial statements, provide unaudited statements.
 - ii. Explain how your company will finance this transaction and provide a commitment letter (or indicative letter of interest) from your lending institution (if applicable).
- b. Explain how your company intends to fund/finance the capital expenditures committed to in Item #2.

5. Operational Expertise/experience

- a. Explain your company's operational experience and expertise in operating a telecommunications business like Crosslake Communications.
- b. Explain the investment strategy that your company currently has for the communities in which your company operates today.

6. Asset Purchase Agreement

- a. All of the other terms of the sale of the City's assets are contained in the APA available in the City's transaction data room. Buyer must complete all blanks in the APA and must execute and return the APA with its bid.

Time and Date of Bid Opening: The Mazer Telecom Advisors and JWFinke Consulting LLC, advisors for Crosslake Communications, along with the Crosslake Communications visioning subcommittee will be present and preside over the bid opening which is scheduled for May 16, 2016 at 5:00 pm CST.

Waiver and Rejection: The City: (i) may delay the award of any bid until after the committee has had sufficient time to review and analyze the bids; and (ii) currently expects the review to be complete and the bid to be awarded on or around May 23, 2016 at a special meeting of the Crosslake City Council; and (iii) reserves the right to reject any or all bids, or parts of such bids, and to waive minor informalities and irregularities in bidding.

Request for Bid #2e-Investment strategy for Crosslake:

If awarded the bid for the sale of the assets of Crosslake Communications; Tri-Co Technologies, LLC (Tri-Co) would be committed to continuing to improve the customers' experience by focusing on the broadband network speed. Tri-Co will achieve this by moving the fiber optics closer to the customers. Tri-Co has committed a \$400,000 minimum investment per year in the Crosslake infrastructure over the next five years. Investment in those five years would be focused on the continued deployment of broadband and increasing speeds to meet customer demand.

Speed increases will be achieved through a combination of FTTH and VDSL2+. The VDSL2+ technology where there currently isn't FTTH is the quickest way to achieve speed improvements for the customer. Also by doing this the fiber is moved closer to the customer which then puts Tri-Co in a position to continue FTTH builds in the future from the VDSL2+ fiber nodes to the customer. The end goal for Tri-Co will be to have 100% FTTH for all customers.

Tri-Co also plans on purchasing equipment/infrastructure to continue to improve the internet backbone. Building a state of the art plant will need to be fed with high capacity backbone circuits.

In addition, Tri-Co will continue the process of investing in a new standby generator and any other equipment necessary to maintain service in the event of unforeseen disasters. All infrastructure investment will have the community and the customer as priority.

Tri-Co will fund the plant investment by reinvesting the profits from the Crosslake system back into the plant.

Request for Bid #3ai1,2-Community philosophy:

The three partners of Tri-Co Technologies have a history of being focused on their communities. ECTC and WCTA are both member owned cooperatives. Their very nature is to serve their members first. BEVCOMM, although it is private has a long history of community involvement and community giving.

The benefit of this partnership is it pairs the customer and community focus of the cooperative partners who will be overseeing the day to day operations with the resources of a larger company. The beneficiary of this partnership will be the customers located in Crosslake.

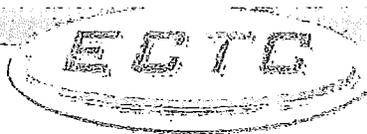
Attached are the partners bio's along with specific examples of community support by the partners.

Request for Bid #3aii1-4-Employee staffing following Crosslake sale:

It is the plan of Tri-Co Technologies, LLC to continue the employment of the seven Crosslake employees in their current capacities and location in Crosslake. Emily Cooperative Telephone Company will hire all of the employees of Cross Lake Communications and then provide services to Tri-Co Technologies at the Cross Lake office with those same employees. Although the employees will have a new employer, they will have the same job titles and duties as they do today.

ECTC employees are members of the IBEW union which is the same Union as Crosslake Communications. Being in the same Union, ECTC and Crosslake Communications have very similar union agreements and very similar benefits. The existing Crosslake Communications employees will be given credit for their years of experience when they are hired at ECTC. The Crosslake Union employees will be hired under the ECTC Union agreement which is up for renewal later in 2016. The timing of this will give the existing Crosslake Union employees the opportunity to participate in the contract negotiations.

Although Tri-Co Technologies, LLC is planning on keeping all of the existing employees, should unforeseen circumstances occur and it becomes necessary to lay off employees Tri-Co Technologies would offer severance to any employees laid off. The severance would include no less than 90 day's pay and health benefits.



Emily Cooperative Telephone Company

Background – History

Emily Cooperative Telephone Company (ECTC), located in Emily, MN, is proud to offer the Central Minnesota communities of Emily, Fifty Lakes, Little Pine and Fairfield Townships the highest Internet speeds, the latest in high definition digital television technology and premium telephone services. In business for over 40 years, ECTC is a well-established leader in providing high quality residential and business services consisting of 1,350 telephone access lines, 860 high-speed internet connections and 670 IPTV customers covering a 156 sq. mile area in central Minnesota. ECTC is committed to providing robust connectivity to the world with affordable communication solutions for the communities served. ECTC is 100% fiber to the home, providing members with state-of-the-art technology and customer service that is second to none. ECTC currently has 9 great staff members employed.

Services and products

- Telephone
- Internet
- IP Video
- Home monitoring
- Web hosting and design
- Network management and services
- Computer repair
- Product management and training
- Internet speeds up to 1 Gig available

In the Community

ECTC is committed to economic development and participates in the GoNorth community initiative to promote Emily, Fifty Lakes, Fairfield Township, Little Pine Township, Outing, and the surrounding communities. GoNorth promotes sustainable, fulfilling, prosperous & healthy living for residents, businesses and visitors in our five rural Minnesota Lake Communities. Monthly meetings are held where the ECTC board of directors approve monthly contribution requests in the amount of \$10,000-\$15,000 annually to approximately 25 different organizations in the communities. ECTC participates in scholarship opportunities for youth through state and federal organizations, in 2016 a student from the Crosby Ironton High School was awarded a \$2500 scholarship for continuing education.

CONNECTIONS TO THE COMMUNITY... AND THE WORLD.



Company History

West Central Telephone Association (WCTA) is a full service telecom cooperative transforming rural communications with advanced fiber-to-the-premise technologies. Services to members include telephone, local and long distance, broadband Internet, IPTV, security and surveillance, personal emergency response systems, and smart home automation.

WCTA serves 6 communities in 5 exchanges, covering a service territory that spans 602 square miles. In business since 1950, we have 3,442 telephone access lines, 2,604 high-speed Internet connections and 1,402 IPTV customers. We offer gigabit Internet service to all members over our 100% fiber to the premise network. WCTA has 23 employees, most of which live in the communities we serve.

Community Involvement

WCTA is committed to economic development and community organizations. Our employees are members of local volunteer fire departments, civic and chamber organizations, business networking groups, college foundation boards, non-profit charitable organizations and school and community event committees.

We have two scholarship programs—one for high school seniors and one benefiting 2nd year or beyond college students. Last year we awarded \$18,000 in scholarships.

We support regional economic development groups including Region 5 and the Initiative Foundation. We were instrumental in the creation of the West Central Economic Development Alliance (WCEDA) who is a local economic development organization in Wadena County. Through our Rural Development Loan program, we've helped 16 businesses in the last 4 years secure gap financing to open or expand their business. We also donate an average of \$100,000 each year to community members or organizations. Examples of community donations made in 2015 include:

- \$50,000 to WCEDA to help provide for economic and business development in our communities
- \$6,000 to the Initiative Foundation to bring community development programs to our communities
- \$2,200 to the city of Verndale for their annual celebration
- \$1,500 Menahga C & C for community celebrations
- \$1,500 Wolf Lake Waterfront Park Playground fund
- \$1,500 Sebeka C & C for community celebration
- \$1,000 for Sebeka Public School students to travel to competition
- \$1,500 Nimrod Boosters for community celebration
- \$1,000 for MSVcTV to continue with local public broadcasting
- \$1,000 to Never.Give.Up. for area schools to teach suicide awareness and prevention education
- \$500 Menahga Food Shelf

Besides the above mentioned donations, there are many small grants and donations awarded to school organizations like BPA, FFA and music and sports programs; fire departments, hospital foundations, and churches; and local chapters of organizations such as MS, American Cancer Society and the Ronald McDonald

We Connect You.

308 Frontage Road Sebeka, Minnesota 56477
218.837.5151 800.945.2163 Fax: 218.837.5001 wcta.net • Email: wctphone@wcta.net

House charities. WCTA also has a casual for a cause program where funds raised by employees are matched by the company each month and donated to the charity of the month.

We are extremely committed to the success of our communities; we would apply the same commitment and efforts to support the Cross Lake community.

Leadership

President—Bruce Kinnunen
Vice President—Dave Pulju
Secretary—Naomi Moyer
CEO/GM—Chad Bullock--chadb@wcta.net
Operations Manager—Travis Floyd--travisf@wcta.net

Company Statistics at a Glance

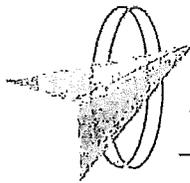
Member—Owned Cooperative
3,442 Access Lines
2,604 High Speed Internet Customers
1,402 IPTV Customers
23 Employees
Headquartered in Sebeka, Minnesota—USA
Second Location in Menahga, Minnesota—USA

Communities Served

Sebeka, MN
Menahga, MN
Verndale, MN
Aldrich, MN
Nimrod, MN
Wolf Lake, MN

Products and Services

Telephone
Business & Home Monitoring Solutions
Business Phone Systems
Communication Wiring
Installation & Training Services
Broadband & Data Services
Business Computer Support
Complete Computer Protection
Disaster Recovery Planning
Consulting Services
Digital TV (IPTV)
Construction Services
Reliable Voice, Video & Data Services
Broadband up to 1 Gig/1,000 Mbps



Rural Communications Holding Corporation

123 West 7th Street • Blue Earth, MN 56013
507-526-5156 Fax: 507-526-4597
www.bevcomm.net

Request for Bid #3ai2-

Community Involvement and community support from BEVCOMM:

Rural Communications Holding Corporation (BEVCOMM) has a long history of community support and involvement. Many of the employees at BEVCOMM are part of their local volunteer fire departments and ambulance services. In the last 10 years, BEVCOMM has had 3 employees who were or still are the mayor of the communities they lived in. We have had countless employees serve on school boards, economic development groups and countless other community organizations. BEVCOMM has always allowed its employees to take time off of work for this sort of volunteer activity.

Below is a list of some of the more significant grants made by BEVCOMM and the BEVCOMM foundation during the last six years. The list isn't all inclusive but is meant to represent our commitment to the communities we serve. BEVCOMM has given more than \$1,450,000 in money or real estate in the last 6 years.

Examples of Giving:

- 2010: \$20,000 to the Blue Earth Area high school to help fund an engineering program
- 2010: \$2,500 to the Prairie River bible camp to help build housing
- 2011: \$3,500 to the Blue Earth Area school district to help purchase smart boards
- 2011: \$6,500 to Caring Corner in Wells MN, a non-profit 2nd hand clothing store
- 2011: \$3,900 to the City of Wells, MN to help with removal of an abandoned trailer court
- 2012: \$100,000 to the United South Central School district to help with the purchase of new technology for their new school
- 2013: \$100,000 to the city of Blue Earth, to help with infrastructure for a new industrial park
- 2014: \$100,000 to the Pine Island school district as a technology grant to help with the purchase of new technology for their new school
- 2015: \$45,000 to the City of Blue Earth to help with a new housing development
- 2015: Over \$1 million office building donated. An office building in the city of Blue Earth known as the AG Center was donated to the local EDA. This was done as a way for the Blue Earth EDA to fund future projects by owning its own rental property. The appraised value of the building was over \$1 million dollars.
- 2016: \$25,000 to the City of New Prague baseball association to help build a new baseball field.

In addition to these BEVCOMM typically gives over \$20,000 per year in small grants and donations to various organizations within all of our serving areas. BEVCOMM also provides \$1,000 of scholarships in each school district we serve.

The same commitment to our communities BEVCOMM has demonstrated for the last 120 years would apply to Cross Lake. It would be our intention through Tri-Co Technologies to be a partner with the city.

Request for Bid Letter #4a-ii-Financing the purchase of the Crosslake system:

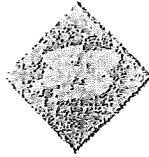
Tri-Co Technologies has the full financial backing of its three partners. The partners have more than enough cash on their balance sheets currently to fund 100% of the purchase of the Crosslake Assets.

In addition to the partners cash on hand Tri-Co has received a financing commitment from First Bank Blue Earth for an additional \$3,500,000 to be used towards the purchase of the assets if Tri-Co would want to use debt financing. Although the financing isn't needed it is available upon request. The funds from First Bank Blue Earth will be made available to Tri-Co within 5 days of Tri-Co requesting them. The commitment from First Bank is good for approximately 12 months.

Tri-Co will be able to close on this purchase as soon as regulatory approval has been made without the need to wait for any other financial approvals or considerations.

Request for Bid #4b-Funding future capital expenditures:

It is the plan to use profits and cash flows from the Crosslake system to fund future plant investment. Tri-Co is committed to making the Crosslake customers experience a priority over taking profits. Tri-Co believes the Crosslake system is capable of generating the cash needed to continue to improve the plant and making this a good investment for everyone.



First Bank Blue Earth
Banking • Investments • Insurance

May 9th, 2016

RE: Commitment letter for Tri-Co Technologies purchase of Crosslake Communications

To whom it may concern:

Please accept this letter as First Bank Blue Earth's commitment to provide financing should it be requested from Tri-Co Technologies for the purpose of acquiring substantially all of the assets of the Crosslake Communications system.

First Bank has committed up to \$3,500,000 in the form of a traditional term loan. The financing commitment will be funded and provided to Tri-Co Technologies within 5 business days upon request from Tri-Co Technologies.

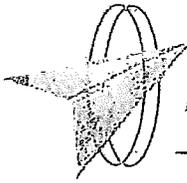
This commitment expires on May 1st, 2017.

If you have any questions regarding this matter please contact me. 507-526-3241

Sincerely,

Bill Rosenau

Vice President



Rural Communications Holding Corporation

123 West 7th Street • Blue Earth, MN 56013
507-526-5156 Fax: 507-526-4597
www.bevcomm.net

Request for Bid #5a-Operational experience:

BEVCOMM started in 1895. The company is a 4th generation owned and operated family company. The management team at BEVCOMM has over 100 years of combined experience operating local telephone companies providing voice, video and broadband services. With over 100 employees BEVCOMM has the in house expertise needed to successfully operate a service provider today.

BEVCOMM provides service in 23 communities in rural Minnesota and Wisconsin. BEVCOMM offers voice and broadband in all of these communities. BEVCOMM provides cable TV services in 20 of the 23 communities.

Roughly 20% of the BEVCOMM subscribers are today on a FTTH platform. The broadband plans include speeds up to 1 gigabit per second where the company provides FTTH. In communities where FTTH isn't available BEVCOMM operates either VDSL2 platforms or coax CATV systems offering high speed data over a cable modem service. The communities with cable modem service are able to get speeds up to 90 mbps. BEVCOMM uses a headend utilizing the HITS platform for its RF video feed which is the same system as Crosslake is using today. Where BEVCOMM offers IPTV it utilizes Broadband Visions IP headend.

In 2015 BEVCOMM was awarded two grants from the state of Minnesota from the states Boarder to Boarder Grant fund. BEVCOMM is in the process of applying for grants through Wisconsin's broadband grant program. The experience gained in applying

In the last 10 years BEVCOMM has nearly doubled in size through acquisitions. The staff and management team are very experienced with the integration of an acquisition such as Cross Lake. BEVCOMM would have the resources and experience to make a sale of the Cross Lake Communications system nearly seamless for the customers.

Request for Bid #5b-BEVCOMM investment strategy:

BEVCOMM currently invests the majority of its profits and free cash flow in plant improvements. BEVCOMM is in the process of converting its plant into a fiber to the home design. As stated above roughly 20% of the customers have been converted to FTTH. By the end of 2016 the number of FTTH customers should exceed 30% with plans to continue to build each year until all of BEVCOMM's customers are converted.