

CROSSLAKE COMMUNICATIONS COMMISSION/JOINT CITY COUNCIL MEETING
TUESDAY, August 31, 2004
CROSSLAKE COMMUNICATIONS

The Regular Meeting of the Crosslake Communications Commission was called to order by Chairperson Ted Silva at 7:30 a.m. Members present: Ted Silva, Hank Duitsman, Clyde Fish, Dave Fisher and Bill Smith. Member absent: Steve Roe. Also present were General Manager Dennis Leaser, Office Manager Debby Floerchinger, Operations Manager Jared Johnson, Network Engineer Paul Davis, Accountant Cyndi Perkins, City Administrator Tom Swenson, Liaison Darrell Swanson, Helen Fraser and Kristi Kraemer.

Actions Taken:

- 1) The Crosslake Communications Commission recommends to the City Council Kristi Kraemer to a three year term to fill the vacancy left by Gerry Brine.**

Ted Silva informed the Commission that Gerry Brine resigned from the Commission effective immediately. He also explained that Kristi Kraemer had applied earlier and was a very qualified applicant. Ted said we are very happy to have a business person from the community on our commission. Bill Smith moved to recommend to the City Council Kristi Kraemer to fill the vacancy left by Gerry Brine. Second by Hank Duitsman. All in favor, motion carried.

The Minutes of the July 27, 2004 Joint Meeting were reviewed. Hank Duitsman moved to accept the Minutes. Second by Dave Fischer. All in favor, motion carried.

The July, 2004, Financial and Statistical reports were reviewed. Clyde Fish noted a disparity between the Balance Sheet and the Income Statement as well as Investment Cash Summary and Investment Ladder. Cyndi explained that we had a software upgrade and that there were complications in producing the reports. She will look into the disparities and get them cleared up. Dennis pointed out that there was a CD maturing at Lake State Bank in September. Cyndi had obtained interest rates for renewing the CD. Dennis made a recommendation that we re-invest the money for a term of 12 months. Ted suggested that we obtain updated rates and re-invest the money for 12 months. Clyde Fish moved to approve the July 2004 Financial and Statistical Reports with the corrections noted. Second by Hank Duitsman. All in favor, motion carried.

Dennis reviewed the Digital TV report with the Commission. He also discussed the upcoming "Retransmission Consent To Carry" agreements with the major networks (ABC, NBC, CBS, FOX, etc.) Many of the networks are already positioning themselves for cash carriage through the National Cable TV Coop, the American Cable Association and the FCC. The local broadcast stations are legally exempt from being offered on an ala carte tier.

Dennis also shared an article from the Minnesota Telecom Alliance in which AT&T, MCI and SBC are proposing phasing out access fees in favor of a flat charge of \$0.000175 a minute on all calls starting July, 2005. All payments would be eliminated in July 2011, if the proposal is accepted by the FCC. The fees would be replaced with an increase in the subscriber line charge from \$6.50 to \$10.00 by 2008.

- 1) Outside Plant Update. Jared Johnson reported that we have continued to be busy with the road construction. The City employees were very helpful on the Daggett Pine Road project. The Daggett Pine project was very well organized and went very smoothly for us. The Father Foley road project did not go as well. We took many cuts on that project. We recently found out that there will be construction on County Road 19 which will take place yet this season. The residential construction side of things remains strong. We have had Harvey Johnson from CC&I here working on some issues with our switch.
- 2) Internet Service Provider. Paul Davis reported that we continue to be on schedule and on budget. Our T-3 to the outside world went live last week. It is up and running and is considerably faster. We are looking for some Beta testers so any commission or council members interested should contact Paul. We still anticipate our cut over to be November 1st.
- 3) Update on New Tower. Jared reported that the first half of the tower will be arriving this week and will take approximately a week to install. Sprint PCS staff have been setting their equipment pad in preparation for the tower. We have also been contacted by Cellular One showing interest in leasing space on our tower at the same height as Sprint.

OTHER BUSINESS

- 1) OSHA Inspection. Jared reported that we had a visit by an OSHA inspector the first week of July. Everything went very well with a few minor items noted. We attribute the success of the inspection to our mock inspections that the MTA performs for us. Our final fine was \$350.00 with which we were all pleased.
- 2) Open House Update. Debby reported that the Customer Appreciation Open House this year was a lot of fun for everyone. We served over 500 root beer floats, had games for the kids and adults, took over 100 pictures and had drawings every half hour for Twins and Vikings tickets. We felt it was a huge success.
- 3) Since Gerry Brine had been serving as Vice Chairman of the Commission, a replacement is required. Ted asked Bill Smith to serve in that capacity and he agreed. Ted asked the Commission to approve by acclamation, which was done.

The Commission meeting was recessed until 8:45 a.m.

Council members Irene Schultz, Bettie Miller, Dick Phillips and Dean Eggena joined the Commission for a Joint Commission/Council meeting at 8:45. Mayor Swanson called the Council meeting to order at 8:45. Also joining the meeting were Cindy Holden, Larry Thompson and Todd Sapp from Vantage Point Solutions. Clyde Fish left the meeting.

The Commission meeting was reconvened at 8:45 a.m.

- 1) Dennis informed the Council that Gerry Brine had resigned from the Commission effective immediately. The Crosslake Communications Commission recommends to the City Council Kristi Kraemer to a three year term to fill the vacancy left by Gerry Brine. The Council reviewed Ms. Kraemer's application.

MOTION 08S4-01-04 WAS MADE BY DICK PHILLIPS AND SECONDED BY IRENE SCHULTZ TO APPOINT KRISTI KRAEMER TO THE CROSSLAKE COMMUNICATIONS COMMISSION. MOTION CARRIED WITH ALL AYES.

- 2) Vantage Point Solutions Presentation. Dennis introduced Larry Thompson who was present to continue the discussion on Fiber to the Home from last month's joint meeting. Larry and his staff have spent considerable hours looking at blocks of service areas and the costs associated with those blocks.

Larry's review from last month's meeting included:

- a. Increasing customer expectations
- b. Increasing competition (satellite, wireless, internet-based)
- c. Regulatory uncertainty (declining access charge revenue)
- d. The evolution from POTS to broadband.
- e. The growth of bandwidth needs and requirements
- f. The network design goals are to minimize long-term network costs, maximize revenue streams, maximize reliability and satisfy state and lender requirements.
- g. Fiber to the Home technologies reach a much wider serving area than CATV, VDSL and ADSL.

The continuation of Larry's report focused on the placement of fiber to the customer's home versus replacing with today's coaxial and telephone cable. The advantages of fiber include:

- a. Long term usage of the fiber (30 years).
- b. Being able to offer faster Internet, HDTV, Voice over Internet (VoIP) and other products and services that our customers are requesting.
- c. Reduced costs in maintenance and repairs.

Larry explained the proposed breakdown of the serving area upgrades and the costs associated with those upgrades.

Bill Smith left the meeting at 9:15 and Kristi Kraemer left the meeting at 9:25. Hank Duitsman requested maps of the proposed areas. Dean Eggena initiated discussion on the monthly

customer costs, what additional services we would be selling, and competition factors. He suggested that each time we replace cable, we replace it with fiber. There was considerable discussion on which areas need to be upgraded and the timing of those areas. Dennis suggested that we have Vantage Point prepare an Engineering Study. Vantage Point was requested to put together the pricing for an Engineering Study and bring it back to the Commission for further recommendation to the Council. Dean Eggena suggested having a market study to determine what we will be offering and how we will be pricing it.

Irene Schultz and Cindy Holden left the meeting at 10:43 a.m.

The Commission and Council agreed that once Vantage Point comes back with engineering fees, they will be more informed to decide what areas we might want to start with and the costs for that upgrade.

The next regular Crosslake Communications Commission meeting will be Tuesday, September 28, 2004 at 7:30 a.m. at Crosslake Communications.

A motion was made by Hank Duitsman and second by Dave Fischer to adjourn the meeting at 10:51 a.m. All in favor.

There being no further comments, **MOTION 08S4-02-04 WAS MADE BY DEAN EGGENA AND SECONDED BY DICK PHILLIPS TO ADJOURN THE SPECIAL COUNCIL MEETING AT 10:51 A.M. MOTION CARRIED WITH ALL AYES.**

Cc: Hank Duitsman
David Fischer
Clyde Fish
Kristi Kraemer
Steve Roe
Ted Silva
Bill Smith
Darrell Swanson, Mayor
Dean Eggena
Bettie Miller
Richard Phillips
Irene Schultz
Thomas Swenson
Paul Sandelin



Ted Silva