

Crosslake City Council and Crosslake Utilities Commission Special Meeting  
5 Year Strategic Planning  
Wednesday, October 17, 2001

The Special Meeting of the Crosslake City Council and Crosslake Utilities Commission was called to order at 9:06 a.m. Present were City Council members Darrell Swanson, Charles Miller and Irene Schultz and Commission member Chair Gilroy Arvig, Ted Silva, Armond Gease, Bill Smith, Hank Duitsman and Gerry Brine. Council Members absent: Dean Swanson and Sandy Eliason. Commission members absent: Judy Cotten. Also present were: General Manager Dennis Leaser, Office Manager Debby Floerchinger, Operations Manager Jared Johnson, City Administrator Tom Swenson, Pat Powers from Olsen Thielen & Co., Ltd., Matt Engen from Merrill Lynch, Dale Jones and Vince Roberts from Siemens Carrier Networks LLC, and Helen Fraser.

The purpose of the meeting was to come up with a "living" 5-year action plan with milestones to bring Crosslake Minnesota and Crosslake Communications firmly into the 21<sup>st</sup> Century.

The results of the January 3, 2001, Annual Strategic Planning session were reviewed. Dennis Leaser reviewed the progress made by the Company from 1999 to 2001.

Pat Powers reviewed the Financial Statements for both the Telephone and Cable Companies. Pat noted that Crosslake Telephone is a very healthy company in that the Company has very little debt but that is growing due to the Cable Company. There was discussion on whether Crosslake Long Distance customers were considered ours or Onvoy's should Onvoy be sold. It was recommended that we review the contract. Bill Smith asked if Olson Thielen had information comparable to other peer groups for the Cable Company. Pat said either they could provide it or we could contact a national company. Gil asked if we should be looking at changing the loan from the Telephone Company to the Cable Company to equity. There was discussion on this issue but no further direction or resolution.

Randy Young from Minnesota Association of Rural Telecommunications (MART) updated the group on both local and national issues which will be affecting the telecommunications industry. These included items such as becoming e-commerce certified, changes in access charges both on the State and National level, and the Minnesota rural initiative.

Pat Powers shared information on the initial impact of the MAG plan which was just decided in the past week. The plan appears to be lowering the Interstate Traffic Sensitive revenues in half and would be increasing the end user fee from \$3 to \$5 for a single user and from \$6 to \$9 for multi lines. This will be effective January 1, 2002. Chuck Miller expressed concern in raising these charges in January and then coming back a month or two later and raising our local service rates. Pat also informed the group that the Interstate Carrier Common Line revenues will be replaced by a Universal Service Fund in 2003.

Dale Jones from Siemens presented options for replacing our central office switch. Some of the things to consider when making this decision, are whether we would be interested in offering our own long distance (rather than the current Crosslake Long

Distance through Onvoy), Account Codes for businesses, Data Dips for Operator Services or Voice Mail. We also need to research if we would be purchasing a complete new switch, making an upgrade to our current switch or sharing a switch with a company (possibly Consolidated).

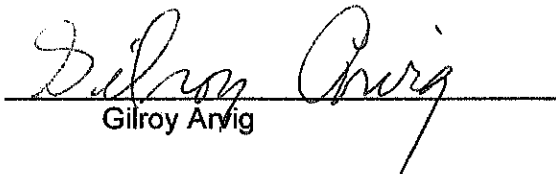
Some of the of the items for action include:

- To become e-commerce certified.
- Becoming our own Internet Service Provider. Darrell recommended that a business plan be put together to be presented to the Commission and Council.
- Offering cable modems outside of our telephone service area. It was suggested that a business plan be put together for this offering.
- Study the cost/benefits for replacing our current central office switch. Should we look at owning or sharing.
- Oasis software from Martin Group. Perform a labor saving study.
- Video conferencing.
- Bundling of services and products.

MOTION 10S1-01-01 WAS MADE BY CHUCK MILLER AND SECONDED BY IRENE SCHULTZ TO ADJOURN THE SPECIAL MEETING AT 3:08 A.M. MOTION CARRIED WITH ALL AYES.

A motion was made by Armond Gease and second by Ted Silva to adjourn the Commission meeting at 3:08 p.m.

CC: Judy Cotten  
Armond Gease  
Gilroy Arvig  
Hank Duitsman  
Bill Smith  
Ted Silva  
Gerry Brine  
Darrell Swanson, Mayor  
Charles O. Miller  
Irene Schultz  
Dean Swanson  
Sandy Eliason  
Tom Swenson  
Paul Sandelin

  
Gilroy Arvig