

MI-Connection Board of Directors
January 29, 2009

On January 29th, 2009, the Board of Directors of MI-Connection held a meeting beginning at 7:30 am in the MI-Connection Board Room, 420 S. Academy Street, Mooresville, NC. Present in person were Chairman Evan Webster, and Board Members, John Kasberger and Ken Essex. Present by telephone were Board members, Ron Steen and Steve Miller, and MIC counsel, Gail Karish and Nick Miller. Also present in person were Kyle Hollifield, James (Jr.) Miller, Paul Reilly, Mike Guerity, Sandra Munsey, Nola Perkins and two members of the press, Drew Willis and Megan Pillows. Present by video from Bristol were Wes Rosenbalm and Stacey Bright.

The meeting was called to order to order by Evan Webster.

A motion was made to approve meeting minutes from August 28, 2008 and October 23, 2008, and the minutes were approved unanimously.

Prior to providing the General Manager's Report, James Miller discussed the possibility of increasing installation fees and other related fees charged to customers. No increases in these fees have occurred since MIC acquired the cable system in November 2007. Mr. Miller suggested that it would be appropriate for increases to take effect March 15th. Ms. Bright noted that the proposed increases should be revenue enhancers because they were not part of the budget projections. Discussion by Board members centered on making sure that increases along the lines proposed would put MIC in line with competitors. A motion was made to adopt the fee schedule proposed by Mr. Miller and to make it effective in March of 2009. The motion passed.

James Miller then reviewed System Information for 2008 and for the most recently completed month. At present, customer satisfaction is high. The goal is to continue to be "proactive" and to be aware of system problems before customers experience those problems. A system has been implemented for monitoring activity in the nodes which will enable MIC to troubleshoot and maintain the system even more effectively. Also, MIC has a goal of reducing the number of truck rolls.

Mr. Miller reported that the upgrade is about 43% complete; 15,000 homes have been passed; and the installation of the plant is on schedule. Once the hub and head-end are complete Mr. Miller hopes to be able to finish in advance of the April 30th projected completion date. The hub is up and operational. Operation of the new head-end is pending the completion of the hookup to electrical power. Once the hookup of electrical power is complete, MIC will begin splicing the fiber into the head-end. Six to seven weeks of work will be done in the Davidson/Cornelius area, and then the work emphasis will shift to the Mooresville area. By that time the head-end will be complete and a lot of the new programming will be available to customers in the upgraded areas.

Stacey Bright then discussed the 2009 budget, which has been updated. The prior projections were based on older numbers and did not accurately reflect the system's revised outlook for 2009. After re-forecasting the budget, the new picture of the system's financial situation is more

clear. Ms. Bright expects that by June 30, MIC will have spent approximately \$17.8 million on the upgrade. Management has put a freeze on the expense items which can be controlled, and reduced some expenses by using in-house personnel rather than contractors.

In the last two to three months, the system has seen a modest decline in the number of subscribers, but this was anticipated because of the poor economy and the resulting non-payment of accounts. The subscriber forecast, has a more positive outlook, in part because of the completion of the upgrades. Management expects to see a moderate gain of subscribers in May and June 2009 once all the new services are in place. Most of the projected growth won't occur until 2010, but the budget does project that the system will have about \$2 million in reserve going into the new fiscal year beginning July 2010.

Sandra Munsey and Paul Reilly reported on marketing and then presented their marketing initiatives for the upcoming year. A door hanging campaign, the least expensive form of advertising and one of the most cost effective, has begun in targeted upgrade areas. Door hangers will have the new channel lineup on one side and promotional information on the other, focusing on the availability of the triple play of services. Marketing will also be targeting the satellite dish customers since this service is perceived as a major competitor. Management is expecting some revenue growth as a result of these marketing strategies. It was noted that, currently, MIC has 33 VoIP beta service testers with one ported successfully. Customers are reportedly happy with the product and the service.)

A motion was made to accept the revised budget for the last six months of fiscal year 2009, and the motion passed unanimously.

A Motion was made at 8:50 am to move to closed session for the purpose of receiving privileged legal advice from counsel, and the motion passed.

After returning to open session, it was noted that the next meeting will be on February 5 at 7:30 am, and the meeting will be primarily for the purpose of electing officers.

A motion was made to adjourn. The motion passed and the meeting was adjourned.