



Board of Directors Meeting

MI-Connection Offices
420 South Academy Street
Mooresville, NC 28115
Main Meeting Room

November 22, 2011

Minutes

Present: John Venzon, Brett Ellis (phone), Dawn Huston, Steve Miller, Leamon Brice (phone), Erskine Smith (phone), Rodney Short

Absent: Ken Essex

Other Attendees: Alan Hall, Nick Miller, Gail Karish, David Auger, Megan Pillow, and Sarah Muller

1) Call to Order/Quorum – John Venzon.

Mr. Venzon determined that a quorum was present and called the meeting to order at 5:39 pm.

2) Consideration of New Operating Agreement with BVU and Related Issues

Mr. Auger outlined key business points in the new operating agreement with BVU, including: three (3) year term beginning December 1, 2011; no automatic renewal; forty-five (45) day transition period with full transition effective January 15, 2012; MI-Connection now NCTC member; Head-end will be purchased from BVU for \$1; services provided by BVU are limited to: Billing, Customer Service, Technical Support Call Center; All other services will be provided by MI-Connection; Monthly management fee step-down from current level of approximately \$108,000 to \$62,083 in December 2011, \$37,083 in January 2012, \$27,083 from February 2012 to April 2013; and \$25,000 for remainder of contract. The Board commended BVU, and David Auger for his leadership in developing this new operating agreement.

The Board was also presented with a letter agreement between BVU and MI-Connection that outlined the settlement reached to compensate MI-Connection for a shortfall of net income that resulted from skewed data produced by new accounting software acquired by BVU. The settlement letter proposed a phased approach for BVU to credit a total of \$167,000 towards monthly bills under the new

operating agreement in six monthly increments of \$27,833 beginning in December 2011. The settlement amount would be fully credited in FY2012. Mr. Venzon requested the Board to consider the settlement letter agreement for approval along with the new operating agreement.

A motion to approve the new Operating Agreement and settlement letter was made by Mr. Smith and seconded by Mr. Brice. Mr. Venzon conducted a roll call vote.

Roll call vote results: Mr. Ellis, yes; Ms. Huston, yes; Mr. Smith, yes; Mr. Miller, yes; Mr. Venzon, yes; Mr. Brice, yes; Mr. Smith, yes; Mr. Short, though a non-voting member, also indicated he was in support of the motion.

The motion to adopt the new operating agreement and settlement letter agreement passed unanimously.

3) Resolution for the Appointment of New CEO and Financial Officers

Mr. Venzon reported that there was a recognized need to appoint additional senior management and officers in order to implement the new locally controlled operating structure consistent with the new operating agreement, effective as of December 1, 2011.

Ms. Huston outlined the process undertaken for the CEO search which resulted in the recommendation that Mr. Auger be appointed CEO. She also described Mr. Auger's in-depth leadership experience in cable and telecommunications. In addition, it was noted that Mr. Auger has been instrumental in developing the new operating agreement with BVU and managing the transition process since June. Mr. Auger presented Ms. Muller and recommended her for the role of MI-Connection Controller. He commented that Ms. Muller's experience in both private business and government and her three years experience in the finance department at the City of Mooresville made her well-suited to transition from consultant to Controller.

The board also discussed the appointment of a Budget Officer and a Finance Officer to comply with North Carolina law. A draft resolution addressing all the appointments was presented to the board by Mr. Venzon.

A motion to adopt the resolution appointing additional officers was made by Ms. Huston and seconded by Mr. Miller. The motion read as follows:

RESOLUTION APPOINTING ADDITIONAL OFFICERS

WHEREAS, in furtherance of its goal of transitioning the management and operations of MI-Connection Communications System (MIC) and BVU Authority (BVU) which will replace and supersede the 2007 operating agreement, effective December 1, 2011; and



WHEREAS, effective December 1, 2011, MIC will take over responsibility to perform many of the functions currently performed by BVU under the 2007 operating agreement including but not limited to servicing as budget officer and finance officer as required by the Local Government Budget and Fiscal Control Act, N.C.G.S. §159-7 thru §159-42 (the "Act"); and

WHEREAS, the Board of Directors has determined it to be in the best interests of MIC to appoint a Chief Executive Officer to oversee and manage MIC, effective December 1, 2011, who will report to and serve at the will of the Board of Directors; and

WHEREAS, the Board of Directors has determined it to be in the best interests of MIC to appoint a Controller to assist the Chief Executive Officer with management of MIC finances and accounting, effective December 1, 2011, who will report and serve at the will of the Chief Executive Officer; and

WHEREAS, the Act requires each public authority to appoint a finance officer pursuant to N.C.G.S. § 159-9 to serve at the will of the governing board, and whose responsibilities under the Act include preparing and submitting the budget (as defined in N.C.G.S. § 159-7(b)(1)) to the board for approval; and

WHEREAS, the Act requires each public authority to appoint a finance officer pursuant to N.C.G.S. § 159-24 to hold office at the pleasure of the appointing board, and whose responsibilities under the Act include keeping accounts, distributing funds, reporting on finances to the board, and budgetary accounting for appropriations; and

WHEREAS, the Act permits the duties of the finance officer to be imposed on the budget officer or any other officer or employee on whom the duties of budget officer may be imposed (N.C.G.S. § 159-24)

NOW, THEREFORE BE IT RESOLVED by the Board of Directors that, effective December 1, 2011:

- (a) David Auger is hereby appointed as MIC's Chief Executive Officer to report to and serve at the will of the Board; and
- (b) Sarah Muller is hereby appointed as MIC's Controller to report to a serve at the will of the Chief Executive Officer; and
- (c) Brett Ellis is hereby appointed as MIC's Budget Officer pursuant to the Act to serve at the will of the Board; and
- (d) David Auger is hereby appointed as MIC's Finance Officer pursuant to the Act to hold office at the pleasure of the Board; and

RESOLVED FURTHER, that this resolution shall be spread upon the minutes.

The motion to adopt the resolution appointing additional officers passed unanimously.

4) Resolution Amending Signing Authority Policy

Ms. Karish advised that the existing Signing Authority Policy adopted in 2008 needed to be revised to effective December 1, 2011, to reflect the change in management roles and responsibilities under the



new operating agreement with BVU. A revised policy that assigned responsibilities from BVU to the MIC CEO was presented. This revised policy included a change to the check signing authority giving the Finance Officer check signing authority, with checks to be counter-signed by one of the Chair, Mr. Hall or Ms. Casey. Mr. Auger explained to the Board that this approach supports a separation of duties between the preparer of checks and the signers of checks. And that once an accounts payable clerk is hired, management will return to the board to request the appointment of a Deputy Finance Officer with authority to sign checks as well as the CFO.

A motion to adopt the revised signing authority policy, effective December 1, 2011, was made by Mr. Miller and seconded by Ms. Huston. The motion passed unanimously.

5) Roundtable- Mr. Venzon

Mr. Venzon notified the board that the new operating agreement and structure was presented to the MIC/BVU employees today.

All board members voiced individually their congratulations on the new operating agreement and their support for the new MI-Connection management team.

6) Adjournment

Having no other business, Mr. Miller made a motion to adjourn the meeting and it was seconded by Ms. Huston. The motion passed unanimously and the meeting ended at 6:18 pm.

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approved
12/15/2011

A handwritten signature in black ink, appearing to be 'D. Miller', written over a horizontal line.