

2015 Annual Meeting Minutes – July 10, 2015

The 81st annual Meeting of Beaver Creek Cooperative Telephone Company (BCT) was called to order by Chairman William Merchant at 7:00 pm on Friday, July 10, 2015.

WELCOME AND INTRODUCTIONS

The Chairman of the Board, William Merchant, welcomed members and introduced the directors and BCT staff seated at the head table. Board of Directors: Gary Emmons, Secretary/Treasurer; Matt Carlson, Vice-Chair; Don Kelly; and Rex Hagans; Paul Hauer, President; Dave Warner, Vice-President; Tangee Summerhill-Bishop, Director of Marketing and Member Services; Janine Brooks, Executive Assistant to the President; Scott Daniels, AKT; Don Rickman, CFO.

READING OF THE NOTICE OF THE ANNUAL MEETING

Mr. Gary Emmons, Secretary/Treasurer, announced that 67 members were in attendance and that there is a quorum.

MINUTES OF 2014 ANNUAL MEETING

A motion was made by Winter Nichols and seconded by Dave Ellison to approve the minutes as presented dispense with the reading of the 2014 Annual Meeting minutes. Motion Carried.

NOMINATING COMMITTEE REPORT

Mr. Gary Emmons, Secretary/Treasurer, read the Nominating Committee report.

A drawing was held for door prizes at this point.

1. John Hoult - Basket
2. Connie Friedrich -Basket

AUDIT REPORT

Mr. Scott Daniels, Partner, CPA, AKT, LLP presented the audit report for BCT and its subsidiaries through December 31, 2014. AKT's role is to provide assurance of accuracy and their tests resulted in an unmodified (clean) opinion. The financials reflect a decrease in assets of 1.3 million dollars. Trend across telecommunications and is reflected in BCT's financials, is a loss of access lines which reflects in a decrease of revenue. The majority of the loss is due to one-time events.

Scott was asked by a member to rate BCT as an organization between 1-5, 1 being the worst. Scott said he would rate BCT in the 2-3 range and feels they are not in danger of going out-of-business. BCT needs to focus on increasing revenue streams and control costs. Another member asked if property taxes were current. Scott advised as of December 31, 2014 the property taxes were current.

PRESIDENT'S REPORT

President Paul Hauer stated that it has been a difficult 5 to 6 years. During this time BCT has begun sharing resources with other companies, reduced the debt which was at \$20,000,000 to \$9,000,000. The average loss of revenues over this time period is \$140,000 per year. Talks have begun with bank to restructure the loans in 2016, the last restructure was in 2011. BCT has streamlined in many areas. At the height of the company it had 67 employees, today there are 28 employees.

We are leveraging the assets we have such as converting the cable system to 2-way for higher broadband. We have currently converted 3 hub sites and should have 2 more done by end of year. BCT is sharing a headend technician with Clear Creek Telephone, Accounting is being done by CBS; looking at offering new products developed by other companies such as an IP based phone system for 3-15 lines; EZ Video which offers local channels over broadband; home monitoring and security through ClearView. We can now offer 4-G for our wireless product. President Hauer says this is all possible due to the employees and Board coming together.

TOPICS:

- Dave Hillison asked why there is a rate difference between Oregon City and Beavercreek. President Hauer responded that services are regulated in Beavercreek and restrictions and controls on rates. Oregon City is non-regulated and BCT is currently offering special lower rates to increase use of the facilities and generate revenues which will help the company overall.

- Claire Betzer asked when will Comedy Central, CNN and AMC become digital stations? President Hauer responded that is the goal to go to a full digital system within 3 to 4 years.

- Ron Baker asked when BCT will have "on demand" capability, 2-way protocol. President Hauer responded that we are currently upgrading the hub sites to 2-way as funds allow and should be completed in 3 to 4 years.

- Bill Day asked why some channels go blank for seconds to minutes. President Hauer advised that it could be due to the signal from the programmer and various other issues. Asked that when it happens to report to the repair line so BCT can investigate.

QUESTIONS FROM THE MEMBERSHIP:

- A member stated that he had asked for a way to contact management via the website at last year's meeting and as of today it is still not there. President Hauer assured him this would be addressed.

- A member thanked Paul for doing a better job than previous management. He asked if buildings could be rented to generate revenues. President Hauer advised there

are tenants in both the Spangler and Henrici buildings and he has been talking with another company that has an interest in renting space. The member also asked who the banks were that are financing the loans. President Hauer advised RTFC and Bank of the West. The main loan currently has an interest rate of 5% and the secondary loan is at 7.2%

- A member asked why ESPN Classic is on both 27 and 127. President Hauer said this is being looked into and has to review contracts as sometimes there are stipulations where the channels must appear.

- A member asked if there is 24 hour monitoring on cable system. President Hauer advised that there is not currently as we are a one-way system and monitoring requires 2-way. Once we have upgraded the system we will have monitoring as we can then talk to the set top boxes both ways.

- A member asked will the new FCC Broadband rules affect the co-op. President Hauer responded yes as in order to receive funds the co-op will need to meet the standard requirements. It is BCT's goal to exceed the minimum standards.

A drawing was held for door prizes at this point.

3. Bill Day - Basket
4. Dan Moenck - Basket

OLD BUSINESS

None

NEW BUSINESS

None

A drawing was held for door prizes at this point.

5. Doug Lindahl
6. Loren Smith

RESULTS OF ELECTION FOR DIRECTOR

Gary Emmons, Secretary/Treasurer of the Board read the results of the election for Districts 5.

District 5:

Gary Emmons	99
Non Valid Ballots	5
Total Votes	104

Gary Emmons was elected for District 5 for a 3 year term.

Gary explained how the nominating committee worked and asked anyone that is interested in serving next year to contact either a Board member or call the office.

2015 SCHOLARSHIP RECOGNITION

Tangee-Summerhill-Bishop, Director of Marketing and Member Services, announced the recipients of BCT's 2015 Scholarship Awards and had the students present at the meeting stand before the crowd. The recipients of 2015 scholarship awards are:

Dublin Nichols, \$1,500 Scholarship
Oregon State University or Willamette University
Physics

Emma Talley, \$1,500 Scholarship
Western Oregon University
Criminal Justice

Kenra DeAngelis, \$1,500 Scholarship
University of Portland
Mechanical/Biomedical Engineering

Lucy Kleiner, \$1,500 Scholarship
University of Oregon
Spanish and International Relations (Double Major)

Christopher Beebe, \$1,500 Scholarship
Seattle Pacific University
Computer Engineering

Daniel Stoddard, \$1,500 Scholarship
Oregon State University
Industrial Engineering

Christina Salisbury, \$1,500 Scholarship
University of Oregon
Biology; Pre-Medicine

A drawing was held for the Grand Prize.

Alice Hayden was the winner of the grand prize.

President Hauer - Backyard Bash Announcement: Saturday 1 – 7 PM; about 40 vendors, proceeds benefit these 5 local non-profits: Oregon City Backpack Buddies, Beaver Creek Elementary, The Founder's Clinic, Meals on Wheels, and Squires.

ADJOURNMENT

There being no further business before the membership, the meeting was adjourned at 7:56 pm.

*Recording Secretary
Janine Brooks*

William Merchant, Chair

Gary Emmons, Secretary