

Southwest Minnesota Broadband Services
(SMBS)
Board Minutes
June 29, 2010

Board Members Present: Keith Stubbe –Chair, Darrell Nissen, Darren Kalvig, Mitch Jasper, John Hay

Alternate and Others Present: Jim Koep, Kevin Leopold, John Schultz, Curt Egeland, Joe Sherack, Carol Goeman, Dennis Johnson, Dennis Nelson, Joe Grabowski, Byron Kroeger

Meeting called to order @ 6:00 p.m.

Minutes of June 8, 2010 approved with a motion by **Nissen/Hay**. All yes, motion carried.

Update on Senator Klobuchar visit held on Saturday June 26, 2010. Meeting was productive. Many members of the board were present. Those present asked Senator Klobuchar for assistance with the USDA's loan guarantee documents. This information is necessary for the banking line of credit. Input from the senator's office could help move the USDA forward with this.

RUS awardee meeting held in Chicago. Members Stubbe and Nissen attended these meetings. SMBS was lucky to get this award, winners of the money were limited. The federal government has faith that this group will succeed. No money has been distributed to any other group yet, by RUS. SMBS is at the same status of funds receipt from RUS as all the other groups that received funding in the first round. SMBS members met directly with the representatives of RUS that will be the point of contact for SMBS throughout the project. RUS has requested a new project plan and financial plan because of the timeline change from building in 2010 to building in the spring of 2011. Also discussed were the differences SMBS has from other awardees and some leniencies are expected to be given to SMBS because of the unique situation.

Approval of Temporary Financial Personnel. Motion to appoint Cheryl Ulferts as temporary financial personnel of SMBS made by **Kalvig/Hay**. All yes, motion carried. Cheryl is the Finance Manager for the City of Lakefield. She will keep finances and financial reports in order until a permanent position with SMBS is filled. The immediate work for Cheryl is creating financials that report all of the past ins/outs of the group to date.

Operational Funding Update. Contact has been made with local banks about the operating line of credit. Contact has been made with Bank of the West, Bank Midwest and United Prairie Bank. They are all requesting additional information. The biggest need for establishing the line of credit is the USDA Guarantee. This is the issue assistance from Senator Klobuchar's office is needed. It was learned that two banks will be needed, one to handle the day to day banking operations of SMBS and another pledge deposit account to hold the grant funds. Member Nissen also shared information about the communities that need to provide additional funding "buy in" to the group. The rate established was \$4 per population. Some cities have not completed total payment of this amount. Jackson and Lakefield have paid in full the other communities have a partial payment to complete their commitment.

Signing Authority Resolution. Motion to approve signing authority Resolution 10-01 made by **Kalvig/Hay**. All yes, motion carried.

Approval of Lakefield Public Utilities loan. Motion to approve the signing of the paperwork for the loan amount of \$50,000 from Lakefield Public Utilities with interest rate of 5% made by **Nissen/Kalvig**. All yes, motion carried. This paperwork will be submitted to RUS for approval. When approval has been received, the funds will be deposited into the account.

Payment of mileage to board members for travel. Motion to approve the mileage rate established by the IRS, currently 50¢, made by **Hay/Kalvig**. This mileage will be paid by SMBS for special events that require out of town travel for board members. These special events must be preapproved by the board and an expense report submitted. Board members will ask the city they are representing, to pay them for regular SMBS board meetings at this time. When the project is up and running, board members are expected to be paid for meeting attendance by SMBS.

National Cable TV Cooperative Update. SMBS has an unique situation with current existing NCTC members participating and SMBS purchasing from another NCTC member (Windomnet). NCTC still wants SMBS to submit a membership application. Motion to approve the resolution for submission of this membership application to NCTC made by **Nissen/Kalvig**. All yes, motion carried. Budgeted cost to SMBS is \$1 per customer passed (\$4000 approximately). Superintendent Koep inquired about the effect this application would have on the current membership status of the Cities of Jackson and Lakefield. John Schultz was stated this will NOT affect Jackson or Lakefield status until customers are physically turned over to SMBS.

Project Management Update. John Schultz shared the timeline and the progress that is being made.

- Local exchange carrier application: to Public Utilities Commission (PUC) and rate tariff has been submitted and has been assigned staff waiting for approval.
- Interconnection agreement has been signed with Qwest; they have counter signed and have been submitted to PUC for approval.
- 911 agreement: has been created for SMBS. Department of Public Safety has been very easy to work with. They are currently reviewing the document to make sure it meets all requirements before it is officially filed.
- Windomnet agreement: initial agreement has been drafted; Dan Olson reviewed and made change suggestions. Plan is to have the document available for the next meeting for board review.
- Midwest Data/Stellar Billing: a meeting was held to view their billing system. They have an accounting system that meets the RUS requirements. Participation in a webinar with information about this accounting system will be attended by John and Cheryl later in the month of July.

Franchise Agreements. Templates for franchise agreements for each city were shared with each city representative. These agreements need to be approved by each community's city council receiving SMBS cable/phone/internet services for their residents. There are several steps necessary in the franchise process. (see memorandum attached) Each city should review the templates and suggest necessary edits or if no substantial edits are needed, start the franchise process. John will contact non-voting member cities about the franchise process, they will need to have a franchise agreement in place also. Using these templates in each community ensures the continuity of the project throughout the SMBS service area. The template calls for a 3% payment of gross of cable TV customers in each specific community. The template also calls for current franchise agreements with other entities to remain in place, as is, until those particular agreements are up for renewal.

New Issues

None at this point

U-Reka Consulting Contract. Contract is expected to be for one year. It is based on a number of hours billed, not a firm end date schedule. Motion to approve the contract made by **Nissen/Hay**. All yes, motion carried.

Next meeting. Tuesday, July 27, 2010 @ 6:00 p.m. in Lakefield Fire Hall.

Meeting closed at **Kalvig/Hay**. All yes, motion carried.