

MINUTES OF THE CC COMMUNICATIONS MANAGEMENT

155 N. Taylor St., Fallon, NV 89406

May 4, 2023

Call to Order:

PRESENT: Commissioner Myles Getto
Commissioner Harry Scharmann
Commissioner Justin Heath
General Manager Mark Feest
Chief Financial Officer Jamie Hyde
Administrative Assistant Shelly Bunyard

ABSENT:

Public Comment:

Chairman Myles Getto asked if there was any public comment but there was none.

James Flemming, Citizen. Spoke about the Nevada Health District and realized he was not in the correct meeting.

Verification of Posting of Agenda:

It was verified by Shelly Bunyard, Administrative Assistant, that the Agenda for this meeting was posted on the 28th day of April, 2023 between the hours of 1 pm and 5 pm at all of the locations listed on the Agenda, in accordance with NRS 241.

Consideration and possible action re: Approval of Agenda as submitted or revised:

Commissioner Justin Heath made a motion to approve the Agenda as submitted. Commissioner Harry Scharmann seconded the motion, which carried by unanimous vote.

Consideration and possible action re: Approval of Minutes of the meeting held on:

A- April 6, 2023

Commissioner Justin Heath made a motion to approve the Minutes of the meeting held on April 6, 2023 as submitted. Commissioner Harry Scharmann seconded the motion, which carried by unanimous vote.

New Business:

A- Consideration and possible action re: Adoption of resolution 6-2023, a resolution establishing CC Communications as the legal name for the company comprising all operations of Churchill County under NRS Chapter 710, including the operations of the CC Communications - Telephone Fund, CC Communications - Broadband Fund, CC Communications - Long Distance Fund, and CC Communications CAP - Servicing Outside Churchill County Fund.

Mark Feest, CC Communications. This has been a known issue for decades, depending on the paperwork filed and which agency it's been filed with and even within contracts that different names have been used for CC Communications. We don't even know where Churchill County Telegraph and Telephone officially came from or if there's an official document for that. We have been handling it over the years as however a federal agency addresses us, we use that name when we respond back. I think this all started over a typo and now SAM.GOV is not letting us use their platform which is for grants and government contracts until we have a fix to what exactly is our name. We have been working with Joe Sanford on this. Joe Sanford drafted the Resolution on this that is attached. We do believe once it's signed today, we will forward it to SAM and any other entity in the future questions the past names we've used. Hopefully this will resolve that and enable us to conduct business with any federal agency going forward.

Joe Sanford, Chief Civil Deputy District Attorney. As Mark has pointed out, this is something that has been around for a long time. The fix here is to essentially bring back all of the different names that CC Communications has been known and operated under for a long period of time and settle it as CC Communications instead of doing business as or some other form. The County Commission is the only authority over CC Communications, you have the ability to make this change. This way, moving forward all of the documents can just have the one name and all of marketing can be the same. Hopefully this will address all of these issues moving forward.

Commissioner Harry Scharmann made a motion to approve the adoption of Resolution 6-2023, a resolution establishing CC Communications as the legal name for the company comprising all operations of Churchill County under NRS Chapter 710, including the operations of the CC Communications - Telephone Fund, CC Communications - Broadband Fund, CC Communications - Long Distance Fund, and CC Communications CAP - Servicing Outside Churchill County Fund. Commissioner Justin Heath seconded the motion, which carried by unanimous vote.

B- Consideration and possible action re: Authorization to transition IPTV customers to streaming services and initiate phase-out of IPTV subscription services and transition of customers to streaming services.

Mark Feest, CC Communications. We went over this in our budget hearing. We are at the point with IPTV, that the loss due to increased content costs will out strip the profit when IPTV is bundled with the internet. It isn't a perfect calculation because you have to take into consideration out of the 1277 residential customers still having IPTV, how many might take all of their business away and go to a competitor that provides both TV and internet. That's an unknown number. That is why in the past years when TV was losing money, we continued to stay in the TV business because we cannot firmly calculate that loss of broadband customers.

TV is becoming something that more and more people are voluntarily going over to streaming. We believe that number is lower today than it was three years ago and combined with the fact TV content is going up at an incredible rate. The most difficult part of the TV content is the off-air channels: NBC, ABC, CBS, and Fox. The federal regime has something called retransmission consent. That is where you pay as a TV provider whether your cable, IPTV or satellite. You pay NBC, ABC, CBS, and Fox a fee in order to integrate that into your TV product. Off-Air channels are only free for individuals when they put up their antenna and pull it off themselves. Anyone retransmitting it must pay. Customers don't really understand this. The FCC regime on that negotiation is weighted significantly towards the content owner. The content from NBC, ABC, CBS, and Fox has to be placed into the lowest tier. The lowest price product we offer has to have those channels. You cannot tell the public what you pay for those channels, and you cannot offer those channels ala cart. I still think out of the 1277, that 1276 of the customers think free TV is actually free to us. When those four channels are combined, it now significantly exceeds what our lowest tier costs. It is impossible to not lose money on TV going forward. Because that gap has grown, we think it's time to transition out of the IPTV business and encourage people onto streaming products and offer them the opportunity to understand those products. There are FCC requirements and I'm not sure if Joe has had time to research that.

Joe Sanford, Chief Civil Deputy District Attorney. I have done a little research on this. There are FCC requirements specifically related to anything that is going to be common carrier. As long as it only affects the IPTV portion and not the VoIP or the internet function, they have advised that they don't have any regulation on that specific piece in terms of discontinuing service as long as the other services are not affected. I still think the best practice, would be to follow up with the same guidelines which is 30 days to 60 days' notice depending on whether you're the dominant carrier. I wasn't sure if we would be in this.

Mark Feest, CC Communications. We are.

Joe Sanford, Chief Civil Deputy District Attorney. If we are, it will be 60 days.

Mark Feest, CC Communications. We will work with Joe to tailor that transition plan from the standpoint of noticing the customers and ensure we are beyond notice. We were actually thinking about giving 90 days' notice. I think that will give customers plenty of time and plenty of time for them to come in and understand what the other options are. We have a lot of equipment in homes. We plan to schedule a pickup of that equipment that includes a live tutorial of how to access online streaming through Roku type products. We will offer one of those products as a giveaway so that the customer isn't left without any instruction on how to move forward with TV.

In the recommended motion, we have the subscription services and transition customers to streaming services, together with authorization for management to allow channels to go dark. That portion of it is what happens with negotiation for retransmission consent. It will take us about a year to completely transition. We would want to keep those channels, but that the prices they are asking, it is impossible. When we set a hard line and tell them we can't take a 75% increase, and when they say it is too bad, that channel will likely go dark. Their only offer to us

will be, you don't have to let it go dark but once we come to an agreement you will retroactively pay us the increase. We don't want to do that either. There is a potential that the channel will go dark, and it is in the Motion. I wanted the board to be aware of it, as I anticipate you may receive a personal call or email from 1 or 2 hundred customers.

Commissioner, Myles Getto. When we get these phone calls, what are the other routes people can do?

Mark Feest, CC Communications. From a TV option? We'll provide them with a list, and we'll put something on our website. We will also make sure our techs will show the customer how a Roku or other device works with their smart TV, when they are picking up the equipment. Going to Fubu TV, Hulu Live, Google TV as well as going directly to Paramount and Peak, all of them have direct streaming services to get those off-air channels. You have to go directly to the affiliate network which is the real owner of all content other than the local news. We will go over this with those customers.

Commissioner Justin Heath made a motion to authorize CC Communications management to phase out the delivery of IPTV subscription services and transition customers to streaming services, together with authorization for management to allow channels to go dark where content owners fail to negotiate rates that are financially feasible for CC Communications.

Commissioner Harry Scharmann seconded the motion, which carried by unanimous vote.

C- Consideration and possible action re: Interlocal Agreement for the deployment of telecommunications services.

Mark Feest, CC Communications. CC Communications has engaged in introductory discussions with consultants hired by Storey County and one of the commissioners from that county to determine whether there is an interlocal agreement model under which a FTTH network could be deployed in Storey county. This issue has been discussed with Chief Civil Deputy DA Sanford with respect to legal structure. Those discussions have progressed to a point where terms and conditions will need to be discussed in good faith as we seek to reach an agreement that will be brought to both Churchill County and Storey County Commissions as a whole for consideration. We will propose two rough models. I have already discussed with their hired consultants. We are attempting to schedule a call with them next week. One proposal is Equity partners. An interlocal agreement allows two local governments to do anything together which they have the legal right to do individually. One interlocal agreement would be we have equity ownership. This agreement is extremely complicated from a financial standpoint. We will have to be allocating costs, expenses, revenue and depreciation between the two of us and for a project that only has 1,000 home locations. It's not as if Storey County has a huge growth potential due to different factors, which makes it difficult to build there. We are also looking at an IRU agreement. It's where they would own all the equity in that plant inside Storey County that goes up Geiger Grade into Gold Hill, Viginia City and Virginia Highlands. We would meet them at one of our vaults on Hwy. 50. If they own the infrastructure that is used to distribute broadband to their residents, we will then enter into an indefeasible right to use agreement. This has happened in Utah under a project called Utopia and in California under a project called SciFi. We would come to an agreement on a monthly rate per connected customer that we would pay them. Then we would enter into an operations and management agreement to operate the system and integrate it back into our network. We really wouldn't have a system; it would just

be a distribution plant in Storey County. CC Communications would then integrate back into our system and have a direct relationship with the customer. We would then pay the IRU fee to Storey County. This is the methodology that Joe and I believe is the absolute cleanest and it also avoids some pitfalls of Storey County having to establish an NRS 710 entity.

I just want to ensure the commissioners are aware of this and I won't be shocking anyone if I come back asking for an agreement. I couldn't in good faith negotiate the terms of that agreement. Does anyone have any questions?

Commissioner Harry Scharmann. Are you and Joe convinced this is the best route to take?

Mark Feest, CC Communications. Yes. I will note that is actually the same IRU model we used with the NTIA Bip Grants for the four tribes. They own the facilities on their reservation, we connect it back to our network so that it will actually deliver internet. Then we will get an IRU from them.

Commissioner Myles Getto. So, CC Communications meet Storey County at Hwy 50 and then they would go wherever the service locations are and then CC Communications would then take back over at those actual residences with their equipment.

Mark Feest, CC Communications. That is correct. We would engineer and design the project. Most likely, NNE would deploy that project. Their conduit will be somewhere around the Chocolate Factory business. We would then build to that conduit location in order to get that fiber into our network. In the case of the tribes, we have maintained ownership of the electronics but not the conduit or the fiber itself. The reason we do that is because those electronics have warranties that the owner in that case CC Communications gets to exercise. In the agreement with the tribes, in the event we part ways in ten years, we would sell the electronics back to them for a dollar. They would be fully depreciated at that time anyways. I hope that answered your questions.

Commissioner Myles Getto. Yes, that did.

Commissioner Harry Scharmann. Is this the same process we're using in Elko and Spring Creek?

Mark Feest, CC Communications. No, it is not. In that process under the NTIA Bip Grant that is partnered between a county or city with a sub-recipient provider, that plant belongs to us, and we are solely responsible for all of it. It's on our books.

Commissioner Harry Scharmann made a motion to approve the good faith negotiations between CC Communications management and another Nevada County to produce an Interlocal Agreement for the deployment of telecommunications services for final approval by the Churchill County Commission. Commissioner Justin Heath seconded the motion, which carried by unanimous vote.

D- Consideration and possible action re: PERS App for Critical Needs Position

Jamie Hyde, CC Communications. CC Communications is requesting that the ICT Manager position be designating as a Critical Need Position pursuant to NRS 286.523 in accordance with the PERS criteria, effective August 1, 2023. This position is currently filled, but employee is planning to retire with 30 years of service credit July of 2023. The ICT Manager is an integral position, while we continue to recruit for this position we don't want to place our corporate network or our customers at risk by being limited by PERS regulations to working no more than 1,039 hours in a fiscal year or the earnings limitation.

PERS regulations include a provision in NRS 286.523 which allows a public employer to designate specific positions as qualifying for a Critical Need Position. If a position is approved, the employer may employ a previously retired PERS retiree into the position and exempt him/her from the PERS limitations. This can be done for a position which is already filled. The designation lasts for two years.

If approved, the position would be exempt from PERS contributions. CC Communications and incumbent would make contributions to Social Security.

Commissioner Justin Heath made a motion to approve PERS App for Critical Needs Position Commissioner Harry Scharmann seconded the motion, which carried by unanimous vote.

E- Consideration and possible action re: Approval of the 2023 - 2024 Budget for CC Communications - Telephone Fund, CC Communications - Long-Distance Fund, CC Communications - Broadband Funds and CC Communications CAP - Servicing Outside Churchill County Fund.

Jamie Hyde, CC Communications. On April 28, 2023 CC Communications presented the 2023 - 2024 FY Budget to the board and now management is asking for the approval of the 2023 - 2024 FY Budget.

Commissioner Harry Scharmann made a motion to approve the 2023 - 2024 Budget for CC Communications - Telephone, CC Communications - Long Distance Fund, CC Communications - Broadband Funds and CC Communications CAP - Servicing Outside Churchill County Fund Commissioner Justin Heath seconded the motion, which carried by unanimous vote.

Mark Feest, CC Communications. Before we move onto the next item, our Agenda shows we have Item 8 – Closed Session to Discuss Labor Negotiations Pursuant to NRS 288.220. We need to have Item 8 Closed Session first, prior to item 6F. After we have completed Closed Session, we will come back out of closed session and go to Item 6F.

Joe Sanford, Chief Civil Deputy District Attorney. That is correct.

F- Consideration and possible action re: Collective Bargaining Agreement (CBA) with Communications Workers of America (CWA)

Mark Feest, CC Communications. CC Communications met with the union representative on April 26, 2023 and tentatively agreed to a COLA of 5%. In addition, the company pays the first .75 of the employee's half of the PERS increase (1.875). Management asks the Board approve the tentative agreement subject to the approval of the collective bargaining unit.

Commissioner Justin Heath made a motion to approve the Collective Bargaining Agreement (CBA) with Communications Workers of America (CWA) Commissioner Harry Scharmann seconded the motion, which carried by unanimous vote.

Reports: General Manager Report:

Closed Session to Discuss Labor Negotiations Pursuant to N.R.S. 288.220:

Affidavit of Posting:

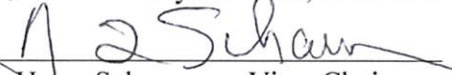
Public Comment:

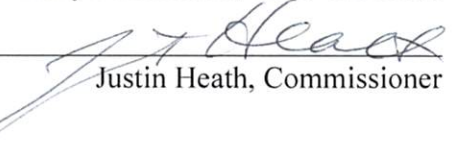
Chairman Myles Getto asked if there was any public comment but there was none.

Adjournment:


The meeting was adjourned at 2:26 p.m.

APPROVED: 
Myles Getto, Chairman

APPROVED: 
Harry Scharmann, Vice, Chairman

APPROVED: 
Justin Heath, Commissioner


Shelly Bunyard, Administrative Assistant


Mark Feest, General Manager/CEO