

MINUTES OF THE CC COMMUNICATIONS MANAGEMENT

155 N. Taylor St., Fallon, NV 89406
March 7, 2024

Call to Order:

The regular meeting of the CC Communications was called to order at 1:45 PM on March 7, 2024.

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.

Verification of Posting of Agenda:

It was verified by Shelly Bunyard, Administrative Assistant, that the Agenda for this meeting was posted on the 1st day of March, 2024 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- February 1, 2024

Commissioner Harry Scharmann made a motion to approve the Minutes of the meeting held on February 1, 2024 as submitted. Commissioner Justin Heath seconded the motion, which carried by unanimous vote.

New Business:

A- Consideration and possible action re: SERVICE PROVIDER AGREEMENT BETWEEN CC COMMUNICATIONS AN ONGOING OPERATION OF CHURCHILL COUNTY, A POLITICAL SUBDIVISION OF THE STATE OF NEVADA AND STOREY COUNTY, A POLITICAL SUBDIVISION OF THE STATE OF NEVADA, together with the associated MOU

Mark Feest, CC Communications. Storey County had approached us through a consultant several years ago, about doing a Fiber to the Home project in Gold Hill, Virginia City and Virginia Highlands. This agreement pertains to Gold Hill and Virginia City only. The Agreement was drafted by Chief Civil Deputy District Attorney, Joseph Sanford. He has been working and negotiating this agreement with a few different people with Storey County. There is another agreement that goes along with it, it's called a Memorandum of Understanding. It basically lays out the service tiers and those types of things. Storey County will be utilizing

some of their funds from the Tesla taxes to provide \$1.5 million dollars to CC Communications for the construction of the Fiber to the Home. It will be an aerial build on poles currently owned by a cable company. The Pole Agreement is next, it's for poles that the cable had been on with NV Energy and AT&T. The next item does address that Pole Attachment Agreement, but I'll address it as it pertains to this agreement. This Agreement essentially lays out the respective obligations, responsibilities and benefits that both parties are getting from entering into the Service Agreement. It's a ten year agreement. The facilities that are deployed will belong to CC Communications and we will have the opportunity to use those beyond this agreement if there is a non-renewal. It does envision that we would negotiate in good faith to look at the Virginia Highlands area and different funding sources for that. It will be very costly getting the fiber up the hill from Virginia City to Virginia Highlands. Together, Storey County and CC Communications will be looking at other funding sources to defray the costs of getting up the hill and creating something that would be a sustainable business plan.

This Agreement states that Storey County will provide us with \$1.5 million dollars. There is about a \$600 to \$900 thousand dollar gap, based on inflation and some additional costs with those poles. We will work in the short term to try to reduce those costs that would be on CC Communications to cover. There are some short term fixes. We can purchase one piece of bandwidth from someone else. We can recover some costs as we take equipment down.

This Agreement talks about how we will deploy the network. It will be an XGS-PON network, which is the same network we deployed in Elko County. It will be owned by CC Communications. Other parties will not be authorized to use it. We will install and own the electronic components. They would have the right of first refusal to reacquire that network, if we wanted to be out of business. We are responsible for all of the maintenance and performance standards that the FCC requires.

I have used the worst case scenario looking at this from a payback standpoint. I come to a to a 4.44 to 6.65 years, to pay back our portion of the investment. Worst case scenario meaning every place we have to spend money that we don't find a cheaper way to do it. That is based on the annual EBITDA \$247,500.00 to \$284,534.38. I got to the EBITDA amount by using our depreciation and monthly operating expenses by the number of customers there and looking at costs per customer everywhere else. I did the same thing for the revenue side by taking the other customers we have in Elko and Churchill County and looking at where those customers fall into 100 Mbps, 250 Mbps and 500 Mbps packages. We did the same projections used for Elko. We are almost equal on take rate, Arpo and expenses from a EBITDA standpoint. The estimation is a 4.44 to 6.65 year payback on this. There is not a lot of customers in that area. We've discussed this with Storey County because it's something low on the list to go past 600 homes, then go up a hill and have to go aerial the entire time because of the ground.

That's how we came to an agreement, those numbers on a payback of 4.44 to 6.65 years at approximately \$250k to \$300k per year EBITDA, is the reason it makes sense and is sustainable.

Commissioner Harry Scharmann. Will this pull away any services to Churchill County?

Mark Feest, CC Communications. No, not at all. We actually use a 50% take rate in order to come up with the revenue projections. The exact same internet links we use in Fallon are the ones we will use for there. The fiber already exists along the highway that goes past them. We just have to build up the hill from there. We are reusing the things we already currently do. This will actually be better for Churchill County. We have certain links and have identified that we need more capacity. The transport equipment that we recently purchased will be installed between here and TRIC will allow us to bring in larger links from both Las Vegas and San Jose that goes out through Reno. We are buying such an amount of excess capacity because that's the blocks it's sold in. You can get a 10 Mbps, 40 Mbps and a 100 Mbps link. When you start adding links 100 Mbps links that are redundant for a company of our size, we are actually buying a decent amount more capacity than we actually need. We can bring those other customers onto that network and it won't add a backhaul cost. If anything, it is benefiting the customers here because we're able to spread those larger network costs across more customers.

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

Commissioner Justin Heath made a motion to approve the Agreements for deployment of fiber to the premise in Virginia City and Gold Hill, Nevada. Commissioner Harry Scharmann seconded the motion, which carried by unanimous vote.

B- Consideration and possible action re: approval of Pole Right Transfer Agreement between CC Communications and Comstock Community Television

Mark Feest, CC Communications. Comstock Community Television has been out of business for some time. They have certain poles and then they also have pole rights on both AT&T and NV Energy. On most poles, you have energy and then your comm space. Then a pole that already has AT&T or if it was in our case CC Communications in our incumbent area. Below that incumbent com space can be a cable company or someone else. They have pole rights on those poles of NV Energy, AT&T and then they have a limited number of their own poles. This agreement is for them to transfer their rights on those poles to CC Communications. In that agreement, there is a map that depicts every pole we will be taking the rights from Comstock Community Television.

We will then go to AT&T and NV Energy to file an application to remove and replace where Comstock is already in the com space. It's makes this a lot easier for us, than starting from the beginning and going in as applicant that didn't have any rights on those poles. Chief Civil Deputy District Attorney, Joe Sanford, might want to explain why we're doing this. There is no compensation between us and Comstock to do this. They are out of business and they probably don't want the liability of having poles they are still on. We will be taking over that liability for them.

Joe Sanford, Chief Civil Deputy District Attorney. That's correct. The function of this agreement will be that they will be transferring these poles that are relevant to our network and only the ones that are in our network to CC Communications. We are not paying for those poles but we are obligating ourselves to maintain them which will include taking off their equipment and putting our equipment up.

Commissioner Justin Heath. There's no cost to NV Energy, that we have to pay or anything, for those rights on those poles.

Mark Feest, CC Communications. There is always a pole attachment fee. The difference is, this allows us to not be treated as somebody coming today and asking to get on a pole that there is already at least one communications provider on. That would require engineering costs which would have to be outsourced for each pole. They could come back and say we would need to engineer and show us that adding your stuff won't be a problem. It's a different process, but there still is a permitting process you go through with NV Energy or AT&T, whoever owns the pole. The permitting process is remove and replace or do upgrades. The agreement puts us in the position as the company doing those upgrades as opposed to a company asking to go on the pole for the first time. There is a federally mandated rate for a communications provider to be on the pole.

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

Commissioner Harry Scharmann made a motion to approve the Pole Right Transfer Agreement Between CC Communications and Comstock Community Television. Commissioner Justin Heath seconded the motion, which carried by unanimous vote.

C- Consideration and possible action re: participation in USDA funded feasibility study for broadband projects in Lyon, Mineral, and Nye Counties

Mark Feest, CC Communications. A representative of the USDA and Valley Electric Association out of Pahrump, NV had approached me about a project that Valley had been working on with the USDA. That project covers a feasibility study for broadband projects in Lyon, Mineral and Nye counties. They are obviously in the area of Nye County. When looking at the map of what the USDA has come up with, actually includes North Clark County and some other places too. Those are all Valley locations. The map is broken up between square miles that in the Valley area and square miles that are in the CC Communications area. We don't really have any locations in upper Nye County. The locations in Lyon and Mineral counties are very sparse. Those are not areas that Valley is breaking out of points of presence on the fiber route. They are not any areas that anyone wants to truck roll that distance. They asked me if we would be interested in participating in this feasibility study. I agreed to participate in the feasibility. It is Clark, Esmeralda, Lyon, Mineral and Nye counties. The areas the feasibility study would impact us are Northern Nye County, Mineral and Lyon. If you look at say, Round Mountain and Carvers is in Nye County and Lyon County would be Silver Springs. Other areas that will be in the feasibility study will be even out to Smith Valley. It will be everything along Hwy. 50, between us and Virginia City. This feasibility study will not cost us anything but we will be designated in the feasibility study as the company and Valley for other locations, that the USDA will be working with. We are not obligated as they will be covering the costs of estimating how much it will cost to do these deployments. They will help look for the money. They can also cross out some spots, like maybe Smith Valley.

It doesn't cost us anything to participate in the study, but it keeps us in the conversation as the USDA figures out how to reach some of these harder to reach places. I am requesting approval from the board that we are an interested party to be part of this feasibility study.

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

Commissioner Justin Heath made a motion to approve participation in USDA funded feasibility study for broadband projects in Lyon, Mineral, and Nye Counties. Commissioner Harry Scharmann seconded the motion, which carried by unanimous vote.

D- Consideration and possible action re: regarding overview of network upgrades (switch and transport gear).

Mark Feest, CC Communications. I wanted to separate this update from my general managers report, in case the board has further questions. We have two projects that are tied together which is a SWITCH upgrade and Transport Gear Upgrade. The SWITCH upgrade physical item is being installed right now. There is a difference between installing the item and then being able to turn it on for customers. We still anticipate an April or May timeframe, to start migrating customers onto that SWITCH that is in place right now. Currently, we are ensuring that the connections that connect to internet, trunks to AT&T and so fort are working without putting any customers on it. The process is taking longer than expected. We are about a month behind schedule on getting to the point where we are available for the migration.

The Transport Gear Upgrade is the equipment going in between Fallon; TRIC and Reno; and Reno TRIC and Las Vegas. That equipment is installed and is currently being configured. The servers that manage those routes are also being configured.

The major part of this, is that we have to coordinate with SWITCH, because SWITCH owns the fiber path between TRIC and Las Vegas. We are on a pair of that fiber and they will need to assign us another pair of that fiber so that we can put the new equipment at every location. Silver Springs, Yerington, Shurz, Mina, Beatty, Pahrump, Tonopah, Lida Junction and all the way down in every one of those Pop where we regenerate the light in those Pops. We can also add or drop something there. We want to put new equipment in every one of those location on the entire route with a new pair of fiber. The other pair of fiber will still be used by our old equipment. That coordination is taking a little bit longer than expected. We Just signed an agreement with SWITCH that will help us get this done for a temporary assignment of those fibers.

We ran into an unexpected issue, that was the power availability at a couple of the Pops. The new equipment does both layer one and layer two transport. The old equipment did not. It appears that everyone is trying to go to the new equipment. SWITCH has been notified that we are not the last one who is doing this. When they add all the power consumption, once everyone upgrades, they will run out of power at those Pops. We are in discussions with them. We were the first ones ready to go and asked about the power. We are currently working on how to address the power issue at some of the Pops. We believe, it doesn't keep us from installing with the number of transport customers buying circuits between Las Vegas and Reno; Reno and Yerington; Reno and Beatty or whatever it might be. Its our understanding there is enough

power to power the equipment to serve all of those customers and a few more, but not the entire capacity of what we are trying to upgrade to. We didn't purchase the equipment to use half of the capacity. We purchased it because we are able to sell these circuits and generate revenue. We want to be able to utilize the equipment to full capacity.

The timeline will be April or May to put the equipment in power it up and start testing it. In the event, there is a single or two Pops that have to be addressed immediately, we will work with SWITCH. We will be working on getting the long term planning in place so that when other customers want to upgrade it won't overrun the available power and take something down.

We had an internet issue last week, which I had alerted everyone too. It was an outage at Silver Springs. This is the exact reason we are going to the new equipment. We exchanged the part with a spare and the spare didn't work. The manufacturer doesn't have those types of spares any longer that cost \$6,700.00. Another company was asking \$75,000 for a spare. We ended up being able to purchase two refurbished spares for about \$16,000.00 together. The first refurbished spare worked just fine. That is the kind of market that has been created.

Commissioner Justin Heath. How are you notifying customers, when we have these outages?

Mark Feest, CC Communications. We put something out over Facebook for that outage.

Commissioner Justin Heath. That took over 24 hours to post.

Mark Feest, CC Communications. I'll make note of that.

Commissioner Justin Heath. I also called the help desk at 9 am on Wednesday morning. They had no idea there was an outage when our internet went down.

Mark Feest, CC Communications. I will check on when that notification went out. We will try to improved that process. We had a retiree and have a new employee. I'm not saying she missed it at all. That is one of the things she has identified, is the notification process both internally and externally, is something that needs to be improved. We send out a Mop email that goes out employees when the issue has been identified. I believe by 9 am the issued had definitely been identified by us.

Commissioner Justin Heath. When we called the help desk, they said we had to switch our IP from static to dynamic, which then messed the whole network up.

Mark Feest, CC Communications. You called them at 9 am on Wednesday.

Commissioner Justin Heath. It was 9 am. I think on Wednesday morning.

Mark Feest, CC Communications. Was it a phone issue or an internet issue?

Commissioner Justin Heath. It was internet.

Mark Feest, CC Communications. Ok. If it was phone, you should have done the instructions they gave.

Commissioner Justin Heath. The phone was still working it was just the internet.

Mark Feest, CC Communications. Ok. I will look into it. It's and identified issue that the new person in that group is tasked as a priority because it's a reoccurring issue when you update a process or a procedure and somehow it still doesn't get fixed with this notification issue. I will continued to be worked on.

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

Informational Only

E- Consideration and possible action re: update to NTIA grants.

Mark Feest, CC Communications. We have the agreements signed with the Yerington Paiute Tribe for the NTIA Grants. That is the first tribe that we are fully signed with and able to move forward. You can do the EAS, prior to having the agreements fully signed. Walker River has been doing the EAS. The Yerington Paiute Tribe has held of on the EAS until we have the signed agreement. We currently have two tribes that are in the environmental and historical preservation process. This process takes up to 90 days. The expectation is that Yerington Tribe will start construction within 90 days as long as there is not something in the EAS that prevents digging in the ground. Walker River had already started their EAS where it goes through a process where they write a report and the report is reviewed by the State. The State then decides if that report is valid and covers everything they need to cover. That should be done soon, however, all the agreements with Walker River Tribe are not signed. They have just recently changed liaising with us. Hopefully, we can re-establish that relationship and get the agreements signed to move forward. We are still pending one permit that is going under the railroad tracks where we have already put conduit under, we just want to pull more fiber through it. Other than that this is something we can move onto construction very quickly.

We have not been doing construction in the Spring Creek Association for a bit of time, due to the weather and amount of mud. We did have our first desk review audit, which had no findings. Our annual report, will be worked on by myself, accounting and a project manager.

The last two grants for tribes are essentially caught up in the inability to reach an agreement on those facilities. The Fallon Paiute Tribe has a unique situation where the entire grant was built on the fact that we had put copper in conduit. We didn't direct bury copper, we put it inside of conduit. The grant is written that we just pull fiber through our conduit. That creates a problem, when the tribe wants to enter into an agreement that says we turn everything over to them in 10 years, if they're unhappy. We can't turn over something to them if it was already ours. We need to figure out how to create that part of the agreement, that we are not turning over something that we paid to put in. I don't think there will ever be a fall out, but we want to make sure if there is that everyone knows what they get at the end of that. Those are my updates for the grants.

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

Reports: General Manager Report:

1. Switch Upgrade
 - a. March Installation
 - b. April/May migration
 - c. Installation and migration to Telco Bridges

2. Transport Upgrade Phase I & II
 - a. Phase 1 (route between Fallon, TRIC, and Reno) February
 - i. Power Upgrades needed at Switch
 - b. Phase 2 (route from North to South) March/April
 - i. Power Upgrades needed at POPS
 - ii. Coordinating Fibers
 - iii. Coordinating temporary space and power in POPS

3. 2024-2025 Budget
 - a. CAP
 - i. Elko
 - ii. 4 Tribe Grants
 - iii. SCA Grant construction
 - iv. Storey County
 - b. TEL/Broadband
 - i. Fallon ISP upgrades
 - ii. Fallon Apartments
 - iii. Fallon FTTH
 - c. Created timeline based upon schedule provided by Comptroller
 - d. Continue towards completion on track

4. Grants
 - a. NTIA SCA
 - i. Annual Report Due In March
 - b. Tribal
 - i. YPT Agreements signed
 1. EAS in progress
 2. 6- month Plan in progress

 - ii. ITCN/Provider construction agreement has been reviewed and commented on by Deputy DA
 - iii. WRPT is in environmental review (not an ITCN project)
 1. EAS continues
 - iv. FPST remains in negotiation for agreements

4. NOC + Services

- i. On-board 6-8 week plan has started

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

Affidavit of Posting:


Public Comment:

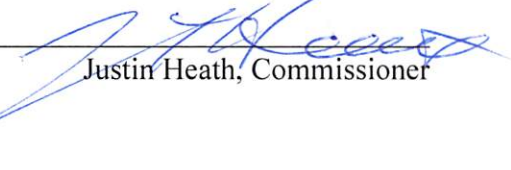
Chairman Myles Getto asked if there was any public comment but there was none.

Adjournment:

The meeting was adjourned at 2:39 p.m.

APPROVED: 
Myles Getto, Chairman

APPROVED: 
Harry Scharmann, Vice, Chairman

APPROVED: 
Justin Heath, Commissioner


Shelly Bunyard, Administrative Assistant


Mark Feest, General Manager/CEO