

**MINUTES OF THE CC COMMUNICATIONS MANAGEMENT**

155 N. Taylor St., Fallon, NV 89406

March 6, 2025

**Call to Order:**

The regular meeting of the CC Communications was called to order at 1:56 PM on March 6, 2025.

PRESENT:           Commissioner Matt Hyde  
                          Commissioner Eric Blakey  
                          Commissioner Myles Getto  
                          General Manager Mark Feest  
                          Chief Financial Officer Jamie Hyde  
                          Administrative Assistant Shelly Bunyard

ABSENT:

**Public Comment:**

Chairman Matt Hyde 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 28th day of February, 2025 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 Myles Getto made a motion to approve the Agenda as submitted. Commissioner Eric Blakey seconded the motion, which carried by unanimous vote.

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

**A- February 6, 2025**

Commissioner Eric Blakey made a motion to approve the minutes of the meeting held on February 6, 2025 as submitted. Commissioner Myles Getto seconded the motion, which carried by unanimous vote.

**New Business:**

**A- Consideration and possible action re: CC Communications 4th Quarter Write Offs for FY 2023/2024 in the amount of \$7,360.85.**

Jamie Hyde, CC Communications. We are asking for approval for the 4<sup>th</sup> Quarter Fiscal Year Write Offs for FY 2023 – 2024 as submitted.

Commissioner Myles Getto made a motion to approve the CC Communications 4th Quarter Write Offs for FY 2023/2024. Commissioner Eric Blakey seconded the motion, which carried by unanimous vote.

**B- Consideration and possible action re: adoption of updated CC Communications organization chart.**

Mark Feest, CC Communications. You should have the attached chart in your packet. The chart is really reflective of how things are operationally currently and have been for some time. The

updates show the positions that are authorized and were in the past budget. Due to recent upcoming retirements, promotions, and hiring will result in one budgeted position remaining unfilled. With the recent departures, we were able to reorganize the chart to show how the work flows currently.

Commissioner Eric Blakey made a motion to approve the updated CC Communications organizational chart. Commissioner Myles Getto seconded the motion, which carried by unanimous vote.

**C- Consideration and possible action regarding project updates: transport network, FPST, Yerington, Storey County, Spring Creek/NTIA, and C15 (Switch).**

Mark Feest, CC Communications. This item doesn't require any action at all unless there is something in this item that you want to give me some formal direction as a board.

The transport network upgrade is the Ribbon gear that was put out to bid last year and funded. It connects us from Fallon to Reno, Reno to TRIC, TRIC to Las Vegas. All of that equipment is installed at this time. The route between Fallon, Reno and TRIC is up and passing traffic. We have run into a problem in the Beatty area. We have a Monday morning call with consultants to discuss what the next steps are to take to figure out this problem. They keep receiving errors in this area. They have changed out testing equipment, lasers and quite a bit of other equipment to try to find this packet loss error. The network has two different functions, one is at one layer your going end to end and the other layer you're dropping off in between. The layer that goes end to end is working. The layer that is dropping off at different locations is having packet losses in the Beatty area. Currently, it doesn't indicate to us that we will be off of our timeline of having everything migrated by the beginning of May. We are having a meeting with everyone to determine what the next step should be.

**Fallon Paiute Shoshone Tribe**

Joe Sanford and I believe that they have all the documents turned into them and they will approve it at their next council meeting. It was the attachments to the agreements that needed to be straightened out. They do have a 6-month plan approved that will allow us to purchase equipment under the grant. We are not going to make any purchase orders until they sign these other agreements. Once the council approves the construction and service agreement, then the environmental assessment will start.

**Yerington**

All of the agreements have been signed for quite some time. The EAS is in progress and is now being reviewed by NTIA. Once the EAS is approved, construction can begin. In this case for this grant, we will start ordering equipment now.

**Storey County**

Virginia City is about 10% completed. We are going to wait until we are about 80% completed before we start hooking up customers. From then on, we will be on a rolling basis going into Virginia Highlands and the rest of Storey County.

### Spring Creek/NTIA

Tract 400 is complete. Currently, one third of the area is complete. We are working on Tract 300 with an anticipated completion date of October 2025. NTIA has a site visit scheduled for March 24-25<sup>th</sup> in Elko. We have previously gone through a desk audit that was not in person but was a day scheduled for conference calls with an agenda. The agenda said at 10:30 am, we're discussing this topic. Whatever item that was discussed at 10:00 am, and if we were finished in 15 minutes, we would have to go off the call and wait until 10:30 am for the next item on the agenda. In this meeting, we will be going through a desk audit in the morning and then in the afternoon they will be doing a field inspection of randomly selected deployed equipment. This is to make sure that we are not just reporting we're doing the work but that the equipment is physically there.

CC Communications and Elko County are working on submitting an extension request based upon delayed start, which was primarily the administrative issues at NTIA. We were actually in the first group of seven companies that were awarded the NTIA BIP grant, and they literally hadn't processed any of the processed procedures paperwork in the federal register. We could not start the project because they didn't have the administrative portion of the grant available to us. We have spoken with NTIA about this all along and it is required to get an extension. We don't anticipate any issues with the extension. We have already provided them with the new timeline and expect that to go through.

### C15 (Switch)

The C15 is a soft switch for voice traffic. It is completely installed, and we are in preparation for cutover. We anticipate the cutover occurring in late March. We have spoken to the Sheriff's Department and will have further discussions with them. Our biggest concern is 911. We do not anticipate an outage of more than ten minutes. We will actually migrate other customers first to see if there are any problems with other customers before we try to migrate 911. We have an outside consulting firm that is helping us with the cutover. They will be available as well as the vendor at the time we are doing the cutover.

### Informational Only

#### **D- Consideration and possible action re: 2025-2026 Budget progress: general status, FTE's, revenues, OPEX, challenges, and CAPEX.**

Mark Feest, CC Communications. Again, no action is needed for this item unless you wanted to provide me some different direction as a board.

#### 2025-2026 Budget progress:

We are working on getting the first budget hearing scheduled.

Jamie Hyde, CC Communications. We have not.

Mark Feest, CC Communications. We will have to have the tentative budget to the county by April 4, 2025, and then the final budget to the county on May 12, 2025.

We will be down one full time equivalent year over year. There will be one less budgeted. Again, that position will still be open.

## Revenues

Exiting the IPTV business results in a reduction in revenue of approximately \$1.2 million. Revenue from the traditional telephone service will continue to decline. Downward pricing pressures for broadband services will have a negative impact on revenues. All that in total, revenue from new and expanding markets is projected to make up for these losses and result in relatively flat overall revenue year over year.

## OPEX

COLA, PERS, and insurance increases will continue to drive expenses, and we will continue to attempt to account for these through other expense reduction in other areas. We will see big expense reductions from the fact we are no longer in IPTV. As noted, when we sought to leave IPTV, while we were going to lose that \$1.2 million revenue, we were losing money from each one of those customers. There will be an offset there.

Demands for redundancy have increased expenses in FY 2024-2025 and will continue in 2025-2026. Now that broadband is really our main product, there is the need to have redundancy and higher bandwidth connections. Part of our transport gear Ribbon upgrade was to allow us to add in, 100 GB transports links. 100 GB transport links cost more than 10 GB transport links. We will continue to see costs to ensure we have redundancy to be a driver of operating expenses increases.

Customer acquisition costs and customer retention costs will continue to move upwards in the competitive environment.

Past and continued reduction in staffing levels, enabled by improved network design and trouble ticket rates. For example, we are trending at about a ½ percent of trouble tickets per month for a number of customers. So far, this month we have had one truck roll in Fallon and two truck rolls in Elko total for all of our trouble tickets. When considering that, everything else is being resolved in the office. This is a big expense reduction not having to truck roll people. That is a place we are hoping to and continuing to contain cost increases to offset those expense increases at this time.

Inflation across all inputs to producing services will continue to be a challenge. It's not only the general inflation we have, but we have some industry specific inflation due to the \$42.5 billion dollar BEAD program. It means everyone is ordering more equipment and supplies.

## Profit Transfer Hiatus

Current iterations indicate that a profit transfer (transfer in addition to the PILT) can be made in the amount of \$850,000 in FY 2025-2026. I have discussed this with the County Manager.

## Cash

Cash projections will be down as we continue to build out Spring Creek/Elko and pursue a few small projects inside and outside the ILEC territory. Over the last couple of years, we have increased the amount of cash we have. This should not be an issue in the near term. Retention

of the \$850,000 we had the hiatus on is reasonable to bring back as an additional transfer in addition to the PILT.

### Challenges

We have a lot of challenges similar to the County. The PERS increase. While the stock market has suddenly has not been good, it is scary to think how good the stock market has been and PERS still wasn't generating enough revenue to keep that contribution rate flat. As with the County on a going forward basis, it is a big deal we have to be concerned about. We have had one truck roll in Fallon, within the last 6 days. That is the way we control FTE, which is our only opportunity to control how much we're paying into PERS. We continue to look for these opportunities. We have gotten to the point that just to cover vacation, sick leave and lunch, there isn't really a reduction opportunity from FTE's.

### Health Insurance

We expect a health insurance increase.

There is continuing downward pricing pressure

### Customer acquisition costs

#### Anticipated broad economic conditions

- persistent inflation for nondiscretionary spending. I think in many cases broadband is nondiscretionary spending. People will fall back to using other lower costs methods and maybe want to see a lower cost in their internet bill.
- contraction of consumer spending

### CAPEX

Our CAPEX will be focused continuing with Spring Creek.

- Targeted City of Elko FTTP – Currently in Elko, we are not taking any jobs, where we are taking a whole area. If we have a targeted business or business opportunity, we are doing a line extension out to them. We have a spreadsheet that sales have to fill out. They get information on what it will cost to extend the line and to get an agreement. That gives us the rate of return for revenue projections that are acceptable. That is still under capital expenses that will come out and use cash.

The Tarana Fixed Wireless Access deployment will be in the CAPEX budget.

Small Churchill County FTTH. This project will 100% be completed by in-house crews for the little spots that remain for FTTH. We are down to less than 400 customers who are currently on copper and receiving internet from us.

Storey County is a grant funded by Storey County. You will see the money that comes in from them on our cash, and then you will see it go back out.

Fallon Paiute Shoshone Tribal grant is again 100% grant based. We pay the money and then we are reimbursed.

Yerington Paiute Tribe is the same as the Fallon Paiute Shoshone Tribal grant.

We have an update with the Te Moak grant. I received a call from ITCN and NTIA. The Te Moak is ready to sign all of the agreements. They now have a different board since the last time we met with them. That board will need to have a board meeting to make sure there are no questions. The consultant from ITCN who works with them, advised it has cleared the hurdles. It will be a fairly quick project, because the Te Moak tribal property sits completely surrounded by the City of Elko where we are already providing FTTH. We will just be extending into their area.

Walker River Paiute Tribe continues to be on hold. They will have to apply for an extension themselves. They are the ones holding the project up. Two issues arose that held up the project. One issue was they started a water project and didn't want us to do construction at the same time as this project. The other issue is they are all under individual allotments. Every single member of the tribe who has an allotment has to sign off on a grant of easement. That has become a big problem and I'm not sure if this project will ever start. They literally have to go to every person to sign. If they give up, the switch will be to do all Tarana in that area. We will have to amend the budget with NTIA and get approval from them. The budget will be lower. That is the current fallback position.

Informational Only

**Reports: General Manager Report:**

1. Human Resources

- a. Retirements
- b. Promotions
- c. New hires
- d. Intern summer plans
- e. Company dinner

2. Business Development

- a. New Hire
- b. Product Development Focus
  - i. Layer 3
  - ii. VoIP phone systems
  - iii. EIS
  - iv. DIA
  - v. FWA
  - vi. Mobile/Cellular

3. Network Planning

- a. JSI Audit
- b. Core redesign/Upgrades
  - i. Migrate subscriber traffic from a NAT design to using CC Communication public IP addresses directly assigned to subscribers.
  - ii. Migrate to new DHCP+ servers

- iii. Eliminate the use of the firewalls for subscriber traffic.
- iv. Increase the core to edge bandwidth to 100 Gb.
- v. Add edge routing redundancy
- vi. Implement 2<sup>nd</sup> 100 Gb route (one is up, the other remains as four 10 Gb links).
- vii. Prepare for IPV6

Chairman Matt Hyde asked if there were any questions or comments from the Commissioners, but there was none.

Chairman Matt Hyde. When we look at this, technology keeps changing and changing and it goes completely against downward pricing. Right? It completely goes against downward pricing, and you constantly have to change this stuff and it's just a battle. I don't understand the battle, why people want to go and give it away. I don't know how they sustain themselves, I guess that is what I'm saying. Some places can file a Chapter 11 and restructure and move on. Those are things that we need to be looking at moving forward. There are other things that I have talked to Mark about away from here that I've learned in DC. It's a competitive world but you have to do these things to stay competitive.

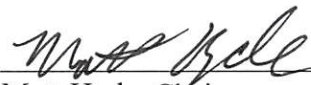
**Affidavit of Posting:**

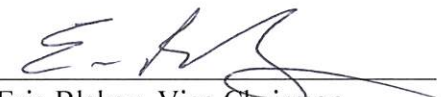
**Public Comment:**

Chairman Matt Hyde asked if there was any public comment but there was none.

**Adjournment:**

The meeting was adjourned at 2.29 p.m.

APPROVED:   
 Matt Hyde, Chairman

APPROVED:   
 Eric Blakey, Vice Chairman

APPROVED:   
 Myles Getto, Commissioner

  
 Shelly Bunyard, Administrative Assistant

  
 Mark Feest, General Manager/CEO