



**Board of Directors Special Meeting  
Davidson Town Hall  
216 South Main Street  
Davidson, NC 28036**

October 24, 2019

**MEETING MINUTES**

Board Members Present: Robert Guth, Randy Hemann, Brad Davis, Brett Ellis, Steven Miller, Jamie Justice (joined by phone), and Mark McDowell. Absent: Larson Jaenicke. Other attendees: Sean Wilbur, Nola Perkins, Aprille Bell (Dixson Hughes) and Jeff Olson (Dixson Hughes).

- **Call to Order/Quorum**

Mr. Guth called the roll and determined that a quorum of the Board was present. Mr. Guth then called the meeting of the Board to order at approximately 6:31 pm.

- **Approval of the September 26, 2019 Meeting Minutes**

Mr. Guth stated that the Board members had previously received and had the opportunity to review the meeting minutes for the September 26, 2019 Board of Directors meeting. Mr. Guth asked if anyone had any additional comments, changes or modifications to those minutes. None were noted. Mr. Guth then asked for a motion to approve the September 26, 2019 Board Minutes. A Motion to Approve the Board Minutes was made by Mr. Davis and seconded by Mr. Ellis and passed unanimously.

- **Results of the External Audit – Dixon Hughes**

Mr. Guth next introduced Mrs. Aprille Bell, an associate of Certified Public Accountants Dixon Hughes Goodman LLP (“Dixon Hughes”), who was present to discuss Dixon Hughes’ audit of Continuum’s Financial Statements for the 2019 Fiscal Year which ended June 30, 2019. Each Board member was given (or had previously been given) a copy of Dixon Hughes’ Report to the Board of Directors of Continuum’s and the Financial Statements and Supplementary Information for the Year Ended June 30, 2019. Mrs. Bell stated that she had participated in the audit had a short presentation for the Board which would review Continuum’s financial results for Fiscal Year 2019 and that both documents described above contained the details of the financial results for the current audit year. She advised the Board that the Financial Statements had been forwarded, as required by North Carolina law, to the Local Government Commission and has been approved by them. She also stated that the Continuum’s audit was clean, there were no deficiencies, or material adjustments and that the audit did not reflect any items that were of significant concern.

Mrs. Bell stated that Continuum’s debt as of the end of the 2019 Fiscal Year continue to be reduced, ending 2019 fiscal year with \$58,127,768. Accounts receivable is very level between 2018 and 2019. The Net Position is still negative, as in prior years however in 2019 it increased by \$950K to -\$7,439,052. Mrs. Bell noted that this was almost entirely related to the additional liability initiated by the state to accrue for pensions. Mrs. Bell

continued by stating that Continuum's cash resulting from its operating activities in Fiscal Year 2019 was \$5,658,752 and had increased from 2018 by about \$100K while the loss has increased by \$1.7 million to \$1,801,626. Again she noted that this was caused by the unusual additional pension accrual mandated by the state. With respect to Capital contributions from Mooresville and Davidson, Mrs. Bell stated that the Towns' Fiscal Year 2019 capital contribution was \$3,246,028. Next, Mrs. Bell explained that Continuum's EBIDA for its 2019 Fiscal Year was 5,429,401 which excludes the net pension adjustment. This was an increase of approximately \$75,000.

Mrs. Bell asked the board if they had any questions. None were made. Mr. Guth stated that this would likely be the last time we will act as a board and on the Board and company's behalf, he wanted to Thank Mrs. Bell and the team at DHG for their years of service.

- **1<sup>st</sup> Quarter 2020 Financial and Operational Update – Sean Wilbur**

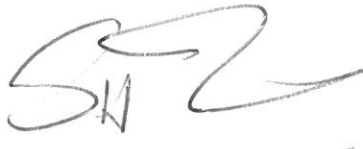
Mr. Wilbur opened by stating that revenue was basically flat when compared to the same quarter in Fiscal Year 2019 coming in at \$5,453,930 up 1% or \$68,391. Breaking this down further, our lower margin products, Voice and Programming revenues continue to erode albeit at a smaller percentage level than the industry is currently witnessing. Conversely, data revenues continue to grow at 7%, delivering \$180K over First Quarter 2019. Moving over to expenses, total expenses for First Quarter Fiscal Year 2020 were favorable when compared to the First Quarter Fiscal Year 2019's expenses by \$49,181. Cost of Goods Sold reflect a \$43,048 increase however \$28K of the expense was for a vendors billing error. Facility Based Expenses were favorable the First Quarter of 2019 by (\$138,502) or -7.18%. This is a function of two things, one bringing phone switching services in house as well as reduce head count. Commercial/Marketing expenses were unfavorable by \$31,017 and Administration Fee's grew by \$10,033. Net income was favorable to the First Quarter of 2019 by \$117,572 for a savings of 18%. EBIDA was favorable to the First Quarter of 2019 by \$122,794 or 8.94%.

- **Roundtable discussion**

Mr. Guth then asked Board members if they had any questions or comments. None were made.

- **Adjournment**

Being that there were no final matters to discuss no further questions, Mr. Guth requested a Motion to adjourn the Meeting. A Motion to Adjourn the Meeting was made by Mr. Davis and seconded by Mr. Miller. The Motion passed unanimously. The meeting adjourned at 7:09 pm.

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