

**MI-Connection Board of Directors Meeting
Davidson Town Hall
216 South Main Street
Davidson, NC 28036**

4/30/15
C.O.B.

October 30, 2014

MINUTES

Board of Director's Meeting

Present: Larson Jaenicke, Leamon Brice, Howard Kosofsky, David Auger, Brad Davis and Steve Miller
Absent: Brett Ellis, Erskine Smith, and Bill Sykes

Other attendees: Alan Hall, Sarah Muller, Rick Kline, Nola Perkins, David Boraks, Aprille Bell (Dixon Hughes) and one unnamed citizen

1. Call to Order/Quorum

Mr. Jaenicke called the roll, determined that a quorum of the Board was present and called the meeting of the Board to order at 6:35pm.

2. Consent Agenda

Mr. Jaenicke moved on to the second meeting topic, the Consent Agenda, an item which referred to an email sent to Board members for review on October 26th. Mr. Jaenicke asked if there are any questions or concerns regarding the 2015 CEO Incentive plan that was attached to the e-mail. There were no questions. A motion was then made by Mr. Davis and seconded by Mr. Miller to adopt the 2015 CEO compensation plan. The motion was unanimously adopted.

3. Minutes Approval

Mr. Miller noted that a draft of the August 28, 2014 minutes had been circulated to the Board for review and comments. It was asked that if there were any changes or corrections to the minutes. There were none. A motion was then made by Mr. Brice and seconded by Mr. Davis for the approval of the August 25, 2014 minutes. The motion was unanimously adopted.

4. 1st Quarter 2015 Financial & Operational Update

Mr. Auger provided the Board with a financial and operational update of MI-Connection for the first quarter 2015 which ended on September 30, 2014. He opened by stating that the Company had a very strong quarter. Customer growth was at levels that were either the same or higher than the same period in prior years despite all the challenges that were faced during the 90 day period of the new billing system and technical support provider. Mr. Auger told the Board that for the quarter revenue was favorable over the same quarter last year by \$518,927 or 11.8%. Total expenses for the period were unfavorable by \$292,805, which is an increase year over year of 8.5%. According to Mr. Auger, most of the variance (roughly 67%) consisted of an increase in cost of goods sold. Operating expenses were unfavorable by \$96,199 year over year or an increase of 5.6%. Most of this was attributable to bringing construction in-house which was effective

over year and MI-Connection's Operating Loss while still negative was also decreasing. Ms. Bell reminded the Board again that the change in depreciation added a significant \$438,000 offset to the Company's bottom line and that although it may have been a needed change, had it not occurred MI-Connection would have had ended the year with an operating income. Finally, MI-Connection's cash flow increased so that less money was required from Mooresville and Davidson to service MI-Connection's debt obligations. Several Board members asked the Dixon Hughes' representative questions regarding the presentation and the Audit Report to clarify certain matters.

6. Roundtable Discussion

Mr. Jaenicke then asked Board members for comments. Several complimented the work on the major projects during the quarter and the continued positive financial results. Mr. Jaenicke asked Mr. Auger to please convey the Board's gratitude to all MI-Connection employees for their hard work and contributions to MI-Connection's progress.

7. Adjournment

Having no other business, Mr. Kosofsky made a motion to adjourn; it was seconded by Mr. Brice and passed unanimously. The meeting was adjourned at approximately 7:45 PM.