

MINUTES OF THE CC COMMUNICATIONS MANAGEMENT

155 N. Taylor St., Fallon, NV 89406
February 4, 2021

Call to Order:

The regular meeting of the CC Communications was called to order at 2:00 PM on February 4, 2021.

PRESENT: Commissioner H. Peter Olsen, Jr.
Commissioner Justin Heath
Commissioner Gregory Koenig
General Manager Mark Feest
Chief Financial Officer Jamie Hyde
Administrative Assistant Shelly Bunyard

ABSENT:

Public Comment:

Chairman Gregory Koenig asked if there was any public comment and any public comment from anyone logging in through Zoom, 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 29th day of January, 2021 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 H. Peter Olsen, Jr. made a motion to approve the adoption of the agenda as submitted. Commissioner Justin Heath seconded the motion, which carried by unanimous vote.

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

A- January 4, 2021

Commissioner Justin Heath made a motion to approve the Minutes of the meeting held on January 4, 2021 as submitted. Commissioner H. Peter Olsen, Jr. seconded the motion, which carried by unanimous vote.

New Business:

A- Consideration and possible action re: sick leave policy for time off due to COVID-19

Mark Feest, CC Communications. We have a policy for COVID-19 that states, if you have to isolate for a family member or yourself who has tested positive for COVID-19, CC Communications will cover the leave. Currently, we are continuing with this policy. The vaccine is coming available to most of the people in the company soon.

I wanted to have this discussion on this item, because I heard the County was maybe going to stop the policy of covering employees sick leave, once the vaccine is available. I just have a couple of topics to discuss:

1. What is the Board's feeling of continuing or discontinuing to cover leave for the employee who chooses not to have the vaccine once it's available?
2. Should limits be placed on the number of days if we continue to cover the leave?
3. Should we simply just follow whatever the county adopts?

I am only requesting this matter be up for discussion and not a motion at this time. I just wanted to discuss this before we draft our policy. The third option is the Board will probably approve a policy for the County. Whatever is approved for the county we should draft the same policy for CC Communications.

Commissioner Justin Heath. We have already approved the policy be extended to March.

Mark Feest, CC Communications. Does that cover post vaccines?

Commissioner Justin Heath. Vaccines are not even in the policy.

Mark Feest, CC Communications. Should we continue to cover an employee's sick leave, if the employee gets COVID-19, after they have chosen not to take the vaccine?

Commissioner Justin Heath. We will probably come across this soon, once the vaccine is more widely available. At this time, we have not even approached this, at the county commissioner's level.

Commissioner Gregory Koenig. It makes sense to me. We are not forcing anyone to get a vaccine, it's entirely their choice. If the employee chooses not to get the vaccine and then gets sick with COVID-19, then the employee they will have to use their own accrued sick leave. That makes sense to me. The vaccine is not yet widely available, to do something county wide yet. When we do get to that point where the vaccine is widely available, the employee doesn't have to have the vaccine. However, if the employee chooses not to get the vaccine and get sick with COVID-19, that is the risk the employee took and will need to use their own time for the time they have missed from work.

Commissioner Justin Heath. Down the road, the OSHA clause will come into effect where an employer will have to protect everybody from death. A lot of business will start looking at that clause, as a reason why they will have to make it mandatory for the vaccine. That's looking into the future.

Mark Feest, CC Communications. I just wanted to get an idea of where the County was with the COVID-19 leave policy. Once the policy changes and the vaccine becomes available, I want to make sure that we come back with a request for a motion.

Commissioner Justin Heath. I feel, that when it becomes generally available, then you can put the clause in the policy that you won't cover the sick leave.

Commissioner H. Peter Olsen, Jr. It seems reasonable and we should be hopefully well passed people insisting on going to work even though they are sick. That is the only downside to not offering it. On principle, we are right, if an employee is offered the vaccine and refuses, then gets sick, it is a choice. The county shouldn't stand the cost.

Mark Feest, CC Communications. This gives me the information I was looking for to understand where the County is coming from. I wanted to make sure that if we do update that policy, it can be approved at that meeting.

Commissioner Gregory Koenig. You do have a little bit of time, because the second booster is still one month out after the first vaccine. Once the majority of the employees have had the first vaccine, there is still another month for them to get the second vaccine. This should give you some time to come up with a policy.

Mark Feest, CC Communications. We want to give direction to our employees of where we think we are going with this. I think this will have an effect on encouraging people to get the vaccine. Any company or society in general, that take rate maybe be lower than what we hope for. We do want to make sure our employees have an idea of what direction we are headed with this.

Commissioner Justin Heath. You probably have at least another six months.

Mark Feest, CC Communications. That long?

Commissioner Justin Heath. Yes. I think eventually this will become mandatory, at least on the state and government levels.

Chairman Gregory Koenig asked if there was any public comment and any public comment from anyone logging in through Zoom, but there was none.

Informational Only.

B- Consideration and possible action re: Annual Leave Conversion Program Policy.

Mark Feest, CC Communications. We do not have a conversion policy for a one-time per year, if an employee has excess leave, they can use that leave to purchase either PERS time or 457 credit. Per the state law, if an employee starts working after a certain date, the employee is not able to buy PERS time. The employee would only be able to convert this time into a 457 credit. About 28 of our employees were hired past this date and growing every day. The County does have this same exact policy. All we have done is change where it says County Manager to General Manager. The reason I would like to adopt this conversion policy, is because we are getting a lot of employees who have excessive leave built up. Despite the fact, that we were covering peoples sick leave, if they caught COVID-19, which we really didn't have an issue with that. We do have some leave build up. If we had a policy that mirrored the county, I don't think we would have the leave build up. I have a concern that once this is over, employees will be making massive leave requests. We will just mirror the county's policy. We will also add into

this policy, a one-time additional conversion opportunity that will have to be processed by June 30, 2021. The reason for this is to give those employees who have been building up significant leave time an opportunity to convert their time, had we previously mirrored the county's policy.

Chairman Gregory Koenig asked if there was any public comment and any public comment from anyone logging in through Zoom, but there was none.

Commissioner Justin Heath made a motion to approve Annual Leave Conversion Program Policy together with a one-time additional conversion opportunity to be processed and paid by June 30, 2021. Commissioner H. Peter Olsen, Jr. seconded the motion, which carried by unanimous vote.

C- Consideration and possible action re: Benchmark Capital proposal.

Mark Feest, CC Communications. From time to time, we are contacted by private equity groups or groups that specialize in selling rural telephone companies. At times, they will offer this free analysis, which will take the company's financials and a management discussion under a non-disclosure agreement. They will compare the company's performance, assets, and opportunities to recent sales and will provide an analysis. The value of the analysis is for management. They will give you numerous metrics and performances of other companies. While CC Communications is unique because we are owned by Churchill County, most small companies are owned by publicly traded companies. There are a couple and they have aggregated small companies to a size to where the companies became a publicly traded company. Aside from those few companies, it's hard to understand how the company compares to average revenue per user. There is value in receiving this analysis.

Benchmark Capital is hoping we will receive it and will give us a swag on what we would expect in a sale and that we will see the numbers, get excited and sell. Knowing this industry, they will do these analysis' because they figure they will get maybe one out of fifty companies that will sell, and they will receive a commission. I think this will provide us valuable information that is not publicly available. I have not brought this before the board before because I have any intentions of saying we should sell no matter what the number is. I think there is a value to the company beyond its cash value, if it were to be sold. I do think this is a way to get information, that can't be found otherwise.

I am asking for approval to have Benchmark Capital complete a preliminary analysis of the company.

Commissioner H. Peter Olsen, Jr. Is there a cost?

Mark Feest, CC Communications. This is no cost for the analysis. They have a bunch of proprietary information that they have collected from other transactions they have done. They also have other abilities to get access to that information. Benchmark will then compare our company to other companies in many different categories, as well as what the results would be if the company were to go into an open market sale.

Chairman Gregory Koenig asked if there was any public comment and any public comment from anyone logging in through Zoom, but there was none.

Commissioner H. Peter Olsen, Jr. made a motion to approve Benchmark Capital to prepare a preliminary analysis and evaluation of CC Communications market value. Commissioner Justin Heath seconded the motion, which carried by unanimous vote.

D- Spring Creek Project Update.

Mark Feest, CC Communications. This is a discussion item only. The meeting prior to the two new commissioners being on the board, I had reported on delays in permitting and acquiring backhaul links from Elko. At that time, it was projected to be about a three-month delay to the end of March to turning up the first customer. This projection continues to hold as of the end of January. NDOT has cleared out of the Right-Of-Way on Lamoille. They have our drawings. NDOT pulled our approved permits back because they changed where they placed their facilities. They said we have to align our vaults with theirs. We had to wait until they put their final vaults in. They have completed that and provided us the as built. We had to then re-submit the permit, which is still in review status.

Our unfulfilled order for backhaul links had to be reordered through another carrier. At the time I had reported this, they should be due sometime in late February or early March. On Monday, we received an update that they should be ready for testing early next week. This is about six weeks earlier than the original estimate of the delay.

The City of Elko has approved utilizing additional conduit under the Mountain City Highway. This allows us to avoid cutting the road adjacent to the airport. The previous plans showed us going through the Mountain City Highway between the Elko City Airport and Silver Street. This plan was costly and time consuming with traffic control. The City of Elko indicated that they would allow us to go into some empty conduit they owned. This took awhile to be approved through their city council meetings. Now that it is approved, the fiber will be placed next week and will meet the facilities that have already been placed between 12th Street, Silver Street and Mountain City Highway.

Summit Estates service facilities are almost completed. I had reported previously regarding the joint trench that Q&D Construction had originally said they would complete our facilities and Southwest Gas at the same time. When they got into Summit Estates, which is homeowners association owned, they found there were not good records kept of what utilities and lines were already in the ground. Q&D Construction felt it was too difficult to place both facilities at the same time in the ground, when they are having to make a lot of changes on the fly due to running into things. This is now completed, and our facilities will be completed next week.

Our 12x20 prefabricated building that will sit on Block Distribution Properties on Silver Street and will house our electronics, is awaiting NV Energy's power drop. NV Energy has advised they will give us the drawings for this as soon as they receive a check. The check will be mailed out on Friday.

These things are not really holding us up. NDOT is the one really holding us up. Until the NDOT permitting is completed on the Lamoille Highway, everything else will be waiting on that.

Southwest Gas has provided phase II plans. Phase II goes through Summit Estates and nine miles down the Lamoille Highway. It will be adjacent to three of the four housing tracks in Silver Springs. We will have that backhaul fiber passing three or four tracks. Southwest gas has changed from their original plan two years ago. The original plan was to go all the way to the end and then build one neighborhood at a time. Now their plans for phase II goes nine miles and only goes a few streets in, to three different housing tracks.

Right now, we are pricing going alone to one of the tracks and then following in the joint trench into two of the other housing tracks. The reason we want to do that is to allow us to meet our timeline in phase II and phase III, for numbers of homes passed. I believe this number will be in the already approved budget, so it will not take another approval. Our plan is to see what it would take to go alone on distribution. The distribution inside Spring Creek track is relatively inexpensive because it is not curbed and guttered. A lot of the residents do not have driveways that go to the street. This means we won't end up with a lot of bores and the fiber can be just plowed in.

The drop fiber for micro-duct remains on backorder. This is not a phase I issue, but previously was reported that it was on backorder. We still anticipate that we will receive it at the time we will need it.

We now have ONT's and Network interface devices in stock which is essentially enough for phase I and phase II in stock now. We also have more coming that are on order.

The equipment for the first large apartment complex that sits on 12th Street is in and has been configured. It just needs to be placed. Until the backhaul is there and the permitting is completed placing the equipment, it will not go anywhere out to the internet, yet.

We are seeing a robust response on our Spring Creek Internet website. There is an opportunity on the website to for the customer complete a contact form. This will notify us that a customer is interested in pre-signing up. We are waiting until phase II is actually underway to pre-sign anyone up who residing in the Spring Creek tracks. This response has made us consider diverging from Southwest Gas distribution trench in at least one of the three tracks, that is in the Southwest Gas phase II joint trench. If we can get enough people pre-signed up, it makes sense to get in there quicker than on the Southwest Gas timeline, subject to pricing the job out.

Commissioner H. Peter Olsen, Jr. How many customers will we have by mid-summer?

Mark Feest, CC Communications. The mid-summer group is 520 passed units. We only utilized a 50% take rate. In the projections we would be in the group of 260. If I had to guess, I think we are going to do much better than that. Anything below that, will be caused by difficulties in doing the installs by a human resources standpoint. On that subject, we will have two people

there and two people from NNE Construction who will be committed to just doing installs. An install on new construction is easier than an install on a new customer. Some of the things an installer would have to do for a new customer has already been completed on a new construction, which makes it much easier. It's a quicker install and we're guessing that we can do sixteen installations per day. The 260 customers that were used in the projections, should be able to be met.

We have had a discussion with NNE about committing more people to just doing installs for us. This comes from looking at our tickets, currently we have 8.9 times as many tickets on copper as there is on fiber. On fiber a significant number of those tickets can be resolved without a truck roll. I don't want to get to a point where we are hiring our own employees to do installs that won't have anything to do when it comes to only doing trouble tickets. Utilizing NNE Construction, to do installs in order to ramp up quicker, is a better way to go. NNE has done installs for us before.

Commissioner H. Peter Olsen, Jr. How many people do you think we will need when we get a couple of years into this?

Mark Feest, CC Communications. If we our current rate on fiber, two people will probably be to much, but one person will not be enough.

Commissioner H. Peter Olsen, Jr. Ok

Mark Feest, CC Communications. We also have to do locates. Locates can be contracted out or they can be done ourselves. With the amount of construction that is going on along that path, we anticipate that there will be a strong number of locates. We plan to have both technicians trained to do locates and then between trouble tickets they can do locates.

Commissioner H. Peter Olsen, Jr. Will they just be working out of their trucks?

Mark Feest, CC Communications. No, we will have a location by the end of phase II. Right now, we are utilizing a yard at NNE. Where we have the small building is located, Block Distribution Properties, has offered up additional space. There is also an empty building there too.

Commissioner H. Peter Olsen, Jr. Ok.

Chairman Gregory Koenig asked if there was any public comment and any public comment from anyone logging in through Zoom, but there was none

Informational Only.

Consent Items:

A- Consideration and possible action re: PO# 18055, Fallon Ford Toyota, \$91,239.12 supply trucks for the Elko/Spring Creek project. Tel 2003-000-00-0 Job# Tel 21-3087 NRS 332.115(1)(A)

Commissioner H. Peter Olsen, Jr. made a motion to approve consent item as submitted. Commissioner Justin Heath seconded the motion, which carried by unanimous vote.

General Managers Report:

1. COVID – 19 Update

Lobby Closure and TT/Install

- No changes

Peak Internet Usage

- Aggregate usage is running at 58% of capacity, while the peak period is trending slightly down from January. After 3 months in a row of our highest peak usage ever, January was down slightly.
- Continuing work to add additional capacity to protect against degradation in service in the vent we need to completely failover during peak hours.

2. HR/Employees

- a. We have several positions open and actively seeking both internal and external applicants.
 - i. Combo Tech X2
 - 1. 2 filled
 - ii. Network Circuit Engineer
 - 1. Filled
 - iii. Internet Systems administrator
 - 1. Continue to recruit for this position.
 - iv. NOC Technician
 - 1. Filled
 - v. General Clerk posted

3. New Building

- a. Footings are being poured
- b. In process for selecting FFE
- c. Lots have been annexed into the City.
- d. Asbestos has been remediated in old C5 BLDG.
- e. A few minor change orders are in the works.
- f. At the weekly meeting the contractor says they are on schedule.
- g. Met with JNA Consulting re: loan.
 - i. AI – Sanford to draft resolution
 - ii. AI - Jamie will verify cost study impact of loan term and depreciation schedule varying.
 - iii. AI - JNA will provide engagement letter.
 - iv. AI -JNA will provide checklist for getting this in front of banks.
 - v. AI – Sanford will handle contact with Bond Counsel as necessary.

4. Spring Creek

- a. We are waiting on NDOT to clear the way on Lamoille HWY in order to finalize permit for boxes. The final drawings require we align with NDOTs as-builts. NDOT says that the as-builts will be available December 7, 2020.
 - i. Completed about a week late.
 - ii. We provided our updated permits and they are in review.
 - iii. Our unfulfilled order for backhaul links has been re-ordered through another carrier. We are looking at about another 2 weeks.
- b. Summit Estates service facilities are almost done.
 - i. SW Gas got out of our way right before Christmas. Construction of drops and intercepts continue.
- c. Our 12x20 prefab building is arriving this week and will be set next week, powered and racked and stacked.
 - i. This is on site and awaiting NV energy to drop power.
 - ii. NVE says next week.
- d. SW Gas has provided Phase II plans.
- e. Drop fiber for micro-duct remains on backorder.
- f. ONTs/NIDs are in.

5. Business Development

- a. Met with Mark IV Capital on-site in Fernley regarding their development of the “Victory” Project. CC Communications submitted a plan for delivering services to business park.
- b. Received plans for Sky Ranch PUD, which are in review.
 - i. Meeting set for February 9th
- c. Met with IT Manager for Pyramid Lake Tribe.
- d. Met with Douglas County WISP.
- e. Working on acquiring 100GB DIA from Las Vegas to Reno for initial distribution to 2 ISP’s, Pyramid Lake Tribe, and 2 Reno businesses.

6. Boards and community outreach

- a. CEDA Bd. Meeting
- b. CEDA business council board meeting
- c. NTA board meeting
- d. WTA Board
- e. Oasis Bd. Meeting.

- f. Meeting set for February 11th with CCSD Superintendent, Oasis Academy CAO, and WNC Fallon Director, re: workforce development project.

Public Comment:

Chairman Gregory Koenig asked if there were any comments or questions but there were none.

Adjournment:

The meeting was adjourned at 2:40 p.m.

APPROVED: _____

Greg Koenig, Chairman

APPROVED: _____

H. Peter Olsen, Jr., Vice, Chairman

APPROVED: _____

Justin Heath, Commissioner


Shelly Bunyard, Administrative Assistant


Mark Feest, General Manager/CEO