

**MINUTES OF THE ANNUAL MEETING OF THE MEMBERS OF
EASTERN SLOPE RURAL TELEPHONE ASSOCIATION, INC.
HELD JUNE 18, 2019**

The Annual Meeting of the Members of Eastern Slope Rural Telephone Association, Inc. was held Tuesday, June 18, 2019, at the Lincoln County Fair Building in Hugo, Colorado.

CALL TO ORDER, WELCOME AND INTRODUCTIONS Following the complimentary dinner served between 6:00 and 7:00p.m., the Annual Meeting of the Members of the cooperative corporation was officially called to order at 7:00p.m. by the corporate President, Keith James who welcomed all present to the 67th Annual Meeting of the membership of the cooperative. The Pledge of Allegiance was led by President James. President James then introduced the members of the Board of Directors. He then introduced Edward Zorn the corporate attorney; Wendy Moris of TCA, Inc., the corporate consulting firm; and Tammy Totzke of BKD, LLP, the corporate independent auditing firm. President James then called upon General Manager Patricia L. White who thanked Troy and Mona Merrill of “Barbeque Specialties” of Woodrow, Colorado who provided the meal for the members and guests and introduced the employees of Eastern Slope.

NOTICE OF MEETING - QUORUM DETERMINATION Attorney Edward Zorn was called upon to assure the members that proper legal notice of this year’s Annual Meeting of the Members had been provided in accordance with the by-laws of the cooperative. Zorn announced he had reviewed a sworn publisher’s affidavit verifying proper and timely publication of the Notice of this Annual Meeting in the *Eastern Colorado Plainsman*, published at Hugo, Colorado, and stated he had also examined an affidavit of General Manager Patricia White, verifying that a copy of the official notice of this Annual Meeting was timely mailed to each member.

The Attorney then reminded those present that the corporate by-laws specify fifty members, present in person at the meeting constitutes a legal quorum, and announced 116 members had registered and were present. Zorn then declared that it was evident from the documents prepared and presented, the Members’ Annual Meeting was regularly scheduled and called; the prescribed notices had been given; and a quorum was present for the transaction of business, including the election of Directors.

PAST MINUTES The President called for a reading of the Minutes of the previous meeting and upon motion duly made, seconded and unanimously carried, the members dispensed with a reading of the Minutes of last years’ Annual Meeting of the Members held June 8, 2018 and the minutes were approved.

GENERAL MANAGER’S REPORT Manager White began her presentation by thanking all attendees. Manager White showed a map of Eastern Slope’s service territory. She then explained the Fiber-to-the-Home and Fiber-to-the-Node upgrade in the Bennett Exchange was completed at the end of 2018. She also showed the growth in subscribers in Bennett as a result of this upgrade.

Manager White recapped the details of the \$18.7 million-dollar loan Eastern Slope received in 2011. With this money, Eastern Slope placed over 900 miles of Fiber and 149 electronic cabinets. She used a graph to show how this upgrade helped to grow Eastern Slope’s DSL customer counts from just under 1800 subscribers in 2014 to just over 2200 subscribers in 2019. She also explained how this investment has made Eastern Slope’s property taxes increase and how property taxes are a key part to all of our communities.

Manager White’s next topic involved Eastern Slope’s regulatory environment. She explained that in the near future we will have to make a decision regarding our Federal Support. There are two options; the existing USF funding mechanism, which is the support we have been receiving; or there is a new model-based support. She explained the management team and the Board of Directors would be working through each option to decide which is best for the future of the cooperative. She also explained that broadband mapping is a very hot topic with the FCC. The FCC is trying to figure out the best way to get an accurate map of what speeds are truly available in all areas across the United States. Eastern Slope staff will keep a close eye on this to ensure we are accurately represented on these maps.

Manager White informed the membership that Eastern Slope had recently done an upgrade in the east 9 exchanges that resulted in giving our customers more speed for the same money. With this upgrade, an employee of Eastern Slope reached out to all customers impacted by this change to notify them of the upgrade and answer any additional questions.

Manager White informed the membership that over the last 7 years, the cooperative was able to give back to the members more than \$2.9 million-dollars in capital credits. She also explained that in 2018, Eastern Slope allocated back to the members 51% of what they paid for the year. In closing, Manager White thanked all those that attended and provided her contact information for questions or concerns.

FINANCIAL REVIEW Manager White introduced the cooperative’s auditor, Tammy Totzke of BKD, LLP in Colorado Springs, to review and comment upon the significant figures in the income statement and balance sheet printed in the Annual Meeting program. Tammy explained Eastern Slope is very strong financially. She explained that Eastern Slope had increased their plant by 18% from 2017 to 2018. Even with this large investment, the cooperative was able to have a strong liquid cash balance on the balance sheet. She went on to explain the increase in long term debt with the final draws on the loan Eastern Slope received in 2011, however it is still a very manageable debt balance. She moved on to the Income Statement explaining that there was a 14% increase in revenues and a 5% increase in expenses, which resulted in a larger net income this year. She explained that the company has a very strong positive cash flow statement. Finally, she explained that CCT, LLC, the fiber ring company that Eastern Slope invested in, did very well again last year. Eastern Slope’s share of the net income from CCT, LLC was \$50,000.

NOMINATING COMMITTEE REPORT The President asked Edward Zorn, the corporate attorney, to report nominations for the office of Director. Zorn reported that to fill the vacancies in the offices of Director occurring with this Annual Meeting, legally sufficient Nominating Petitions have been filed to nominate Larry Haller to serve as Director for the Woodrow exchange; John Higgins, for the Genoa exchange; Roger Saffer, for the Eads exchange; and Thomas Sauter, for the Bennett exchange. He then announced that there had been no other nominations made in accordance with the by-laws of the cooperative, and therefore, a motion would be in order to elect the four nominees to the office of Director by a unanimous ballot. The necessary motion was made, seconded and was duly adopted by voice vote of the members assembled. Larry Haller, John Higgins, Roger Saffer, and Thomas Sauter, were, thus, duly elected to serve three-year terms as members of the Board of Directors of the cooperative.

PRESENTATION OF SERVICE AWARDS President James presented the following plaques for years of service to the cooperative: Roger Saffer and John Higgins for 10 years of service. He also congratulated Damian Duran on his retirement in April after 21 years of service to the cooperative.

OLD AND NEW BUSINESS; ADJOURNMENT When the drawing for door prizes had been completed, President James then called for any old or any new business to come before the meeting. There was none. James thanked Sue Anderson, Brenda Dutro, Brenda Higgins, Denise Kelly, and Cindy McCallum for providing the entertainment during the meal, he thanked Troy and Mona for the meal, and he complimented and thanked the members for their interest and for attending their Annual Meeting and declared the meeting adjourned at approximately 7:56p.m.

Respectfully submitted,
Jerry Smith, Secretary

**MINUTES OF THE ANNUAL MEETING OF THE MEMBERS OF
EASTERN SLOPE RURAL TELEPHONE ASSOCIATION, INC.
HELD JUNE 23, 2020**

The Annual Meeting of the Members of Eastern Slope Rural Telephone Association, Inc. was held Tuesday, June 23, 2020, via Telephone Town Hall. **CALL TO ORDER, WELCOME AND INTRODUCTIONS** The Annual Meeting of the Members of the cooperative corporation was officially called to order at 7:00p.m. by the corporate President, Keith James who welcomed all to the 68th Annual Meeting of the membership of the cooperative. The Pledge of Allegiance was led by President James. President James then gave the invocation before introducing the members of the Board of Directors. He then introduced Edward Zorn the corporate attorney; Tammy Totzke of BKD, LLP, the corporate independent auditing firm; and the management staff for Eastern Slope. General Manager Patricia White, introduced herself and turned the meeting over to Attorney Edward Zorn for the legal determination of the meeting.

NOTICE OF MEETING - QUORUM DETERMINATION Attorney Edward Zorn was called upon to assure the members that proper legal notice of this year's Annual Meeting of the Members had been provided in accordance with the by-laws of the cooperative. Zorn announced he had reviewed a sworn publisher's affidavit verifying proper and timely publication of the Notice of this Annual Meeting in the *Eastern Colorado Plainsman*, published at Hugo, Colorado, and stated that he had also examined an affidavit of General Manager Patricia White, verifying that a copy of the official notice of this Annual Meeting was timely mailed to each member.

The Attorney then reminded those present that the corporate by-laws specify fifty members, present in person at the meeting constitutes a legal quorum, and announced 58 members had registered and were present. Zorn then declared it was evident from the documents prepared and presented, that the Members' Annual Meeting was regularly scheduled and called; the prescribed notices had been given; and a quorum was present for the transaction of business, including the election of Directors.

FINANCIAL REVIEW Manager White introduced the cooperative's auditor, Tammy Totzke of BKD, LLP in Colorado Springs, to review and comment upon the significant figures in the income statement and balance sheet printed in the Annual Meeting notice that was mailed. Manager White stated the financial statements could also be found on the website at www.esrta.com. Tammy explained that Eastern Slope is very strong financially. There was a large increase in revenues, mainly due to the election of ACAM for Eastern Slope's funding mechanism. Tammy explained the expense increase was mostly due to the increase in depreciation from the plant that had been added over the last couple years. The operating income is very strong at over \$2 million dollars and cash and investments are also up. She went on to explain that it will be important to budget in the future to meet the ACAM obligations and pay off the long-term debt liability. Finally, she explained even with the large debt liability, the coop has still been able to give back through donations and capital credits. Tammy also stated the staff continuing to operate and serve the cooperative during the pandemic should be acknowledged and she would stay on the line until the end of the meeting in case anyone had questions. She then turned the meeting back over to Manager White.

GENERAL MANAGER'S REPORT Manager White began her presentation by thanking Tammy for the financial review and all attendees for joining the call. Manager White explained that through this COVID Pandemic we have learned just how valued our broadband service is. Now more than ever a great broadband connection is the crucial link to loved ones and the things we need. Since March, when the pandemic surfaced, through today, Eastern Slope has added 125 new broadband connections and we saw our total network usage increase by 38% in just three months. Manager White thanked and praised the Eastern Slope staff for continuing to provide installs, repairs and great customer service through these unique times, even though the offices were closed from mid-March through May.

Manager White's next topic involved Eastern Slope's election of ACAM, or Alternative Connect America Cost Model II. This model provides consistent support for 10 years, versus the rate of return model that we have received in years past. The support does come with an obligation to provide 25/3 broadband speeds to certain hard to serve locations within our area. Eastern Slope staff is working on extending the fiber in certain areas to meet these ACAM obligations. Once the obligations are met, the excess funds will be used for the retirement of capital credits, to upgrade our network, invest to earn interest, and pay off debt.

Operationally, Eastern Slope transitioned to a four-day work week in October. The 10-hour days will allow staff to spend more productive time on construction sites and allow for more staff enrichment, such as training and planning. This allows us to serve our customers during the early morning and late afternoon hours. We continue to have 24/7 helpdesk support and an on-call system to meet our customers' needs after hours. The new office hours are Monday-Thursday 7:30a.m. to 5:00p.m.

In 2019, Eastern Slope was once again able to show our commitment to the communities through several donations. In total, Eastern Slope gave back \$18,000 to our communities. This included a technology grant provided to each school district in our area to purchase video equipment, iPads or Chromebooks, and software for specialty programs. We also awarded three \$1,000 scholarships to graduating seniors.

Finally, Manager White went over some very impressive growth numbers of the cooperative. Since 2018, Eastern Slope has seen a 6% increase in access lines. From 2011, when we received the RUS loan to today, broadband subscribers have increased almost 60%. We are also seeing a trend of customers bumping from the lower tiers of internet service, to the higher tiers. All of these trends further support the fiber investment over the last 9 years, and our transition from a telephone provider to a broadband provider. In closing, Manager White expressed how much she missed seeing each member in person this year and is hoping to be able to meet in person in 2021. She recognized Jerry Smith, Director from the Flagler Exchange; for his 25 years of service to the cooperative. She closed with reminding the members that capital credit checks would be mailed out tomorrow. These checks are for customers who had service in 2006 or 2018 and totaled over \$512,000.

NOMINATING COMMITTEE REPORT Manager White turned the meeting back over to Edward Zorn, the corporate attorney, to report nominations for the office of Director. Zorn reported that to fill the vacancies in the offices of Director occurring with this Annual Meeting, legally sufficient Nominating Petitions had been filed to nominate Jerry Smith to serve as Director for the Flagler exchange; Virgil Lessenden, for the Haswell exchange; and William Bledsoe III, for the Kit Carson exchange. He then announced that there have been no other nominations made in accordance with the by-laws of the cooperative, and therefore, a motion would be in order to elect the three nominees to the office of Director by a unanimous ballot. The necessary motion was made, seconded and was duly adopted by polling vote of the members assembled. Jerry Smith, Virgil Lessenden, and William Bledsoe III, were, thus, duly elected to serve three-year terms as members of the Board of Directors of the cooperative.

OLD AND NEW BUSINESS; ADJOURNMENT President James then called for any old or any new business to come before the meeting. There was none.

QUESTIONS Manager White entertained questions from the membership.

Hearing no further questions from the membership, at approximately 7:35p.m. the meeting was adjourned.

Respectfully submitted,
Jerry Smith, Secretary