

Annual Midco Meeting. March 14<sup>th</sup>, 2018.

Commission members in attendance: Mara Bain, Dianne Halfen, Steve Kronmiller, Doug Wood, Jeff Duraine.

Guest Speakers: Jason Sachs, Field Operations Manager-Cambridge and Tony Harding from Midco  
Paul Peterson from LATV

Dianne called the meeting to order at 4:10 pm and lasted 110 minutes.

Jason Sachs started off the meeting by providing the subscriber numbers for Forest Lake, Columbus and Scandia. Paul was interested in knowing how he can get the actual numbers of subscribers, so we can see how many people are watching. Jason responded when a subscriber pays that is how the totals are tallied. By each payment made. The total numbers are from February 2017 and February of 2018 video compared to data/internet subscribers.

<b>Video Subscribers</b>	<b>2017</b>	<b>2018</b>	<b>Difference of</b>
<b>Forest Lake</b>	2386	2303	-83
<b>Columbus</b>	263	260	-3
<b>Scandia</b>	214	223	+9
<b>Data/ Internet</b>			
<b>Forest Lake</b>	3381	3569	+188
<b>Columbus</b>	407	433	+26
<b>Scandia</b>	328	385	+57

Jason explained that the industry trend, was to see a drop in video subscribers due to Midco offering more options to the subscribers i.e.: TiVo. The price for subscribers went up because of the services added even though subscribers to video are down which is why there hasn't been a monetary effect.

Jason stated that the "Central Service Area" region (Scandia, Columbus and Forest Lake) is the second fastest growing area in Midco's service areas. They do door to door sales and the area they do serve, as well as areas around that, they are able to expand and have room for growth. According to Jason, 51% homes passed have Midco as their service provider, either for data or video. Over the last six years, the growth has been 2500-3000 new subscribers yearly and is steadily rising every year.

Jason informed us of a couple grants that Midco and the communities of Columbus, Scandia and a small part of Forest Lake had applied for three years ago that were rejected, stating that the history of grant receivers were centralized to the "outer, more un-served areas". That "underserved" areas were not included in that. He has met with Neil at Scandia to see what Midco can do to get more service areas as well. Cable tv companies are more restricted/cost prohibitive in serving rural areas.

Steve has a group of citizens he meets with monthly to see how to expand services, trying to find out what the actual numbers are, what to expect and what will it take to get to the ideal point for full

coverage service. He has upcoming meetings with Frontier, Blandin and CDA. Steve requested Jason to meet with Scandia and Jason said he will.

A typical "low-end" subscription costs \$19.95 plus equipment fees, per month. Each tv needs a box of its own or you can get HD digital adapters for \$3 per tv. A low-end subscription gives you limited channels. (37 along with local).

Jason gave us all the "new" services that Midco is offering or planning on offering in the future. In the summer of 2017 Midco launched the internet "gig" service, which gives any subscriber access to more gigs. They are currently working on increasing the upload speed for current and future subscribers.

He stated that when it comes to new builds: new builds require new nodes. Nodes can be spliced off current fiber cables but that there must be enough houses in a specific area to make it cost effective. Currently the minimum number is 25 houses per mile.

Midco has also launched "whole house Wi-Fi" which covers a home under 2000 ft. They are working on "air-ties" which will expand the Wi-Fi area in a home over 2000ft.

Tv on the go is a new launch as well. As a paying subscriber to Midco's service, you can download apps that let you have tv everywhere. You can view Netflix and Hulu as examples. If you want to watch HBO or a different premium movie channel, you must subscribe to that.

TiVo is a service they have offered for many years, this is one of many that has kept the revenue coming in and the franchise going for LATV.

They still offer home phone service.

A brand-new service Midco just released a couple weeks ago is "Smart Home Security". It is currently available in Forest Lake and Columbus. It will be launching in Scandia in June of 2018. This service is in comparison to ADT. You can have water sensors, cameras, thermostat, lights, and door locks attached to the programmable touch screen installed in your home all easily managed through your cell phone.

Currently the standard package (one touch screen, three door sensors and a motion sensor) costs \$39.95 per month. This includes the monitoring fee that is required. You can purchase other products through Midco or Amazon for which you do not pay any extra fees for if you purchase them on your own. The monitoring is done via the internet and back up monitored through a built-in cellular touch screen panel.

Mara Bain brought up the new development in Forest Lake, "Chestnut Creek", which is currently the largest development in Forest Lake. She inquired why Midco was not in the trench that was dug. Jason stated that Midco is not required to join in a trench if it is too far from a splice point, that it was 3500 feet from the entrance. Now that the trench has been dug and Midco isn't in it, it will cost Midco 70% more to splice into it to join the trench.

As of right now, Forest Lake doesn't require cable in a build. It currently costs Midco \$55,000 per mile to have their fibers dug in to a trench. There are zero fibers ran along the frontage roads. There are no options due to the high cost for installment currently for businesses along the frontage road to use Midco as a subscriber. Running Aces paid to have the fibers ran to them and have a direct fiber circuit.

That will make it easier and cheaper for other businesses to splice into the fiber lines already ran. There are connections in the fibers for expandability if needed.

Jason stated that Scandia has fiber lines running to the city hall and there is plenty of room to expand to new customers with the new proposed zone (3 to 6 units per acre). .33 acre lots are ideal Jason said.

Jason stated that in 2019 Central Minnesota is a prime spot to expand. Due to a new purchase Midco has made of a fixed wireless company. They are hoping to have the prime spot in Central Minnesota. It would be for internet only and would be a fixed wireless building.

Midco is also getting service in the newly built "Lighthouse Lofts" in downtown Forest lake. They are hoping to be the only service providers in the building. Midco is also providing fiber and co-ax to the new apartment building "Arbor Ridge" near St. Peter's church.

A good point was brought up in the meeting by Mara of "if we can charge franchise fees for cable tv, why not for internet?" That is something that is being investigated still.

Jason closed the meeting out with, over the last six years, the revenue stream has been stable, and that Forest Lake meets the 25 homes per mile requirement per franchise requirement, which then requires Midco to cover the install of fibers in the new developments being built.

Steve and Jason tentatively set March 28<sup>th</sup>, 2018 for a meeting regarding Scandia.

Mara will follow up regarding the background behind the Chestnut Creek trenching notifications.

It was agreed to set Midco/FLCC annual meeting around the same time each year.