

2009 Annual Meeting Minutes

July 10, 2009

The 75th Annual Meeting of Beaver Creek Cooperative Telephone Company (BCT) was called to order by Robert George, Chairman of the Board, at 7:00 pm on Friday, July 10, 2009.

Welcome and Introductions

The Chairman of the Board, Robert George, welcomed members and introduced the directors and management seated at the head table.

Reading of the Notice of the Annual Meeting

A motion was made and seconded to dispense with the reading of the Annual Meeting notice. Motion carried.

Minutes of 2008 Annual Meeting

A motion was made and seconded to dispense with the reading of the minutes to the 2008 Annual Meeting. Motion carried.

A motion was made and seconded to accept the minutes to the 2008 Annual Meeting as presented. Motion carried.

Nominating Committee Report

James Wilber, Secretary/Treasurer, read the Nominating Committee report.

A motion was made and seconded to accept the Nominating Committee Report as presented. Motion carried.

Audit Report

Bruce Nakamura of the auditing firm, Moss Adams, CPA, presented the audit report through December 31, 2008. He reviewed some of the figures published in the Annual Report. He noted that BCT received an unqualified opinion. A few questions were asked and answered by Paul Hauer.

A drawing was held for door prizes at this point.

President's Report

Paul Hauer, President, stated that we are combining our Annual Meeting and our Back Yard Bash within the same weekend this year for the first time. He said that 2008 was a transitional year and we saw a lot of changes both internal and external, trying to better serve our members.

We paid our debt down 1.2 million dollars from 2007 and we are working on a refinance package to bring our debt down even further. We did an upgrade of our Broadband service network and now have a good network in place.

Capital Credits was another subject he discussed. He said we need to be on a stronger financial footing before we start paying out capital Credits again. Our current plan will allow us to start paying out a little again in the third quarter of 2009. We have put together a schedule to pay off the earliest requests first.

We are reviewing and revising policies and procedures that will allow positive progress in the future.

Our goal as a community member is to be more involved both as a company as well as our individual employees in community events. Paul said he is here for the members and the employees. He thanked everyone for coming to the meeting.

Paul asked for questions or comments and one member said that BCT employees are more than helpful. They thanked the employees for putting in the time to do an excellent job.

A member asked why the FCC fees keep going up. Paul answered that telephone companies just collect the fees that the government dictates and we pass that money on to that agency. BCT does belong to some pools which distribute some of that money back to us.

A member asked why their reception with basic cable isn't as good as digital cable. Paul said there could be a leakage or bad connection problem with the equipment. Mark Beaudry stepped in and said there should not be a difference in the reception depending on what level of service you receive. Paul said digital broadcasts are more sensitive to leakage and we do need to upgrade our equipment.

A member asked why all his neighbors seem to be moving from BCT to Dish. Paul answered that he didn't know why, BCT offers cell service along with our other services and he challenged everyone to try BCT's services to see what we can offer.

A member asked if there will still be land lines with all the cell phones becoming more dominant. Paul believes that all the buried plant will not be abandoned. Cell phones do use the land line network.

A member asked what we're doing about the Broadband operation going down. We recently upgraded our Broadband network but we can't guarantee 100% uptime. We are working hard to remedy the network down times.

A member asked why we clutter our billing statements with so much advertising. Paul said we charge a fee for advertising on our bills so that is another revenue stream for the company.

A member asked when we will move the dirt pile on the property near the post office. Paul said he will look into moving the dirt to the park where it will be used when the park finally has funds to do more work.

A member asked about the clutter of garbage at the park site and what happened to the door on the shed there. Paul said the Charitable Trust is working on tearing down the building on that property and that we have an employee who periodically, around once a week goes and removes the garbage there but by the next day, someone has dumped more garbage.

A member mentioned that he can't hear his international calls very well. Paul said that if he is using BCT Long Distance, we can go to our underlying carrier to see what the problem is but if you are using another carrier, that carrier would need to be contacted.

A member asked if we are looking at voice over IP. Paul said we are not looking at voice over IP too seriously but if it makes sense we will consider it.

A member asked why we pay down our debt if we are running at a net loss. Paul said we had some challenges in 2008 that we probably won't see going forward. We didn't pay more than our scheduled payments on our debt.

A member asked when we will see an end to the constant raising of rates. We have made a decision to look at cost centers; we don't want one service paying for another. Cable TV programming goes up every year and now the broadcast channels are requiring we pay for their programming too. We are looking into sharing equipment with other telephone companies in the area to help with rising costs.

A member asked if there will ever be a time that we can choose what channels we want to watch. Paul said that is still being talked about on the Federal level of legislature, but the programmers require the cable companies to buy all their channels in order to get one they want. Since everyone wants different channels, we would still have to have many to offer our customers.

A member stated that when we recently added cable channels we did ask them for their opinion as to what they wanted but they had no way to view the new channels for programming before they made a choice.

A member asked why there are so many small telephone companies, why are we are so fragmented and why a big company doesn't come and buy them all out. Paul said that the population density in the rural areas is not attractive to the big companies so they don't want the small companies. All the small companies originally were formed by small groups of people living in the same area such as farmers that got together to create a company. A lot of the small companies have been merging and will probably continue to merge. The best thing we can do is work with the other companies to save costs.

A member stated that they think Paul is doing a great job and the attitude and people have improved since Paul took over.

Old Business

A member asked if ADT still exists. ADT is a security company that is still in existence. If the question is if BCT is still in the security company business, the answer is we are not, that was not a profitable service for us.

New Business

A member asked if we had any information on the park. Paul said he is on the Board of Directors for the Charitable Trust which the park belongs to and that they have applied for some stimulus funds. The park progress is a matter of funding. When the funding is received the Trust will move forward.

Results of Election for Director

Jim Wilber, Secretary/Treasurer of the Board read the results of the election for District 5 Director.

Charles Sliger	22
Steve Amick	39
Pamela Miller	41
Jim Larson	91
Gary Emmons	97

Gary Emmons was elected as Director for District 5 for a term of three years.

2009 Scholarship Recognition

Tangee Summerhill-Bishop, Director of Marketing and Customer Service, announced the recipients of BCT's 2009 Scholarships and had the students present stand. The recipients of 2009 scholarship awards are:

Amanda Luna, \$2,000 per year for four years attending Seattle University studying Marketing.

Dustin Bishop, \$2,000 per year for two years attending Willamette University pursuing Interdisciplinary studies.

Patricia Roper, \$2,000 for one year attending Linn Benton College/OSU studying Agriculture Education.

Seth Greendale, \$1,000 for one year attending Middlebury College studying Environmental or Middle Eastern Studies.

Tangee announced that our annual Backyard Bash is tomorrow, July 11 beginning at 2:00 pm through 8:00 pm where we will have entertainment, food, wine tasting, a kids corner, bingo, raffles for a lot of prizes and that all proceeds are divided between the charities who participate. Everyone that attended tonight's meeting will get a bracelet for free food at the Backyard Bash tomorrow.

A drawing for the final Grand Prize was won by Stanley Robbins who won a HDTV with one year free HD Cable TV service and a free HD DVR for the year.

Bob George acknowledged and thanked the staff who put the Annual Meeting together and thanked Jim Larson for his nine years of service on the Board. He also welcomed Gary Emmons to the board.

Adjournment

There being no further business before the membership, the meeting was adjourned at 8:08 pm.

Attest:

Submitted by:

Robert C. George
Chairman of the Board

James Wilber
Secretary/Treasurer