

Minutes of the Olds Fibre Ltd. – Board of Directors meeting held on Friday, November 26, 2021 at 8:30 a.m.

DIRECTORS Present

Chair Darren Wilson

Director Heather Ryan and Director Harvey Walsh and Director Dan Daley

Participating virtually:

Director Wanda Blatz, Director James Cummings, Director Judy Dahl were with Mr. Rodd Thorkelsson at the Brownlee Office in Edmonton
Brownlee Representative, Mr. John McDonnell
BDO Representative, Mr. David Lewis

ADMINISTRATION Present

Chief Administrative Officer, Michael Merritt, Director of Community Services, Doug Wagstaff; Director of Finance, Sheena Linderman; and Legislative Clerk, Marcie McKinnon.

1. CALL TO ORDER

Chair Wilson called the meeting to order at 8:42 a.m.

A.) ADDED ITEMS

Chair Wilson requested that Mountain View Power – Cash Call Invoice be added to the agenda as item 4G).

B.) ADOPTION OF THE AGENDA

Moved by Director Walsh, “that the Board accept the agenda, as amended.”

Carried Unanimously

2. ADOPTION OF PREVIOUS MINUTES

2A) Meeting Minutes from November 9, 2021

Moved by Director Ryan, “that the Board of Directors meeting minutes from November 9, 2021 be accepted, as amended.” (delete “Motion to fall” from point 5A) first paragraph)

Carried Unanimously

3. PRESENTATIONS AND DELEGATIONS

Mr. Rodd Thorkelsson and Mr. John McDonnell, Brownlee Representatives along with Mr. David Lewis, BDO Representative participated in the meeting.

4. NEW BUSINESS

4A) Review, discuss and determine a path forward concerning any offers to purchase

Mr. Lewis provided the Board with an update on the OFL cash flow financial and interested 3rd parties, which includes: Telus, 4Networks, IBI, Xplornet, Digs, Agentis and Rigstar were the seven (7) parties that he was aware of.

Discussion included:

Known/identified interested 3rd parties and future engagement

Process to identify other potential interested 3rd parties

Consideration to initiate formal sales process which would include:

David Lewis outlined the formal sales process. Would take an estimate of 6-9 months to complete as follows:

- 1. Develop market strategy*
- 2. Advertise Sale (email out to those in industry)*

3. *Obtain Offers*
4. *Non-disclosure agreements and negotiations*
5. *60-90 days to finalize and close transaction*

Director Daley left the meeting at 9:13 a.m.

Discussion continued with:

6. *Costs/fees*
Fee structure would be combination of fixed monthly fee and % of final offer price. If BDO acts as agent and based on previous work to date, some efficiencies would be achieved with existing financial data and analysis. However, a 6-9 month time line is still most likely scenario.

Director Daley rejoined the meeting at 9:20 a.m.

Discussion continued with the following board observations:

- *Costs during Formal Sales Process – OFL Board admin support; OFL staffing*
- *Two sets of financial records; consolidate corporate and Non-Profit for proper analysis*
- *Run MCC for two years to obtain financials reflective of new structure*
- *Recruitment for Board of Directors, if operating for extended period*
- *No capital exists for growth, maintenance or updating – a lot of maintenance has been deferred and needs to be completed (est. \$130,000 +)*
- *No funds for emergency – Town would be expected to cover cash shortfalls*
- *validity of assumptions of revenue, growth and expenses*
- *With a new Board of Directors should this decision be made at this time?*
- *Current state of the business is fragile in a highly competitive sector*
- *Town to refinance, could help the 'look' of OFL*

Director Dahl and Mr. Thorkelsson left the meeting at 10:13 a.m.

Mr. Thorkelsson rejoined meeting at 10:18 a.m.

Director Blatz left the meeting at 10:18 a.m.

Director Dahl rejoined meeting at 10:19 a.m.

Director Blatz rejoined meeting at 10:21 a.m.

Assets exist in both financials - divided in receivership; hard assets went with OFL, the soft assets such as the lease of the land with the building went to the Town. The Town owns the shares of OFL, the Loan that was previously to OI is now the Town of Olds responsibility. Although this is dependent on how the Town of Olds decides to structure the transfer of assets.

CAO Merritt comments and observations:

A prospectus/synopsis document may be helpful to assist the OFL Board in the decision-making process going forward

Consider cost of full sales process versus reward/risk and impact to earnings

Obsolescence/redundancy of existing technology is a concern

Repair and maintenance cost required for existing infrastructure

Capital/funding constraints in the context of growth opportunities and continuing to operate

Composition and Board representation/structure if long term operation

Expansion of OFL – is the cost to the MCC? Means a bigger debt in the end

Mr. Thorkelsson indicated if going to a sales process, to keep the accounting (financial statements) simple.

The Board of Directors can initiate the sales process of the assets however a motion should go to Council to approve the sales process. The Town of Olds approves the sale of the shares.

Mrs. Linderman indicated that she is currently working with the Auditors to come and present to Town Council on the options available for structuring the transfer of assets.

Moved by Director Cummings, "that the Olds Fibre Ltd. Board of Directors request that Town of Olds Council initiate a formal sales process to be undertaken in a joint manner with this board."

CAO Merritt indicated that 'Presentation day' was suggest for the current process, not the formal sales process.

Director Cummings and CAO Merritt left the meeting at 11:02 a.m.

Mr. Dave Lewis left the meeting at 11:03 a.m.

Director Cummings and CAO Merritt returned to the meeting at 11:07 a.m.

The Board then voted on the motion on the floor.

Motion Carried (6-1)

Discussion included:

staffing for OFL for ongoing operations

Sole Source or bid for agent to manage sales process

Roles and responsibilities of agent in terms of assisting with financial mgmt./acctg

4B) Update from November 9th Board Meeting

Chair Wilson provided update to the Board on the meeting with Mr. Thompson.

4C) BDO Engagement

Mrs. Linderman spoke on BDO Engagement seeking to confirm if the current BDO engagement (with the Town) should be moved to OFL and if OFL should be paying for these costs. She indicated she would like to invoice OFL for the costs we have incurred to date. Whether this is all costs or just since the inception of the MCC.

Discussion ensued on if Town should be invoicing OFL for any of these costs.

Consensus was to defer this item to Town Council as it is a Council decision to invoice OFL or not.

4D) OFL line of credit

Mrs. Linderman spoke to the OFL line of credit – suggesting that it should be done sooner rather than later, in hopes the Town will not have to guarantee a new line.

Moved by Director Ryan, "that the Board direct Mr. Chris Thompson to start the process of the refinancing of the OFL line of credit."

Carried Unanimously

4E) MVP Banking

Mrs. Linderman spoke on MVP Banking – seeking a motion from the board to allow her to setup a new bank account. Discussion on banking in general. Should it remain with ConnectFirst (where OFL currently banks) or with ATB. The thought is ConnectFirst has not been easy to

deal with throughout this process and the fees they have charged have been crazy. Mr. Thorkelsson has recommended when OFL applies for the new line of credit (which also should be done right away) that they go with ATB.

Moved by Director Daley, "that the board directs administration to open a bank account with ConnectFirst to be used by Mountain View Power. This bank account will follow the signing authorities already in place for Olds Fibre Ltd."

Carried Unanimously

4F) Board of Directors Insurance

Mrs. Linderman spoke on Board of Directors Insurance – after speaking with our insurance company, it does look like the OFL Board will need to purchase their own. Mrs. Linderman is seeking more information to provide to the Directors.

Chair Wilson will speak with Mr. Thompson to ensure that this insurance is in place.

Added item

4G) MVP \$80,000 Cash Call

Chair Wilson sought direction from the board on how to respond; he suggested a six (6) month payback at \$15,000 per month.

Director Walsh left the meeting at 11:54 a.m.

Discussion ensued on payment options and invoicing schedule.

Moved by Director Daley, "that OFL pay the cash call over a six (6) month period, starting in December." Prior to finalizing Prudential payment arrangement with UtilityNet, Chair Wilson to confirm cost of financing payment as well as other options for covering Prudential.

Motion Carried

5) Adjournment

Director Dahl moved to adjourn the meeting at 12:03 p.m.

Motion Carried



Chairperson of OFL



Chief Administrative Officer

These minutes were approved on the 3rd day of December, 2021.