

LIGHTING THE FUTURE

2022 ANNUAL REPORT



ANNUAL MEETING | JUNE 20TH 2023 | REGISTRATION: 5:30PM/ MEETING:6:00PM | EMILY CITY HALL



BOARD MEMBERS



Chad Genz District 1, Emily
218-763-4200



Ken Hersey District 2, Fifty Lakes
218-763-3802

Phil Yetzer District 3, Fairfield
218-763-4150



Norman Hawley District 4, Little Pine
218-763-3026



Kathy Hachey District 5, At Large
218-763-3333

Josh Netland CEO/General Manager
218-763-3000



PRESIDENT, SECRETARY & CEO/GENERAL MANAGER'S REPORT

The telecommunications industry has completely transformed over the past 20 years from being primarily focused on local telephone service to now providing internet service over lighted fiber optic connections. Providing those connections to our members is the focus of the cooperative.

In 2022, Emily Cooperative Telephone Company, now operating as Tremolo Communications, experienced growth by expanding its fiber service footprint. The Tremolo Communications expansion project delivered fiber services to approximately 600 unserved or underserved locations in Timothy, Ideal, and Jenkins Townships.

In 2023, fiber construction will continue throughout the remaining areas of Jenkins and Ideal Townships, including the city of Jenkins, passing an additional 2,000 business and residential locations. As remote work options continue to increase, the coop must pursue these growth opportunities and expand our borders for growth.

Year after year, internet usage continues to increase at a substantial rate. Peak internet usage has increased by approximately 400% in the last three years. Services that drive increased internet usage include video streaming and conferencing, online gaming, music downloads, smart home systems, and multiple devices connected to the internet simultaneously.

Whatever happened to the plain old telephone service? For years, telephone service was the primary service offered by telephone companies, and to connect to the internet, a phone line was required for dialup connectivity. Fast forward to today, internet connectivity has taken over and is now the leading service; voice is now delivered over the internet through a technology called VoIP. Voice over Internet Protocol (VoIP) is the digital technology for voice transmission over the internet. Traditional telephone lines are being replaced by mobile technology and VoIP service. This technology offers powerful features, breaking down the analog barriers that limit today's business needs. Tremolo Communications has business customers in multiple states taking advantage of VoIP technology.

In 2022, Tremolo Communications transitioned to Next Generation 911 services which utilizes VoIP technology, improving reliability and enhancing 911 services to create a faster, more resilient system that allows for voice, photos, videos, and text messages.

Video service or traditional TV viewing is also transitioning to being delivered over the internet. Over-the-top or OTT services are becoming more popular as people want to view programming on their own schedule. The NFL moving Thursday night football to Amazon exemplifies this transition. In 2023, Tremolo Communications will be adding streaming delivery for video packages. Members can download the Tremolo app on their smart TV, tablet, or Amazon Fire Stick and can view content anywhere.

On behalf of the Board, Management, and the Tremolo Team, we would like to thank the entire membership for a great year. We look forward to the future of the coop and providing our members with quality local services. We hope everyone can attend the 49th Annual Meeting!

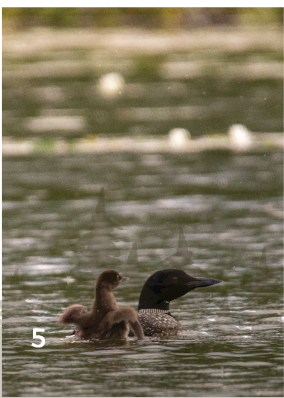
Josh Netland CEO/General Manager

Norman Hawley Board President

Kathy Hachey Secretary/Treasurer



ECTC 2022 ANNUAL MEETING MINUTES



CALL TO ORDER

The 48th Annual Meeting of Tremolo Communications, Powered by Emily Cooperative Telephone Company was called to order by President Mr. Hawley at 6:00 pm in the Emily City Hall Auditorium.

QUORUM

Secretary Hachey certified a quorum based on registration.

PLEDGE OF ALLEGIANCE AND INVOCATION

President Hawley led the membership in the Pledge of Allegiance and Pastor Barry Hite from Hilltop Chapel offered the invocation.

INTRODUCTION OF BOARD AND MANAGEMENT

President Hawley introduced the members of the Board of Directors and the Management of the Cooperative.

NOTICE OF THE ANNUAL MEETING

Secretary/Treasurer Mrs. Hachey read the Notice of the 48th annual Meeting with the purposes of:

To elect one board director from District #2, Fifty Lakes and District #3, Fairfield

To receive and consider the Financial Statements and Reports of the Operation of the Company for calendar year 2021

To transact such other business as may properly come before the meeting or any adjournment thereof.

REPORT OF NOMINATING COMMITTEE

The Report of the Nominating Committee was given by Dave Kauphusman. The nominating committee members were Don Reiersen (Fifty Lakes), Ann Raph (At Large), Jerry Fletcher (Fairfield), Cheryl Redding (Emily), and Dave Kauphusman (Little Pine). The committee met twice, Mr. Yetzer is running for District #3, Fairfield and Mr. Hersey is running for District # 2, Fifty Lakes.

PRESIDENT'S REPORT

It would have been great, after a 2- year hiatus, to have a pleasant day, maybe about 75 degrees, for our get together. I thank you all for braving the heat and giving us a quorum today.

While many of us have been busy learning to live more virtual lives for the last two years, your phone company has been actively improving services and growing the company. ECTC now provides fiber optic speed to Round Lake, Lake Esquagamah and surrounding areas. Those receiving service have become at-large members. Efficiencies have been improved by combining services and internal operations with Crosslake Communications, which led to the creation of Tremolo Communications – powered by ECTC. In the last couple of years, we have moved from a landline phone-based business to a high-speed internet provider. This change was made smoother when the FCC allowed phone companies to receive support for internet-only lines. The introduction of Internet-only support was due in part to the lobbying efforts of our trade organization in Washington, the NTCA.

We continue to offer advanced services to the community, from security systems to computer repair and community education. These offerings can be checked out on our revamped website at Emily.net.



We have had retirements and new hires. I want to thank all the employees past and present. Your dedication to doing a good job makes this all possible. Thanks also to our management team, especially our outstanding CEO/General Manager, Josh Netland. I thank my fellow board members. Their curiosity, thoughtfulness, and willingness to look ahead is moving our co-op into the future. And last, but not least, we thank you all for keeping faith with us.

MINUTES OF THE 2021 MEETING

Reading of the Minutes of the 2021 Annual Meeting was waived on a motion by Scott Eppen, seconded by Mary Eppen. Motion carried.

FINANCIAL REPORT

Business Manager Chuck Balk reviewed the 2021 financial report. Olsen Thielen completed the annual audit. Total operating revenues for 2021 were \$3,449,762 compared to 2020 with \$3,300,073. Total operating expenses for 2021 were \$2,859,952 compared to \$2,810,792. Total margins for 2021 were \$1,286,468 compared to \$664,557 for 2020. Debt decreased and investments have remained about the same.

GENERAL MANAGER REPORT

General Manager/CEO Josh Netland welcomed everyone to the 48th annual meeting and gave the following updates:

Mr. Netland introduced the ECTC employees and thanked them for their hard work and commitment. He stated it's been challenging these past 2 years and this group has done an amazing job working through the adjustments of the pandemic.

ECTC revenues were reviewed comparing 2021 to 2019. Mr. Netland expressed the importance of pursuing growth opportunities as universal service support continues to decline. USF support in 2019 accounted for 43% of the coop's annual revenues and is down to 26% in 2021. Mr. Netland reviewed service trends. Voice lines have declined, and internet and video revenues have increased.

Mr. Netland reviewed the ECTC service area with the membership, identifying the 2020 expansion project in the Esquagamah and Round Lakes area. He reviewed the Crosslake Communications service footprint and the work to complete the remaining areas that are not served with fiber.

A map was reviewed with the members showing the 2022 construction activity; 1) ECTC Expansion Project that is underway, and 2) the potential of a phase two in 2023.

A capital credit distribution was approved by the Board of Directors based on 1993 and 1994 allocations. The estates and living spouse account payouts will be processed annually.

Mr. Netland announced that ECTC will now operate as Tremolo Communications, Powered by ECTC. ECTC will remain the parent company and will operate as Tremolo Communications. The telecommunications industry has transformed from telephone service to internet services – as you seen by recent service trends – telephone service is reducing while internet services increase. Over the coming months, the new brand will be used on signs, fleet vehicles, websites, marketing material, etc. Tremolo is one of the distinct calls a Loon makes to communicate.

On behalf of the Board, Management and Team at ECTC, Mr. Netland thanked the entire membership for a great year. He thanked Brian Chaffee and the Pine River Bakery for catering this year's annual meeting and Kai and Bridgett Allen for the entertainment.

Mr. Netland fielded questions regarding: 1) expansion areas and if they would be part of the at-large-district and "yes" 2) Ross Lake/Century Link/Crosby/reverse auction participation 3) all new areas would be coop members.

OLD BUSINESS

No old business was brought before the membership.

NEW BUSINESS

No new business was brought before the membership.

ELECTION RESULTS

The Nominating Committee Secretary, Dave Kauphusman reported the election results as follows:

District #3, Fairfield: Phil Yetzer: 84 votes

District #2, Fifty Lakes: Ken Hersey: 88 votes

There were no write-in votes for either seat.

GRAND PRIZE DRAWING WINNERS

The Grand Prize drawing winners were announced:

Jean Eller: 43" Smart TV with built in Alexa

Randy Zeigler: Wyze Smart Vacuum

Several other prizes were also given away to the members.

ADJOURNMENT

A motion to adjourn was made by Mr. Scott Eppen, seconded by Don Engle.
The meeting adjourned at 7:00 P.M.

PROPOSED BYLAW CHANGES

Annual Meeting. The current bylaws require the annual meeting to be the third Monday of August. The proposed amendment allows the Cooperative flexibility for when it holds its annual meeting and allows the board of directors to select the date of the annual meeting.

"Services." The current bylaws refer consistently to "telephone service." The proposed amendment modifies the language in the bylaws to refer to the expanded "Services" offered by the Cooperative, such as cable television, broadband, or other communication services.

Joint Membership. The current bylaws refer consistently to "husband and wife" in the context of Joint Membership. The proposed amendment modifies the language in the bylaws to refer to "any two or more adult residents of the same household" being eligible for Joint Membership.

Rural Utilities Services. The current bylaws refer to compliance requirements of the Rural Utilities Services. The Cooperative no longer is a party to a loan associated with this program and the proposed amendment modifies the language in the bylaws to remove the compliance requirements that are no longer applicable to ECTC.

Board and Member Qualifications; Conflict of Interest. The current bylaws contain a provision making a person with a conflict of interest ineligible from becoming a member or serving on the Board of the Cooperative. The proposed amendment retains this concept but is modified for clarity purposes and allows the Board to use its reasonable discretion in determining conflicts of interest

2023 OFFICIAL BALLOT

2023 Ballot for the election of one director and the Bylaw changes.

The following member has been selected by the 2023 Nominating Committee according to the bylaws of the Company and is presented to you for your vote. You are entitled to vote for one candidate in the district for the director's position from District #4, Little Pine.

Place your vote by making an X within the box next to your selection:

DISTRICT #4, LITTLE PINE:

☐

Norman Hawley

☐

(write-in)

Proposed Bylaw Changes

☐

Yes

☐

No

THIS IS YOUR ONLY BALLOT

Additional ballots will not be provided for any reason. The enclosed envelopes are to be used only for returning a ballot.

ECTC, PO Box 100, Emily, MN 56447



IMPORTANT

PLEASE READ AND FOLLOW INSTRUCTIONS CAREFULLY.

INSTRUCTIONS FOR VOTING

Only the member, member's spouse, or a joint membership to which this ballot is addressed can vote. All eligible members have been mailed this ballot, one ballot per membership.

1. You may vote for one director candidate per district. Mark an "X" in the box corresponding with your choice. Write-in candidates are also accepted. (Remember to put an "X" by the write-in candidate name if you want to vote for a write-in candidate.)

2. Place an "X" in the box corresponding with your choice for the proposed changes to the Bylaws.

3. Tear out the ballot and place it in the enclosed envelope marked "Ballot". Seal this envelope.

4. Place "Ballot" envelope in the second envelope with return address completed and ECTC's mailing address on it. Print and sign on the flap of the mailing envelope and seal. (The signature of the member, spouse or joint owner casting the ballot is required for the ballot to count.)

5. Fill in ALL THE INFORMATION on the RETURN ADDRESS AREA.

Mailed ballots must be received in the proper envelopes by 4:30 p. m. Tuesday, June 20, 2023 in order to be counted. Final ballots can be submitted at the Annual Meeting.



FROM THE BYLAWS OF EMILY COOPERATIVE TELEPHONE COMPANY SECTION 4, OF ARTICLE 3

Section 4. Nominations and Elections. It shall be the duty of the Board of Directors to appoint, not less than one hundred twenty (120) days before the date of a meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five (5), nor more than nine (9) members who shall be selected so as to include at least one member from each such districts. No member of the Board of Directors may serve on such committee. The committee, keeping in mind the principle of equal representation, shall prepare and post at the principal office of the Cooperative at least thirty (30) days before the meeting a list of nominations for directors which shall include at least two candidates for each director to be elected. Any fifteen (15) or more members acting together may make other nominations by petition not less than twenty (20) days prior to the meeting and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. No member may nominate more than one candidate.

A ballot marked "Ballot of Directors" containing the names of all the nominees so posted alphabetically arranged and stating the residence of each along with space for a write-in voting shall be mailed with the notice of the meeting. The Secretary shall also mail with the notice of the meeting a statement of the number of directors to be elected and showing separately the nominations made by the committee and nominations made by petition. Such statement of the Secretary shall also inform the members of the manner in which they may vote by mail for directors as provided in this section.

Any member who is absent from any such meeting may vote for directors by marking on the ballot an "X" opposite the names of the number of candidates equal to the number of directors to be elected. Absentee ballots may be returned by mail or delivery, but must be received by the Cooperative prior to the meeting. Absentee ballots shall be enclosed in a sealed envelope marked "Absentee Ballot for Directors Enclosed." The sealed envelope must be signed by the absentee member. The sealed and signed envelopes shall be kept unopened until all ballots have been cast during the meeting. If a husband and wife hold a joint membership and are absent from such meeting, they may vote for directors by jointly marking and enclosing the ballot hereinabove provided for. Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect in any member whatsoever the validity of any election of directors.



Emily Cooperative Telephone Company
40040 State Highway 6 | PO Box 100
Emily, MN 56447

YOU'RE INVITED TO ATTEND TREMOLO COMMUNICATIONS, POWERED BY ECTC'S ANNUAL MEMBER MEETING

Tuesday, June 20, 2023, at Emily City Hall
Registration is at 5:30 pm, Meeting starts at 6:00 pm

Please join Tremolo Communications, powered by Emily Cooperative Telephone Company (the "Company") for our Annual Member Meeting on Tuesday, June 20 at the Emily City Hall. Doors open at 5:30 pm with the meeting starting at 6:00 pm, followed immediately by a meal.

The meeting will be held for the following purposes:

1. To elect one Board of Directors from District #4, Little Pine.
2. To receive and consider the Financial Statements and Reports of the Operation of the Company for the calendar year 2022.
3. To transact such other business as may properly come before the meeting or any adjournment thereof.

Kathy Hachey
Secretary/Treasurer
Date: May 11, 2023

Order of Business:

- Registration will be required to receive a member gift and to register for attendance prizes.
- Business meeting to begin at 6:00 pm.
- Free meal after the meeting catered by Pine River Bakery

Additional nominations for a director can be made from the floor. Minutes from the 2022 Annual Meeting are included. You must be present to win attendance prizes. A proxy ballot is included in this mailing.

THANK YOU TO OUR PHOTO CONTEST CONTRIBUTORS:

J. Carlton, J. Adamscheck, B. Leadens, D. Eichers, K. Kramer,
D. & A. Larsen, R. Desiderio, E. Black, M. Elvebak

**Ballot
Inside**