

SEPTEMBER 12, 1995

9:30 A.M.

WORK SESSION  
700 WEST LINE STREET

PRESENT: JOHN D. MEADOWS, III, MAYOR  
THOMAS BOND, MAYOR PRO-TEM  
JOHN D. SHELTON, COUNCILMAN  
PAUL MCENITRE, COUNCILMAN  
JIMMY PALMER, COUNCILMAN

ALSO: KELLY CORNWELL, DIRECTOR UTILITIES/PUBLIC WORKS  
WILLIAM P. BAILEY, CITY ATTORNEY  
CATHY HARRISON, CITY ADMINISTRATOR  
SANDRA LONG, CITY ACCOUNTANT  
LARRY VICKERY, ELECTRICAL SUPERINTENDENT  
ROBERT AGEE, TELECOMMUNICATIONS DIRECTOR  
EDDIE PETERSON, DIRECTOR'S ASSISTANT

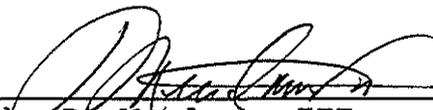
1. Mayor Meadows called the meeting to order, and asked Robert Agee to give the Council an update on the proposed telecommunications system.
2. Robert Agee introduced Eddie Cape and Randy Butler. Eddie Cape is a technical consultant, who also works with MEAG, and who has 31 years of previous experience with AT&T. Randy Butler is very well versed in regulatory matters and business plans.
3. Robert Agee continued to give a review of a proposed system for the City of Calhoun. Mr. Agee stated that his first activities were to determine a service area and potential customers. He stated that in the areas outlined, he had determined there was a possibility of 252 customers in the proposed area. He defined the area for the primary ring and two sub rings, the first sub ring including River Street, the school system, the City's primary offices. The original ring would be approximately 17 miles in length. The first sub ring would have a potential of 108 customers. The second sub ring would be the South Industrial Blvd. area, and would have a potential for 40 customers. Mr. Agee reviewed the entire program as options for going with OC12 cable or OC48 cable. The OC48 cable is the latest on the market, and provides better quality and a longer life. He recommended the OC48 over the OC12. He stated the proposed initial area to be covered would include four nodes, the nodes being connections that would be housed in small buildings, approximately 11'x14' in order to protect them from the weather. He stated the City would have an option of providing telephone services, cable television and other services if it developed the full potential of the system. He stated that it would be of primary importance to have long distance access once the initial cable was up. Mr. Agee recommended 36 fiber (size) for the system in order for the system to be sized for not only current needs, but for future needs. Mr. Agee reviewed the potential investment for both types of system with switching and cable for the OC12 system, the initial expenditures over a six year period would be \$9,356,000.00, or an OC48 system with switching and cable television would be \$9,744,000.00. The potential revenue during this period of time would be approximately \$8,633,000.00 from long distance access, from local access and from cable television, with a potential short fall of \$1,070,000.00 or more. He stated that the revenue depended on a sound customer base, and it would require a great deal of marketing and technical service for the system to be successful. His plan also called for a new building for the enterprise to be erected on City property off Louise Avenue, with additional vehicle and technical equipment

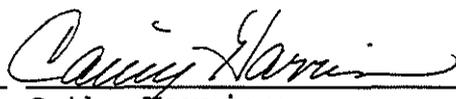
to be purchased and included in the proposed prices. He stated there was a possibility of recouping all capital outlay funds within a period of seven to ten years. He stated that it was important for the Council to make a decision, since it would be extremely important to move on the system within the next 18 months in order to deseude competitors from coming into the area. He stated the Council's options were to wait and see; to string the cable and lease telecomp services to meet corp. business needs; to build a network for corp. needs and selected commercial applications; or to build a full service network with long distance access with telephone companies, cable television and other services. Following his two hour presentation, the Council asked if it was possible for the program to be downsized to a level which could be funded with the funds dedicated by the City, and from potential revenue for the first few years. Mr. Agee was asked to review his proposal with a scaled down version, and to submit this to the Mayor and Council at their rescheduled Council Meeting on September 18, 1995 at 9:00 A.M.

4. The meeting was adjourned at 11:45 A.M.

Approved:

Submitted:

  
\_\_\_\_\_  
John D. Meadows, III  
Mayor

  
\_\_\_\_\_  
Cathy Harrison  
City Administrator