

# DARE TO COMPARE!

2013 Annual Report



# DARE TO COMPARE!

**NEW** Wireless  
Phone Plans!

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**NEW** Security  
System Packages  
Save hundreds + free installation!

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High Speed Internet  
with NO HIDDEN FEES!

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**FREE** Installation  
to every TV  
with SRTVision!

Phone • Wireless Phones • Internet • Security Systems  
SRTVision • Cable TV • My Choice Packages

858.1200 • [srt.com](http://srt.com)  



# GENERAL MANAGER'S REPORT

## State of the Cooperative: 2012 year in review

SRT started 2012 by successfully completing the restoration of two central office buildings that were damaged during the Souris River Flood of 2011. By the end of January, the central office buildings at Oak Park and the Fairground had been re-commissioned, and services were once again being provided to customers out of those buildings. The temporary trailers that had been providing service were removed.

In the summer of 2012, the FCC's new "Broadband Plan for America order" was implemented despite numerous protests from the rural telecommunications industry. The rural industry has been critical of the plan even as it was being developed, because the plan diverts funding that was meant to support quality services in rural areas, and away from supporting end user customers by imposing rate increases on them. Meanwhile the order grants big price cuts to the large carriers and internet companies who virtually are allowed to use the local networks at little or no cost.

Our region is experiencing unprecedented growth. We are seeing major business and housing developments in Minot, Burlington, Surrey, Berthold and Velva. For a utility, keeping up with the cost of placing new infrastructure presents a near-term challenge. It takes a considerable amount of cash to build new plant, and it takes over twenty years to recover that investment in new plant under the current allowed rate of return from regulators. For the long-term, it is great to see the region grow as growth is essential for the future financial viability of the Cooperative.

To provide higher Internet speeds, SRT announced in 2011, a five-year "Fiber to the Home" plan that will bring fiber optics to our most rural customers. True to SRT's cooperative



**Steve D. LYSNE**  
General Manager/CEO

roots, we believe rural customers should have access to the same level of communications and data services that urban subscribers enjoy.

In 2012 we launched "Year One" of the project which included fiber construction in the rural portions of the Berthold, Mohall, Deering, Sawyer and Velva exchanges. We started providing services to customers on the new fiber to their homes in January. We awarded the fiber construction contract for "Year Two" of the project this April, which includes the rural portions of the Towner, Karlsruhe, South Prairie, Donnybrook and Surrey service areas. If you live in any of these exchanges, be aware that SRT crews and contractors are working in the area, and do not hesitate to call us if you have questions about the services that will become available to you as well as other concerns you may have.

The 2012 Financial Report also reflects a solid financial performance by the Cooperative. A good margin is required to generate the cash necessary to keep up with the aggressive growth we are experiencing in the region. It also reflects a quick financial recovery from the difficulties experienced as a result of the flooding in 2011. As a result, the Board approved a general retirement of capital credits that includes the remainder of the 1998 and a portion of the 1999 allocations.

# GENERAL MANAGER'S REPORT

## Cooperative Progress

**Wireless:** SRT has now added the iPhone to our line-up of wireless devices. The iPhone, along with the Android smartphones available at the Connections Store provides you an excellent choice from the leading phones that are available today. These devices work both on the PCS/cellular networks as well on Wi-Fi networks. SRT also offers the best calling plans in the region with options to meet anyone's smartphone needs.

**Internet:** We continue to upgrade our network to increase speed and bandwidth to provide the best product possible at an affordable price. Extending fiber to more and more locations allows us to provide improved speed and reliability for more of our customers, especially those in rural areas. SRT is proud to be voted "Best Internet Service Provider" by readers of the Minot in 2012 Daily News for the eighth year in a row.

**SRTVision:** SRTVision is an exciting new television service we are rolling out to our fiber customers and areas without cable service that will deliver our latest cable TV lineups.

**Security Systems:** Affordable security system packages provide peace of mind through motion sensors, smoke, fire and water detectors, carbon monoxide sensors, glass breakage alarms, etc. SRT also offers the LifeSentry personal emergency response system. Lifesentry Packages start with little or no up-front costs for equipment and installation, and are available to lease from SRT.

## Traditional Landline and Long Distance:

Perhaps the first and most basic form of security is a landline. Landline phone service is always on (even when the electricity is out), is tied to a specific location for 911 emergency response, does not lose signal, and is less expensive than wireless. SRT offers unlimited long distance packages, as well as basic landline telephone service.

**Packages:** Finally, the more services you buy from your local company, the more you save. Buy any three and get 10% off. Buy any four and get 15% off. Buy any five and get 20% off. There is no contract associated with a package. Compare what you are paying for each of these products to your different providers, with the amount you would pay SRT. We believe you will find that the SRT services provide greater value both before and after you factor in the multi-service discounts.

Our Mission is clear, "to provide competitively priced, high quality communications services which meet the needs of our customer."

**Business Services:** SRT is also doing network upgrades in the major business districts to provide the most advanced business services available. From a simple phone line to complex and secure data networking, SRT offers a full range of services to help grow your business.

Our theme for this meeting is "Dare to Compare!" We hope that you will take a look and compare what your local company has to offer in terms of both quality and price. Our mission is clear, "to provide competitively priced, high quality communications services which meet the needs of our customer." We continue to strive to do that to the best of our ability, for you, every day.

# PRESIDENT'S REPORT



**Tom WENTZ, Jr.**  
Board President

Hello, I am Tom Wentz, Board member from District 4 and President of SRT Communications. I want to thank everyone for attending this year's Annual Meeting. Without you, SRT's members, this Company would not exist. Next, I want to thank all of the dedicated SRT staff who are here tonight working and volunteering their time to make this great meeting possible.

Our manager Steve Lysne just finished telling us about all the products and services SRT offers to the communities it serves. I am here to tell you why everyone in this room should be even more excited and proud after listening to Steve. As members, this is your company. As customers, this is your company. SRT is founded on the principle that our customers are the owners, not shareholders or investors. There are very big and important differences. As an owner, you not only control the company, but the very purpose of SRT is to provide you, the owner, with the latest communication services and products at the most competitive prices.

As a customer-owner you are entitled to vote on all material matters impacting our company such as the election of Directors. However, regardless of which services or products you use, all owners are viewed equally. This means the vote of the smallest customer is as important as the largest. This structure keeps the company focused on what is best for all our owners by making services and products the most important aspect of our company, rather than profits. This is the very reason SRT, while very small in the overall scheme of telecommunication companies, has such an extensive offering of products and services with some of the best customer service in the industry. We use our earnings to invest back into your company rather than pay out profits like the large for-profit companies do. Those companies have large investors that want a return on their money and are not very interested in offering anything more than what can make a profit. Those companies are not required nor do they provide

first class products and services to everyone in their service area. In contrast, SRT's primary mission is to provide basically the same great services and products to everyone in our service area. While this is challenging and expensive, our current board of Directors, management and staff are committed to making sure that our Company has the best possible products and services at the most competitive prices available to all our members no matter where they live in our territory or how much they actually use.

Also, as an owner you are entitled to all the profits. Over the years our company has generated profits; more in some years, less in others. However, most importantly 100% of all the earnings generated by your company are returned to you as the owner in one of three ways: we invest back into the company to make sure we are offering our owners the best products and services, we pay out an annual rebate or basically a dividend based on the amount of business done by our owner customers with the balance of our earnings added to the equity capital of SRT which is eventually returned to you in the future on a schedule set by you the owners of SRT.

As a consumer you have a choice of where to spend your money. However, as an owner, I want to remind everyone that we are all better off if not only we choose SRT as our service provider, but also remind our friends, neighbors and family members that when they choose SRT, they are choosing to do business with their own company. By choosing your own company, your products and your services will continue to be the best available and at the most competitive prices possible. Thank you again for your support and your attendance. Enjoy the rest of the evening and your annual meeting.

# BOARD OF DIRECTORS



**ALLAN Engh**  
Asst. Sec./Treasurer  
Sherwood • District 1



**DENNIS Erber**  
Glenburn • District 2



**GERALD Henry**  
Newburg • District 3



**SUSAN Schmutzler**  
Sec./Treasurer  
Minot • District 4

## SRT's Vision Statement:

"To be recognized by our customers, employees and the communities we serve as an innovative company, dedicated to making the lives of those we serve better by virtue of the services that we offer them."



**ARDEL Rice**  
Mohall • District 1



**JIM Newman**  
Sawyer • District 2



**JOHN Marshall**  
Towner • District 3



**TOM Seymour**  
Minot • District 4



**STANLEY Vangness**  
Vice President  
Berthold/Carpio • District 1



**RONALD Schepp**  
Westhope • District 2



**DENNIS Schott**  
Butte • District 3



**TOM Wentz, Jr.**  
President  
Minot • District 4

# GIVING BACK TO YOUTH

## 2013 Scholarship Winners

The SRT Scholarship is based on community involvement, school activities, grade point average, and an essay. Each student will receive a \$1000 college scholarship.

Ashley Backes of Minot High School

Lindsey Mogard of Surrey High School

Ahna Peterson of Velva High School

Shelby Wunderlich of Velva High School



Ashley Backes  
Minot High School



Lindsey Mogard  
Surrey High School



Ahna Peterson  
Velva High School



Shelby Wunderlich  
Velva High School

## FRS Youth Tour Winner

One student from SRT's service area was selected to travel on the Foundation For Rural Service (FRS) Youth Tour to Washington, D.C.



Cassidy Peterson  
Velva High School

# WIRELESS PHONES



On March 15, 2013, SRT began selling iPhone 5. iPhone 5 is the thinnest and lightest iPhone ever, completely redesigned to feature a stunning new 4-inch Retina display; an Apple-designed A6 chip for blazing fast performance; and ultrafast wireless technology — all while delivering even better battery life. iPhone 5 comes with iOS 6, the world's most advanced mobile operating system with over 200 new features including: Shared Photo Streams, Facebook integration, all-new Maps app and Passbook organization and even more Siri features and languages.

## New Wireless Phone Plans

In February 2013, SRT introduced new Wireless Phone plans. Whether you need the latest smartphone or just the basics, SRT has a plan to give you the most value for your money.

Smartphone  
**Nationwide  
UNLIMITED**

UNLIMITED Talk  
UNLIMITED Text  
UNLIMITED Pics  
3GB Data

**\$90**  
a month

Smartphone  
**Regional  
2000**

2000 Minutes Talk  
UNLIMITED Text  
UNLIMITED Pics  
3GB Data

**\$60**  
a month

Basic  
**Regional  
2000** (Voice Only)

2000 Minutes Talk  
FREE Incoming Text

**\$25**  
a month



# SECURITY SYSTEMS



In April 2013, SRT revamped its Security System offerings to remain competitive with nationwide companies. SRT has always been able to customize a security system for any budget, but our new Security packages allow you to save hundreds on equipment, get free installation, and customize a system to meet your unique needs and lifestyle.

## SECURE

**\$100** + **\$29<sup>99</sup>**  
PACKAGE a month

\$500 Value

Peace of mind at a price you can afford.

## PROTECT

**\$200** + **\$49<sup>99</sup>**  
PACKAGE a month

\$700 Value

Basic safety features plus remote access from your smartphone.

## DEFEND

**\$300** + **\$69<sup>99</sup>**  
PACKAGE a month

\$1200 Value

Do it all! Home automation and remote access from your smartphone.

Summon assistance with the touch of a button!

**LifeSentry** utilizes patented two-way voice communication right through the pendant for coverage in and around your home. LifeSentry includes: Base Station, Pendant (water resistant), Wrist Band, Belt Clip, Lanyard, AC Power Supply and Rechargeable Lithium-ion Batteries.



- World's smallest two-way voice communicator.
- Two-way speakerphone in the pendant.
- Direct communication in seconds to the monitoring station.
- Covers a typical home and yard, allowing two-way voice communication.

**LifeSentry**  
Basic System **\$29<sup>99</sup>** FREE Installation  
a month



SRTVision is SRT's state-of-the-art digital TV service, available to customers with a Fiber to the Home connection. SRTVision gives you more local HD channels than other providers, Whole Home DVR with the ability to record up to 6 shows at once, and an easy-to-use interactive guide.

**Currently available in the following areas:**

Carpio Rural, Landa, Lansford Rural, Martin, Newburg Rural, Rice Lake, South Prairie, Strawberry Lake, Turtle Mountains (Metigoshe Rural), Velve Rural, Westhople Rural.

**Coming Soon:** Berthold Rural, Deering Rural, Donnybrook Rural, Karlsruhe Rural, Mohall Rural, Sawyer Rural, Surrey Rural, Towner Rural.



Basic Great Value!

**\$2299**

Expanded 100+ Channels

**\$5699**

Digital 200+ Channels

**\$7799**

**FREE**  
INSTALLATION  
to Every TV!

Contact SRT to find out if SRTVision is available where YOU live!

# INTERNET

## Need more speed?

Today's Internet goes faster than ever before – with streaming music and movies and homes with multiple WiFi devices, it's probably time to upgrade your Internet speed! And with SRT, you can double or even triple your speed for just a few dollars more per month with NO hidden fees!



### Express

2 Mbps - 6 Mbps downloads

**\$32<sup>95</sup>**

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### Express Plus

10 Mbps - 16 Mbps downloads

**\$40<sup>95</sup>**

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### Elite

20 Mbps - 30 Mbps downloads

**\$44<sup>95</sup>**



**SecureIT**

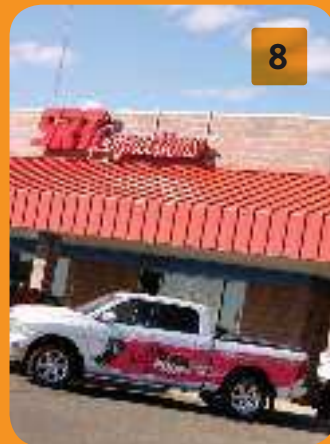
Complete. Computer. Protection.

The ultimate in computer protection!

**\$495**  
a month

- Customizable content filtering & Parental controls
- Managed virus protection with spyware threat detection and removal
- Ongoing hard drive optimization
- Your choice: Free self-installation or Supported Remote Installation for \$29.95
- FREE technical support

# SRT IN THE COMMUNITY



1. Donation to Hope Village 2. BEK Life Country Cook-off 3. Celebrating Coop Month delivering treats to Gratech  
4. National Night Out 5. MSU Tech Day 6. Coop Day at the North Dakota State Fair 7. Ice Cream Social under Coop Tent at NDSF 8. Tough Enough to Wear Pink Remote at SRT Connections Store 9. SRT out serving banana splits at Towner Days

# GIVING BACK

SRT is proud to make donations of both financial and in kind gifts throughout the community, as well as donations of SRT services. The list below reflects some of the donations made in the past year.

Giving Back	Junior Achievement	Minot Horseshoe Club
Airmen Against Drunk Driving	Karlsruhe Church	Minot Housing Authority
ALS Association - Walk to Defeat ALS	Kenmare High School	Minot Junior Golf Association
American Cancer Society Relay for Life	KHRT Horn of Plenty program	Minot Kiwanis Club
Antler Outlaws	Kiwanis Club of Minot	MHS DECA 5K Run for Muscular Dystrophy
Battle of the Badges Blood Drive	KMOT Ag Expo Living Ag Classroom	Perkett Elementary
Bell School	Letter Carriers Association Food Drive	Minot Public School Foundation
Berthold All School Reunion School	Lewis and Clark School-Berthold	Minot Recreation Commission
Bishop Ryan Catholic Schools	Longfellow Elementary	Minot Rotary Clubs
Bottineau Family Crisis Center	Magic City Figure Skating Club	Minot Senior Coalition
Bottineau Fire Department	Magic City Girls Basketball Boosters	Minot Social Club for Exceptional Persons
St. Andrew's Health Center	Magic City Youth Baseball	Minot Swim Club
Boy Scouts of America	Make-a-Wish Walk for Wishes	Minot Symphony Orchestra
Butte Community Foundation	March of Dimes	Minot Young Professionals
Butte Fire Department	Max Public Schools	Minot Youth For Christ
Carnegie Center	Max FFA	Minot Youth Hockey Boosters
Carnegie Center	Max Fire District	Minot Y's Men's Rodeo
Carpio Fire Hall	Maxbass Fire Department	Mohall Lansford Sherwood Dollars for Scholars
City and Country Clinic	McHenry County 4-H Clubs	Mohall Lansford Sherwood Public Schools
Companions for Children, Inc.	McHenry County Saddle Club	Mohall All School Reunion
Dakota Boys and Girls Ranch Foundation	McKinley Elementary School	Mohall Ambulance
Dakota College of Bottineau	Metigoshe Ministries	Mohall Chamber of Commerce
Dakota Rattlers Wrestling Club	MHS Blue Line Club	Mohall Community Club
Dakota Territory Air Museum	MHS Dance Team	Mountrail 4-H
Des Lacs Burlington Public Schools	Minot Chamber of Commerce	Mouse River Loop Envirothon
Des Lacs Community Center	Sportsman's Feed	Mouse River Players
Disabled Americans	MHS Music Boosters	MSU - Division of Humanities
Domestic Violence Prevention Foundation Walk-A-Thon	Moose Lodge	MSU - Men's Soccer Club
Drake Music Boosters	Minot Police Department National Night Out	MSU Alumni Association
Drake Threshing Association	Minot Public Schools	MSU Summer Theater
EDUTech	Washington Elementary	MSU-KMSU
Family Crisis Center	Minot Adult Literacy Program	Multiple Sclerosis Society MS Walk
Farm Rescue	Minot Area Chamber of Commerce - Prairie Warrior Auction	National Barrel Horse Association
Farm Safety 4 Just Kids	Minot Area Council of the Arts	ND Assn for the Blind Walk for Vision
Glenburn Booster Club	Minot Area Dollar for Scholars	ND Rural Letter Carriers Association
Glenburn Fire Department	Minot Area Homeless Coalition	ND Safety Council
Glenburn High School	Minot Backpack Buddies Program	ND State Fair
Glenburn Area Dollars for Scholars	Minot Churches Presbyterian Church	ND State Science Olympiad
Granville Community Center	Dakota Square Mall Kid's Play Area	Newburg Fire Department
Granville Masons	Minot Downtown Business Association	Nodak Speedway
Great Tomato Festival	Minot Enlisted Spouses' Club	North Central Human Services
Greater Minot Zoological Society	Minot FFA Alumni Association	North Dakota Special Olympics
Gymagic Gymnastics	Minot Fire Fighters	North Shore-Plaza Schools
Heritage Singers	Minot Fire Fighters	
International Music Camp	Minot Gymagic	
	Minot Hockey Boosters	

# GIVING BACK

Northwest Shrine Circus  
 Optimist Club  
 Our Redeemer's Christian School  
 Parshall High School  
 Pathfinder Services  
 Pheasants for the Future  
 Project Night Light  
 Renville County Fair  
 Renville County 4-H Program  
 Renville County  
 Baseball Clubs  
 RSVP+ND  
 Sawyer High School  
 Serenity Therapeutic Equine Program  
 Sertoma Club of Minot  
 Souris Basin  
 Planning Council

Souris River Basin  
 Longbeards  
 Souris Valley Animal Shelter  
 Souris Valley United Way  
 South Prairie School  
 Special Olympics  
 St. Alexius Breakfast with Alex program  
 Sunnyside Elementary  
 Surrey Public School  
 Taube Museum of Art  
 Towner Granville  
 Upham Schools  
 Towner Granville Upham Dollars for Scholars  
 The Heritage Singers  
 Tough Enough to Wear Pink  
 Towner Commercial Club  
 Towner Red Hat Ladies

Sandhills Community Health Center  
 Towner Fire, Ambulance & Rescue  
 Tri-County Senior Meals and Services  
 Triangle YMCA Camp  
 Trinity Health Foundation  
 Turtle Lake Chamber of Progress  
 UND Northern Plains Children's Advocacy Program  
 Velva Area Chamber of Commerce  
 Velva Association of Commerce  
 Velva Community Center  
 Dakota Roughrider Saddle Club

Velva Fire Department  
 Kickstands for Cancer Ride  
 Velva Youth Baseball Program  
 Velva Area Dollars for Scholars  
 Velva Public Schools  
 Ward County 4-H  
 Ward County Historical Society  
 Ward County Parks  
 Ward County Public Library  
 Washington Elementary  
 Western Plains Opera Company  
 Westhope Community Club  
 Westhope-Newburg Schools  
 YMCA  
 YWCA

## Donation from SRT with Matching Grant from CoBank Provides \$5,000 for Free Book Program for Kids

On January 17th, the Souris Valley United Way's Imagination Library Program received a gift totaling \$5,000 thanks to a \$2,500 donation from SRT Communications and a matching grant that SRT secured through CoBank's Sharing Success matching grant program.

The Souris Valley United Way Imagination Library program mails a free book every month to each child registered in the program. The program is open to children from birth to age five and serves nearly 700 children in Minot, Minot Air Force Base, Velva, Surrey, Sawyer, and Granville. This donation allowed the Imagination Library program to provide books to 200 additional children every month in 2013.



CoBank is a national cooperative bank serving vital industries across rural America. CoBank's Sharing Success program earmarked up to \$3 million to match charitable contributions made by cooperatives across rural America.

"Shared success is a hallmark of the cooperative business model," said Robert B. Engel, CoBank's president and chief executive officer. "We're delighted that SRT Communications has taken advantage of the Sharing Success program and that they are using it to support such a worthy cause."

**CONSOLIDATED BALANCE SHEETS**

December 31, 2012 and 2011

<b>ASSETS</b>	<b>2012</b>	<b>2011</b>
<b>CURRENT ASSETS</b>		
Cash and temporary cash investments	\$ 4,811,486	\$ 2,432,534
Accounts, notes and interest receivable	5,877,472	5,569,921
Materials and supplies	3,829,850	3,856,629
Prepaid expenses	723,638	318,735
Total Current Assets	15,242,446	12,177,819
<b>INVESTMENTS AND NONCURRENT ASSETS</b>		
Investment in securities	702,269	
Other investments	5,951,609	5,698,805
Nonregulated investments - net	282,685	283,197
Goodwill	12,652,027	13,530,027
Deferred charges	483,033	639,894
Total Investments and Noncurrent Assets	20,071,623	20,151,923
<b>TELECOMMUNICATIONS PLANT</b>		
Total investment in plant	253,128,902	238,776,023
Less: accumulated depreciation	160,607,497	152,054,114
Net Investment in Plant	92,521,405	86,721,909
<b>TOTAL ASSETS</b>	<b>\$127,835,474</b>	<b>\$119,051,651</b>
<b>LIABILITIES AND EQUITIES</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ 2,421,000	\$ 2,615,000
Notes payable - line of credit		3,475,000
Accounts payable	4,104,967	4,172,721
Accrued taxes	446,884	468,396
Advance payments and billings	94,400	103,775
Other current liabilities	797,926	739,625
Total Current Liabilities	7,865,177	11,574,517
<b>LONG TERM DEBT, LESS CURRENT MATURITIES</b>	<b>17,350,428</b>	<b>12,042,326</b>
<b>OTHER LIABILITIES</b>	<b>6,324,537</b>	<b>4,400,684</b>
<b>EQUITIES</b>		
Patronage capital	88,274,727	82,987,579
Other capital	8,020,605	8,046,545
Total Equities	96,295,332	91,034,124
<b>TOTAL LIABILITIES AND EQUITIES</b>	<b>\$127,835,474</b>	<b>\$119,051,651</b>

# Consolidated Statements of Operations

Years Ended December 31, 2012 and 2011

	<b>2012</b>	<b>2011</b>
<b>OPERATING REVENUES</b>		
Local network services	\$ 8,965,422	\$ 7,963,130
Network access services	21,019,840	21,939,020
Long distance network services	817,310	972,936
Miscellaneous	2,589,848	1,673,196
Total telephone revenue	33,392,420	32,548,282
PCS network services	8,955,316	7,753,365
Internet revenue	6,833,659	6,212,007
Cable television revenue	448,249	349,521
Nonregulated revenue	1,100,447	1,072,886
Total Operating Revenues	50,730,091	47,936,061
<b>OPERATING EXPENSES</b>		
Plant operations	15,218,560	14,652,300
Depreciation	8,385,764	7,711,023
Customer operations	2,569,713	2,593,124
Corporate operations	5,212,412	5,616,051
Operating taxes - other	160,883	124,575
Total telephone operating expenses	31,547,332	30,697,073
PCS operating expenses	5,337,094	5,002,265
Internet operating expenses	5,731,308	5,172,064
Cable television operating expenses	1,754,284	1,692,463
Nonregulated expenses	2,136,539	2,234,623
Total Operating Expenses	46,506,557	44,798,488
<b>NET OPERATING MARGIN</b>	4,223,534	3,137,573
<b>NONOPERATING INCOME (EXPENSE)</b>		
Interest and dividend income	3,583,672	2,768,416
Amortization of goodwill and intangibles	(2,194,681)	(2,101,083)
Income from equity investments	909,988	736,064
Miscellaneous	(7,845)	(97,676)
Total Nonoperating Income	2,291,134	1,305,721
<b>NET MARGIN BEFORE INTEREST AND INCOME TAXES</b>	6,514,668	4,443,294
<b>INTEREST AND RELATED ITEMS</b>	651,151	672,394
<b>NET MARGIN BEFORE INCOME TAXES</b>	5,863,517	3,770,900
<b>PROVISION FOR INCOME TAXES</b>	133,430	592,898
<b>NET MARGIN</b>	\$ 5,730,087	\$ 3,178,002



# MINUTES OF THE 2012 ANNUAL MEETING

The 61st Annual Meeting of the members of SRT Communications, Inc. (SRT) was held at the North Dakota State Fair Center in Minot, North Dakota, on Thursday, June 21, 2012, pursuant to due notice to all members. President Ardel Rice presided.

**NATIONAL ANTHEM/FLAG PRESENTATION:** President Ardel Rice asked all members to rise for the National Anthem. Presentation of the flags was done by Boy Scouts of America Troop 411, sponsored by the Moose Lodge. Lorna Henderson, SRT employee, sang the National Anthem.

**WELCOME:** President Ardel Rice welcomed everyone to SRT's 61st Annual Meeting.

**INVOCATION:** Pastor Katie Nesdahl from St. Paul's Lutheran Church in Butte and Hope Lutheran Church in rural Sawyer, provided an invocation.

**INTRODUCTION OF SRT BOARD MEMBERS:** President Ardel Rice took a few moments to introduce SRT's current board members.

**INTRODUCTION OF GUESTS & READING OF LETTERS:** President Ardel Rice read the names of special guests and letters of dignitaries, including United States Senator John Hoeven, Representative Rick Berg, and North Dakota Tax Commissioner Cory Fong.

**CALL TO ORDER:** The meeting was called to order by President Ardel Rice at 7:05 p.m. The President declared the presence of a quorum. President Ardel Rice appointed Attorney David Hogue as recording secretary and parliamentarian. Registration had commenced at 3:00 p.m. and a complimentary supper was served between 3:00 p.m. and 6:30 p.m.

**READING OF ANNUAL MEETING NOTICE:** SRT Secretary Mr. Tom Wentz, Jr. read the official notice of meeting and proof of mailing.

**READING OF 2011 ANNUAL MEETING MINUTES:** It was moved, seconded, and carried to approve the minutes of the 2011 annual meeting of members as printed on pages 14-15 of the 2012 annual meeting booklet, and to dispense with oral reading of the minutes.

## **NOMINATIONS PROCEDURE & INTRODUCTION**

**OF CANDIDATES:** Attorney David Hogue, from Pringle & Herigstad, explained the procedure for nomination and election of directors of SRT, who are responsible for the management of the cooperative's business and affairs. Attorney Hogue introduced the candidates from each district: Ardel Rice, of Mohall (District 1), Dennis Erber of Glenburn (District 2), Dennis Schott of Butte (District 3) and Tom Seymour of Minot (District 4).

## **CREDENTIALS AND ELECTION COMMITTEE:**

President Ardel Rice announced that members Leah Moberg from Mohall, Jean Heit from Glenburn, Warren Zakopyko from Balfour, and Jim Blomberg from Minot, were appointed as the Credentials and Election Committee. Mr. Blomberg was appointed as the chairman of the committee.

**FINANCIAL REPORT:** President Ardel Rice introduced Perry Erdmann, the chief financial officer of SRT. Mr. Erdmann described the financial results for the past fiscal year and the results of an independent audit of SRT's consolidated operations. Mr. Erdmann reported SRT's consolidated gross revenue was \$47.9 million for 2011, an increase of nearly \$800,000 from the previous year. SRT earned a net margin of \$ 3.178 million.

**MESSAGE TO OUR MEMBERS REPORT:** General Manager Steve Lysne presented the Cooperative's "Message to Our Members" report. Mr. Lysne discussed how the year 2012 has been recognized by the United Nations General Assembly as the "International Year of Cooperatives" and stated that their key message is "Cooperative Enterprises Build a Better World."

Mr. Lysne discussed the year 2011 and its extreme challenges in the wake of the devastating flood that will be felt for years. Mr. Lysne discussed how SRT, its employees, and many of its customers were directly impacted by the flood, and how SRT supported its local communities through monetary and service donations, and support of fundraising events. Mr. Lysne also shared a video about SRT's support efforts.

# MINUTES OF THE 2012 ANNUAL MEETING

Mr. Lysne discussed the Fall 2011 announcement by the FCC of its “Broadband Plan for America,” and its impact on rural areas.

Mr. Lysne discussed how SRT is advancing with the 2012 projects and priorities, including flood recovery and service restoration, keeping up with the area growth, the Lake Metigoshe Broadband Stimulus Project, a broadband transport upgrade, and SRT’s “Rural Fiber to the Home Plan.”

Mr. Lysne closed with a discussion of SRT cash reserves and capital credits. Mr. Lysne indicated that, at least for the short term, retirement of capital credits will be suspended until the cash reserves have had a chance to recover.

**PRESIDENT’S MESSAGE:** President Ardel Rice discussed how SRT’s cooperative business model reflects that SRT is guided by the principle of “one member, one vote” and puts its members needs and how to meet those needs first. He discussed the importance of cooperatives, and how they often work to meet the needs of under-served people, and shared SRT’s pride in celebrating the International Year of Cooperatives with cooperatives all around the world.

**SCHOLARSHIP RECIPIENTS:** President Ardel Rice explained SRT’s scholarship program and named the 2012 recipients. They are: Heidi Artz, Bottineau High School; Elizabeth Burckhard, Our Redeemer’s Christian School; Anja Selland, Rugby High School; and Jacques Stanley, Minot High School. Ms. Artz addressed the members about her career plans.

**YOUTH TOUR RECIPIENTS:** President Ardel Rice also announced the students chosen to represent SRT at the 2012 Foundation for Rural Service Youth Tour Program held in Washington, D.C. Ashley Stensby of Sawyer and John Salling from Bishop Ryan High School in Minot were this year’s representatives.

**ELECTIONS COMMITTEE REPORT:** Attorney David Hogue called on Mr. Darwin Lee, District 2, to present the report of the Elections Committee on the elections for the following directorships:

**DISTRICT 1.....(53 Registered voters)**  
Ardel Rice, Mohall.....53

Spoiled ballots .....0

**DISTRICT 2.....(112 Registered voters)**

Dennis Erber, Glenburn .....112  
Spoiled ballots .....0

**DISTRICT 3 .....(60 Registered voters)**

Dennis Schott, Butte.....59  
Spoiled ballots .....1

**DISTRICT 4.....(629 Registered voters)**


Tom Seymour, Minot.....622  
Spoiled ballots .....7

**OTHER BUSINESS:** The President called for old and new business. None was presented.

**ADJOURNMENT:** The meeting adjourned at 7:45 p.m.

**DOOR PRIZES:** Following formal adjournment of the meeting, several door prizes were awarded.

  
\_\_\_\_\_  
David Hogue, Recording Secretary

  
\_\_\_\_\_  
Tom Wentz, Jr., Secretary

ATTEST:

  
\_\_\_\_\_  
Ardel Rice, President

# Following Her Voice



Many voices contributed to Gwen Sebastian's sudden and long-sought career growth, but which played the biggest part? Certainly her run on NBC's hit singing competition *The Voice* was a huge boost. The sound of her coach and country superstar Blake Shelton offering a spot on his tour was equally sweet. One came in the form of a relative's phone call, suggesting she attend an audition. There's also the inner voice that brought her through a career crossroads before the show was even a consideration. Now, that voice has led her to create a body of work that reflects the range of her voice and the depth of her writing abilities.

The Hebron, North Dakota native had been in a similar situation before, choosing to drop out of nursing school and go all-in for music. That decision led to a record deal and her 2009 single "Hard Rain," which was well-received by country radio and fans. She released her EP *V.I.P.* in 2010, and earned her place in the country music business with tireless touring. In 2012, she launched the critically acclaimed top 40 single "Met Him In A Motel Room" that moved the career needle further. With the release of "Gwen Sebastian," she comes full circle and just in time for a hectic 2013 Summer Tour.

And that's exactly what she signed up for. "Having it all click doesn't have to happen when you're 17," she says. "And if it had, I wouldn't have been ready for it all. I realized that if I didn't try everything and really go for it, I might regret it. My time for this to happen is now and I'm embracing it. You don't have to stop dreaming." For Gwen Sebastian, it's always been about the voice.

"Gwen Sebastian" was released on June 4, 2013.



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