



Kamakkutikun SavautriLiq

It's all about Service

**OTZ Telephone
Cooperative, Inc.**

2011 Annual Report

Letter to Members

May 5, 2012

Dear OTZ Members:

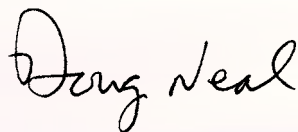
First, we want to thank all our members for trusting your telecommunications services to us here at OTZ. We're proud to serve you.

This past summer, our outside plant crew worked hard on a rebuild of the aerial cable plant in Ambler. Phase 1 has now been completed and we are well underway on the next phase of the project, which is to tie homes into the new cable plant. This past year, we also began installing a central office switch in Kotzebue and did numerous other aerial and outside plant projects to improve telecommunications service to the region.

While we continue to work to update services and infrastructure throughout the Northwest Arctic, we're also working hard in Washington, D.C. — trying to inform the folks at the FCC (Federal Communications Commission) about the realities of providing service to communities in rural Alaska. The FCC has recently reformed the nationwide Universal Service Fund in a way that could dramatically impact our ability to provide telecommunications services in rural Alaska. We are continuing to do all that we can to educate the FCC on how rural Alaska really is different than the rest of the country, and that in order to consistently provide reliable and affordable telecommunications, including the broadband they themselves say is essential, we need federal funding to reflect this difference.

Whether we're putting on ties to talk to administrators in Washington or rolling up our sleeves to bring you the best in telecommunications services possible, everything OTZ does really is all about you. We look forward to serving you for many years to come.

Sincerely,



Doug Neal
OTZ CEO



Chester L. Ballot
OTZ President



Chester L. Ballot,
OTZ President



Doug Neal,
OTZ CEO

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Cover: Shaun Conwell checks the lines as Vernon Adams Jr. stands watch below.

Highlights

Major 2011 Achievements

- Began offering statewide and nationwide wireless calling plans.
- Lowered landline long distance rates to a flat 7 cents per minute for in- and out-of-state calling.
- Installed a new central office switch in Kotzebue.
- Completed Phase 1 of Ambler Outside Plant Rebuild.

On the Horizon for 2012

- Install new central office switches in Kobuk, Shungnak and Ambler.
- Complete Outside Cable Plant Rebuild in Ambler, bringing better quality, faster service and DSL to the community.
- Pending federal funding to purchase switches, we hope to bring cell service to Ambler, Kivalina, Noatak and/or Kiana.

Welcome & Congratulations!

OTZ is pleased to welcome Customer Service Representative Caleb Crossan to the team of service professionals helping our customers. We'd also like to congratulate Malinda Reich on her promotion to Billing Clerk.



Meet Caleb Crossan, our new OTZ Telecom Customer Service Representative.

Sponsorships & Community Support Highlights

- OTZ Telecom donated phones for several community events, including the NRA Annual Banquet, the Arctic Pinkies Cancer Awareness Walk, and to Maniilaq Association Family Resources in October for Domestic Violence Awareness Month.
- Provided halftime entertainment for the Kotzebue Husky Shoot Out held the end of December.
- Volunteered at the KOTZ Radio's Annual Fundraiser.
- Eight OTZ staff members volunteered and helped weatherize homes all day for the "Day of Care for Our Elders" in Kotzebue.

2011 Zonna Lie-Ito OTZ Scholarships

Total: \$1,500 per year

Congratulations to our 2011 scholarship recipients! Each will receive \$1,500.00 per year as a full-time student, as long as he or she maintains a GPA of 2.0 or higher. And the winners are...

- **Heather L. Gallahorn**, Kotzebue High School (University of Alaska Fairbanks).
- **Catherine I. Greene**, Kotzebue High School (University of Alaska Fairbanks).
- **Colby L. Howarth**, Kotzebue High School (University of Idaho).
- **Myrtle J. Lambert**, Kotzebue High School (University of Idaho).

"Whether we're putting on ties to talk to administrators in Washington or rolling up our sleeves to bring you the best in telecommunications services possible, everything OTZ does really is all about you."

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It's All About Service, with Respect.

Like the people we serve, OTZ embraces the Inupiaq values of respect, sharing, cooperation, and responsibility to each other. We strive everyday to demonstrate these values through our service. We share our profits with the community and with our members in the form of capital credits. We cooperate with our fellow utilities to bring you more and better coverage. And we are driven by the responsibility to serve our members with the best and most respectful service — from friendly over-the-counter customer service to working hard to build infrastructure in the field to everything else in between.



Every day, Kotzebue IRA Administrative Assistant Jennifer Snider calls on OTZ. The company has been with OTZ since 1997 with telephone, cell phone and Internet services.

“Where else in the world are you going to find...?”

Quick Connections

Compared to other places, we operate in a very unique environment. Yet our customer service is often much better. As Community Outreach Coordinator Ann Sieh notes, “Where else in the world are you going to get your home telephone, cellular and Internet service pretty much connected in one to two working days? Anywhere else in the world, you have to make an appointment that usually won’t happen in one or two weeks.”

No Contracts

Unlike other cell companies, OTZ does not require a two-year (or any) commitment to get discounted rates or even a free phone! This year we also introduced state- and nationwide wireless calling plans, lowered long distance rates and more.



Left: Arctic Cellar owners Andrea Blanchette and Sonya Bitz tried on OTZ Telephone in 2011 and now are happy customers.

Below: For over three decades, City of Kotzebue folks like Water Plant Operator Jody Sours and Water Plant Supervisor Matt Lazarus have depended on communication tools from OTZ — now including telephone, cell and Internet services.



All familiar Faces

Our Customer Service Reps live right here in Kotzebue and make periodic trips to all the villages so you can have personal contact. We know the region and we know the needs of our members like no other company.

Ever-expanding coverage to the places *you* go.

Our wireless coverage area already expands 10-15 miles beyond that of our competition. In Ambler, we completed Phase 1 of our buildout there in preparation for DSL service along with better quality communications service in general. We're constantly striving to deliver the best and are working hard to expand to communities throughout the Northwest Arctic.

A company involved in the community

OTZ is very much a part of the Kotzebue and village communities. Our kids play with your kids. Our young adults help elders. This year we were proud to help weatherize several elders homes, provide the halftime entertainment at the Kotzebue Husky Shoot Out, donate phones for numerous community events, and to provide academic scholarships to four deserving students. We're also a steady employer fueling the local economy. In 2011, we employed 41 people right here in the region.



Top: The Nanouks have been part of the OTZ family for over three decades and enjoy all services including telephone, cell, Internet, long distance and camp phones.

Above right: Alysha Nanouk along with her brother Leon "Uqaq" Toomer surf the internet together.

Above: New member Seth Piper, co-owner of Otto's Pizza with Han Lee, really cooks with OTZ with telephone, Internet and Free Coop cell phones.

Good service is good business

The great thing about delivering good service and affordable rates is that it delivers more and more customers who look to OTZ for results and solutions to all their communication needs. In turn, this strengthens our business and our ability to do even more for our members.

Challenges Ahead

At the same time our workers are donning Carhartts® to ramp up Phase 2 work in Ambler, our management is dusting off their suits and ties to talk to the FCC folks in Washington, D.C. The recent reform of USF may have serious consequences for OTZ's ability to remain in operation. We're working hard to educate folks back East about the realities — and critical nature — of operating reliable, affordable telecommunications in the Arctic.

Ricky Wells Sr., Journeyman Lineman/Construction Foreman, takes service to new heights.



OTZ Telephone Cooperative, Inc. Employees

Chandra Abeyratne
Vernon Adams
Harold Ahwinona
Harry Baldwin
Bruce Barr
Melford Booth
Culum Campbell
Brian Cleveland

Verne Cleveland
Shaun Conwell
Caleb Crossan
Isaac Douglas
Hadley Ferguson
Phyllis Ferguson
Sadie Ferguson
Cindy Fields

Danny Foster
Sean Hoffman
Mark Iten
Gary Jackson
Wilbur Karmun
Harold Lambert
Lucy Mae Lambert
Donna McConnell

Jason Nantelle
Doug Neal
Grace Norton
Ben Phillips
Malinda Reich
Brenda Schaeffer
LeAnn Schaeffer
Dan Schultz

Ben Sheldon
Ann Sieh
Don Smith
Gary Swan
Rudy Thomas
Margie Ubben
Carl Weisner
Ricky Wells

OTZ Telephone Cooperative, Inc. Directors



Chester L. Ballot,
President
Dist. 6: Kotzebue



Lucy S. Nelson,
Vice President
Dist. 7: Kotzebue



Jane Cleveland,
Secretary/Treasurer
Dist. 1: Ambler,
Kobuk, Shungnak



Marie N. Greene,
Director
Dist. 5: Kotzebue



Larry D. Jones,
Director
Dist. 4: Kivalina,
Noatak, Red Dog



Eunice Hadley,
Director
Dist. 3: Buckland,
Deering

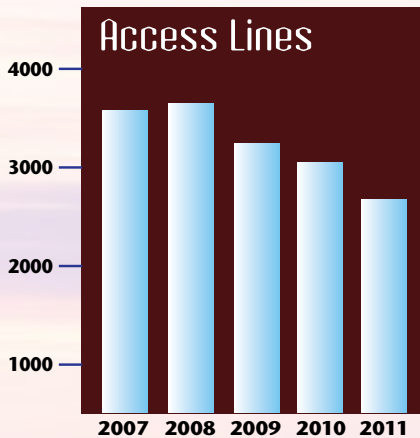
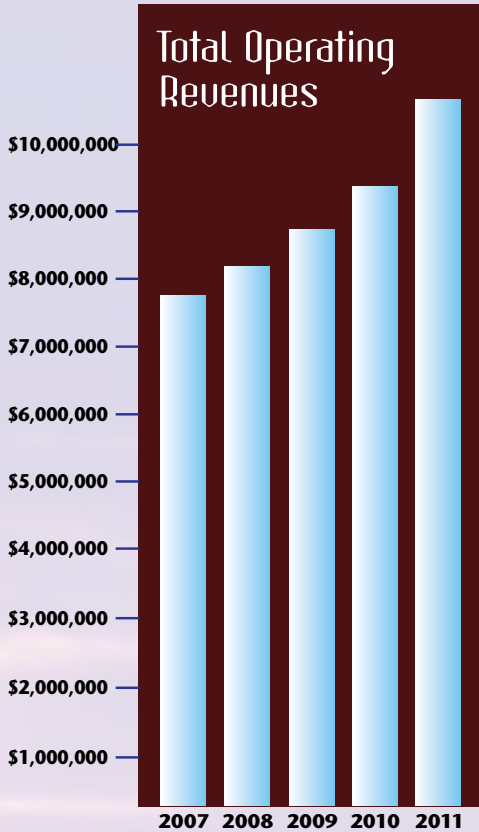


Gordon Newlin,
Director
Dist. 2: Kiana,
Noorvik, Selawik

OTZ TELEPHONE COOPERATIVE, INC. and SUBSIDIARY
Consolidated Balance Sheets
December 31, 2011 and 2010

Assets	2011	2010
Current assets:		
Cash	\$ 692,879	762,257
Accounts receivable, less allowance for doubtful accounts of zero	1,260,972	1,059,496
Materials and supplies	386,556	379,637
Prepaid expenses	168,561	35,129
Total current assets	2,508,968	2,236,519
Other assets and investments:		
Other investments	649,035	656,995
Deferred income taxes, net	164,400	495,400
Restricted cash	232,165	229,186
Total other assets and investments	1,045,600	1,381,581
Property, plant, and equipment:		
In service	29,899,808	29,119,330
Under construction	1,376,125	835,799
	31,275,933	29,955,129
Less accumulated depreciation	17,515,770	16,247,796
Property, plant, and equipment, net	13,760,163	13,707,333
	<u>\$ 17,314,731</u>	<u>17,325,433</u>

Liabilities and Members' Equity	2011	2010
Current liabilities:		
Current portion of long-term debt	\$ 1,131,900	1,053,800
Line of credit	1,500,000	1,500,000
Accounts payable and accrued expenses	1,221,246	1,209,563
Customer deposits	54,439	87,408
Advanced billing	59,700	63,707
Total current liabilities	3,967,285	3,914,478
Long-term debt, net of current portion	7,709,600	8,337,494
Deferred credits	232,165	229,186
Unclaimed capital credits	296,233	296,233
Members' equity:		
Memberships	8,470	17,001
Patronage capital	5,100,978	4,531,041
Total members' equity	5,109,448	4,548,042
	<u>\$ 17,314,731</u>	<u>17,325,433</u>



Opposite Page: OTZ pulls for Betty Mae Kingeak and the Kotzebue Dog Musher's Association every day, since 1991, now with telephone and Internet services.



ANNUAL MEETING MINUTES OTZ TELEPHONE COOPERATIVE, INC. May 16, 2011

I. Call to Order

The 36th Annual Meeting of the OTZ Telephone Cooperative, Inc. was called to order at 7:02 p.m. on May 16, 2011 by Board President Chester L. Ballot.

He commented that we were also live on KOTZ Radio.

II. Invocation

Chester requested that Jane Cleveland give the invocation.

He informed the membership that he is the Chairman of the Board of Directors of OTZ Telephone Cooperative, Inc. and that you should have received an agenda as you came in.

III. Determination of Quorum

It was determined that a quorum was established with more than 50 members in attendance. At that moment in time we had 83 members signed in.

IV. Early Bird Drawing

Ann Sieh and Chester L. Ballot administered the early bird drawing after an explanation of how the raffle was going to be run. First drawing was attendee Bessie Monroe picked the Around the House Tool Kit and drew mail-in winner Andrew and Alice Sheldon of Kotzebue. Second drawing was attendee Iva Smith picked Stanley Stainless Steel Thermos Bottle and drew mail-in winner Warren and Gayle Compton of Selawik.

V. Approval of Annual Meeting Minutes of May 11, 2010

Red Seeberger moved to waive the reading of the minutes of the Annual Meeting of May 11, 2010, seconded by Iva Smith. Motion passed unanimously.

Mary Ann Wilson moved to approve the minutes of the Annual Meeting of May 11, 2010, seconded by Queen Davis. Motion passed unanimously.

VI. Election of Three Directors – from District 4 (Kivalina, Noatak, Red Dog); District 6 (Kotzebue) and District 7 (Kotzebue)

Chester introduced the current board of directors: Lucy S. Nelson, District 7 (Kotzebue); Jane Cleveland, District 1 (Ambler, Kobuk, Shungnak); Gordon Newlin, District 2 (Kiana, Noorvik, Selawik); Eunice Hadley, District 3 (Buckland, Deering); Larry D. Jones, District 4 (Kivalina, Noatak, Red Dog); Marie N. Greene, District 5 (Kotzebue) who is out on travel and had to attend another function; and himself, Chester L. Ballot, District 6 (Kotzebue).

OTZ TELEPHONE COOPERATIVE, INC. and SUBSIDIARY Consolidated Statements of Operations December 31, 2011 and 2010

	2011	2010
Operating revenues:		
Local network	\$ 1,009,772	1,041,890
Network access	7,297,628	6,271,195
Billing and collection, directory, and other	38,785	7,414
Equipment sales and leases	356,490	353,218
OTZ Telecommunications	1,715,396	1,680,061
Total operating revenues	10,418,071	9,353,778
Operating expenses:		
Plant specific	2,457,279	2,328,156
Plant nonspecific	569,250	566,531
Depreciation	1,475,952	1,483,644
Customer	346,639	308,023
Corporate	1,519,906	1,587,746
Operating taxes	126,942	113,620
Equipment sales and leases	383,912	474,900
OTZ Telecommunications	1,755,772	1,749,593
General and administrative	458,452	360,039
Total operating expenses	9,094,104	8,972,252
Operating margin	1,323,967	381,526
Other income (expense):		
Interest and dividend income	6,255	11,854
Interest expense	(500,640)	(510,002)
Income tax benefit (expense)	(340,000)	250,650
Other gains, net	77,634	8,458
Total other income (expense)	(756,751)	(239,040)
Net margin	\$ 567,216	142,486

A complete copy of the consolidated financial statements audited by Mikunda, Cottrell & Co., Inc. may be seen during regular office hours at: OTZ Telephone Cooperative, Inc., Kotzebue, Alaska.

Annual Meeting Minutes,
Continued on Page 8...

Chester thanked the nominating committee that met on March 16, 2011 Noah Naylor, Pierre Lonewolf, Walker Banks, Alice A Adams from Kivalina, Carol Wesley and Janet Mills from Noatak.

Chester informed the membership of the election of three directors and then read the list of nominees from the ballot that was mailed to all the members: from District 4 (Kivalina, Noatak, Red Dog) – Dolly E. Foster, Kivalina; Lisa B. Sage, Kivalina; Larry D. Jones, Incumbent, Noatak; Janet Mills, Noatak; and Enoch L. Mitchell, Noatak. District 6 (Kotzebue) – Chester L. Ballot, Incumbent; and Randy Meyers. District 7 (Kotzebue) – Lucy S. Nelson, Incumbent.

Chester notified the members that he had to wait for one minute to pass and asked if there were any more nominations from the floor; hearing none, he requested a motion to close the nominations.

Lucy Shroyer made a motion to close the nominations, seconded by Dan Henry. Motion passed unanimously.

Chester requested 8 volunteers from the membership to help Ann with counting the ballots. He then asked if there any more ballots for the staff to pick up.

VII. New Business

There was no new business.

VIII. Reports

A. Board

Chester introduced the board members under item VI.

Chester then introduced Chief Executive Officer Doug Neal.

B. Management

Doug greeted everyone and thanked everyone for making time to spend with us "on such a pretty evening."

He then thanked the board and staff for a fine year. He said at OTZ it is a total team effort whether it is a good year or bad year and this year was good year.

He recognized his Executive and Special Assistant and our Assistant to the Board of Directors. Putting on the Annual Meeting is a lot of work and a ton of details, lots and lots of details and it takes many months and Ann does it really well. She gets it knocked out, and makes it look real easy. It's not and we really appreciate all the work she does there.

He then went into his report sharing that many months ago we applied through the government for a 3 million dollar loan that would allow us to build out our cellular network to all our villages. While our loan has been approved, we are still working through the paperwork process with the federal government, which takes additional time. In the villages of Kivalina, Noatak, and Kiana, we have installed antennas and run cable and have done all the necessary work to install cell switches. Once we get the final loans documents approved through the federal government we will quickly install cell switches in to those three villages and then begin to work on switches to the other villages as well.

He finally informed the membership about the National Broadband Plan commenting that over the past two years the Federal Communications Commission's number one agenda item has been the National Broadband Plan. While it sounds good, it's actually quite harmful to little telecommunications companies like OTZ. As written federal funding to keep wire-line cell phone rates low in places like the Northwest Arctic Borough would be diverted to big companies like Verizon and AT&T so they could provide super fast internet to the suburbs. Our congressional delegation recognizes little companies like OTZ need US\$ dollars to stay economically viable; behind us is a letter to the FCC signed by our congressional delegation as well as 28 other senators to the chairman of the FCC to re-think the plan that would take funding away from small rural telephone companies. Congressman Don Young signed a similar letter and we will continue to work with our congressional delegation as well as with the State and National Trade Association on solving problems with the National Broadband Plan. He then thanked again the membership for being with us tonight.

Doug then introduced Ben Phillips, our Outside Plant Manager.

Ben thanked Doug and greeted the members. He shared the work that they did in 2010 and little bit of what we are going to do in 2011.

Before he went into his report he introduced the employees that do all the work: Donnie Smith, Purchasing Agent; Harold Lambert, Warehouseman/Expeditor; Wilbur Karmun Jr., Central Office Technician; Margie Ubben, Central Office Technician; Chandra Abeyratne, COE Administrator; Dan Schultz, COE Installation Technician; Harry Baldwin, Foreman/Journeyman Splicer; Ricky Wells, Journey Lineman/Project Foreman; Shaun Conwell, Install/Repairman & PBX Phone Systems Administrator; and our newest guy Vernon Adams Jr., Install Repairman. Our village representatives: Brian Cleveland of Ambler; Rudy Thomas of Buckland; Bruce Barr of Deering; Ben Sheldon of Kiana; Melford Booth of Noatak; Verne Cleveland and Sean Hoffman of Noorvik; Gary Jackson and Joe Riley of Selawik; and Isaac Douglas of Shungnak. Our Engineers: Jeff Simpson of Mid State Consultants and Frank Simpson of St. Elias Communications.

Ben summarized the 2010 projects:

- Ricky Wells had a crew all summer and fall in Ambler rebuilding the cable plant there.
- Central office crew went all over the region upgrading some special circuit equipment.
- We also managed to get in three cell antennas in Kiana, Kivalina and Noatak.
- He commented that going forward for 2011 we will be going back to Ambler to complete the installation there with the cable.
- Four new switches in:
 - Ambler
 - Kobuk
 - Kotzebue
 - Shungnak

- Upgraded various cable plants here in Kotzebue up near the Boys and Girls Club, and the other down near the airport.

We would like to bring cell service up to Kivalina, Noatak and Kiana if we get the federal funding.

Ben then introduced OTZ Telecommunications Operating Manager, Nasruuk Carl Weisner.

Carl thanked Ben in Inupiaq saying, "Taikuu Ben, Chester and Doug." He greeted the membership commenting that it is good to see everyone with all their tan faces.

He then introduced the Internet Department: Mark Iten, our Network Administrator; Jason Nantelle, our Internet Systems Administrator; and Culum Campbell, our Network Systems Technician.

He then introduced the OTZ Telecommunications staff, which consists of Sadie Ferguson-Wilson, our Billing Clerk; and Malinda Reich, our Customer Service Representative is with her family in Texas.

He mentioned that he will be sharing with you a little about OTZ Telecom, which is a wholly owned subsidiary of OTZ Telephone Cooperative. As owners of the cooperative you are also owners of the subsidiary, which provides Internet, cellular and long distance service to the northwest area.

He then shared a little about our 2010 overview: I think that we finally found our niche as a high quality, low cost cellular provider. We reduced our rate plans by 50% in 2010 and started selling smart phones and phones that are good with text messaging. More than half our phones are hearing aide compatible, which means they don't buzz while you are wearing your hearing aides and won't cause interference. He also shared that we installed a few in-building antennas around town to improve reception, including at AC, NAPA, Crowley, and Eskimo Building.

Finally he shared that we received permission to raise our cell towers in the villages from 40' to 100'; the plan is to get cell service to the villages.

He said he would now like to share some of our rate plans. We have been introducing a few new ones to provide a good alternative to our competitors. We would like to offer statewide plans; a couple of them include Statewide 200 and Statewide 800 which will get you unlimited local calling and some statewide calling at a pretty inexpensive rate.

We also have nationwide plans if you want to make calls outside of Alaska. These are Nationwide 400 and Nationwide 1,000 — again unlimited local rate plans and long distance calling. Next is our Ningiq Unlimited; this is our flagship plan specialized in unlimited local. Our Aana & Taata Plan is one of our most popular plans and it's for our grandparents and elders. The first 50 of you that showed up for a free cooperative phone: if you didn't get one you can come by the office tomorrow and we will get you one, designed for members that are in good standing.

He then shared a little bit about our Internet service and that it has five rate plans; you get a discounted rate if you have a cellular phone and are a long distance customer. Lastly Carl shared information about our long distance service. It is at 15 cents per minute and we also offer calling cards and 800 numbers and we have lots of information at the office.

Carl then introduced Ann Sieh who will be presenting the Front Office report on behalf of Phyllis J. Ferguson, the Front Office Supervisor she has been with us for about 22 to 23 years. So the next time you see Phyllis be sure to appreciate all that she does for the cooperative.

She then introduced the front office staff which consists of: Cindy Fields, Billing Assistant and Selawik Representative who has been with us for 16 years; Grace Norton, Customer Service Representative for Kotzebue Residents who has been with the cooperative for 11 years; Hadley Ferguson, Customer Service Representative for Kotzebue Businesses who has been with the cooperative for 10 years; LeAnn Schaeffer, Customer Service Representative for Buckland, Deering, Kiana, Noorvik, Kivalina and Red Dog who has celebrated 8 years with the cooperative.

She then shared with the membership that if they are looking for convenience, go paperless and sign up for EBill. You can always call and our CSR's will be happy to walk you through it and/or stop by and they will bring you to the community computer and show you how to sign up.

She also shared about the Wireline Lifeline/Linkup Program for \$1.00 per month, with a list of the qualifying programs. You can always call either Phyllis or Sadie to see if you are qualified for this program; you can also see the listing on our website.

Ann introduced Brenda Schaeffer, our Accounting Supervisor; she's been with the cooperative for 16 years.

Brenda greeted the membership and then introduced the Accounting Staff: Lucy Mae Lambert, Accounting Clerk who does our payroll and has been with OTZ for 9 years; Donna McConnell, Accounting Clerk, who does our accounts payables and has been with OTZ for 8 years.

C. Finance

Brenda then gave an outline of the financials, which were for both OTZ Telephone and OTZ Telecommunications with transaction between the two companies eliminated.

She informed the members that the financials were audited by an independent public accounting firm, which issued a clean opinion of the cooperative's financial statements.

She then went into the financial reports, informing the membership of OTZ's assets, liabilities, members' equity, statement of operations, operating revenues, total customers, total operating revenue, summary of significant cash transactions, and summary that were in this year's annual report.

She then turned the meeting back to President Chester Ballot.

IX. Unfinished Business

There was no Unfinished Business.

As you heard from all our managers, they've been very busy and had a good year. On behalf of the board of directors I want to say thank you to Doug, Ben, Carl, Ann, Brenda and Phyllis. Thank you all and please give them a hand for doing such good work.

Chester gave the membership an opportunity for questions and answers. Please state your name for the record.

Grace Downey wanted to know if you guys are going to fix our cell phones and the Internet. For a lot of times and how many hours our cell phones go on Emergency and it cost a lot of money; and the Internet sometimes I can't log on for two of days and I pay for that. Carl replied that Grace did I hear your question about your cell phone sometimes loosing it's reception and being on? Grace interrupted Carl saying it's not sometimes, it does it everyday (get on emergency) and she can't call anybody and can't receive phone calls. Carl replied we get occasionally situations like that where a lot of times we will walk the customer through what we call the reset process where you turn your phone off and pull the battery and you wait for a second and then put it back in and try it. A reset sometimes cures the problem and if you have trouble with it, I'd like you to bring it in and I can trouble to shoot it from there and if we have to look at options for a different phone. Sometimes our reception is pretty good and sometimes we have to reset our system.

Grace then asked again what about the Internet saying we can't log on for two days. Carl replied that it is hard to troubleshoot without being in front of your computer; we have an 800 number that you can call and they can walk you through troubleshooting steps and one of the steps is to reset your modem by turning it off and then back on. It could be a number of things; if it's our problem we usually credit your account.

Sharon Goodwin addressed how people are stealing the cell phones in the communities. You need to put a stop to it because those people got bills on those cell phones and they need to be blocked in order to have their right to their phone. Carl replied that what we do at OTZ, we ask our subscribers call in immediately after the phone is lost and what we do is suspend the service so the cell phone is incapable of being used and therefore they don't charge you up a bill. If you can't find a phone, we work with you and try to give you a discount and sometimes we have used phones on hand and we will give it to you for free and that way you can have that tool of communications. Ya, just give us a call.

Chester then informed the membership that we would be taking a 10-minute break while we wait for the results of the ballots being counted.

X. Election Results

Chester thanked the ballot counters: Kookie Ito; Phyllis R. Booth, Suzan Howarth; Ruth Nelson; Lucy Shroyer; Ellen Booth; Nixon Lee; and Iva Smith. Thank you all for helping out.

Chester introduced Kookie Ito to present the election results.

Kookie gave them as follows: District 4 (Kivalina, Noatak, Red Dog); Dolly E. Foster, Kivalina with 35 votes; Lisa B. Sage, Kivalina with 23 votes; Larry D. Jones, Incumbent, Noatak with 206 votes; Janet Mills, Noatak with 81 votes; and Enoch L. Mitchell, Noatak with 64 votes. District 4 (Kivalina, Noatak, Red Dog) winner Larry D. Jones, Noatak with 206 votes. District 6 (Kotzebue), Chester L. Ballot, Incumbent, with 335 votes; and Randy Meyers with 92 votes. District 6 (Kotzebue) winner Chester L. Ballot with 335 votes. District 7 (Kotzebue) Lucy S. Nelson, Incumbent with 428 votes; and write-in Ruth Schaeffer with 1 vote. District 7 (Kotzebue) winner Lucy S. Nelson with 428 votes.

Chester said thank you all for voting and congratulated the incumbents Larry D. Jones, Lucy S. Nelson and thanked the membership for the vote of confidence in his seat. He then asked both Larry and Lucy to come up to the mic and say a few words.

Larry thanked the membership for their confidence and said we would continue to work hard as we can for your services; we have a good crew, good board of directors and an excellent CEO and staff very fortunate to have good people working at OTZ.

Lucy thanked the membership for your vote of confidence; it's always good to have other people that could run against to make it competitive thing. I want to thank the board and staff and all the members of OTZ. Thank you.

Chester thanked Larry and Lucy and commented that as Larry said we have a great board, we work together, we talk our problems

out. We don't have very many problems but think ahead and we try to do what is best for the cooperative and the telecommunications. More importantly we have a great CEO, Doug if you stand give him one more hand.

XI. Drawing of Door Prizes

Chester and Ann volunteered to help with the final drawing. Chester thanked Bering Air, AC and Northwest Arctic Borough for donating some of the prizes. The drawing of door prizes was held and the following winners announced: attendee Linda Greene picked the Cooler and drew mail-in winner Wynona Wilson of Kotzebue to receive the same prize; attendee Ruth Downey picked the Radio AM/FM and drew mail-in winner Mary Wesley of Noatak; attendee Gladys Richards picked the Rice Cooker & Food Steamer and drew mail-in winner Pearl M Moto of Deering; attendee Carrie Ferguson picked the 8-pc. Bath Set and drew mail-in winner Whittier & Linda Burns of Noatak; attendee Ellen Booth picked the Glass Mixing Bowl Set and drew mail-in winner Mary Price of Kotzebue; attendee Bernice Monroe picked the Dinnerware Set and drew mail-in winner Marlene Downey of Noorvik; attendee Helen Barger picked the Fillet Knife Set and drew mail-in winner Perry Keats of Kotzebue; attendee Sandra Moto picked the Baking Set and drew mail-in winner Elmer & Eda Williams of Kotzebue; attendee May Howarth picked the Towel Set and drew mail-in winner Margaret Ferreira of Kotzebue; attendee Sharon Goodwin picked the Flatware Set and drew mail-in winner Sam I Jones of Kiana; attendee Dolly Sours picked the Cellular Emergency Wet Kit and drew mail-in winner City of Kobuk of Kobuk. Then we had the drawing for the Cellular Customers and The DSL Customers with the white tickets: attendee Della Henry picked the Dinnerware Set; attendee Alvira Henry picked the Towel Set; attendee Bessie Stalker picked the Baking Set; attendee Lena Downey picked the Radio AM/FM; attendee Sidney Shroyer picked the Glass Bowl Set; attendee Wanda Baltazar picked the Towel Set; attendee Frances Greene picked the Tool Set; attendee Cheryl Richards picked the Thermo Bottle; attendee Mary Lee picked the Rice Cooker & Food Steamer; attendee Edna Smith picked the Fillet Knife Set; attendee Darlene Greene picked the Flatware Set; attendee Karen Hensley picked the Cellular Emergency Wet Kit. The Grand Prize Drawing: attendee Suzan Howarth picked the Cell Phone Package and drew mail-in winner Lori Atoruk of Kiana; attendee Margaret Ferreira picked the Round Trip Donated by Bering Air and drew mail-in winner Mischa Swan of Kivalina; attendee Stella Atoruk picked the Handheld VHF and drew mail-in winner Water and Sewer of Noatak; attendee Lydia Downey picked the 8 X 12 Tent and drew mail-in winner Jerry D. Moto of Deering; attendee Minnie Kubalack picked the Drum of Gas Donated by the NWAB and drew mail-in winner Leon E. Koenig of Kivalina; attendee Ernest Hyatt picked Drum of Stove Oil or Gas and drew mail-in winner Chester Ticket of Selawik; and the last drawing: attendee Nina Ahpuk picked 3-pc. Table & Chair Set Donated by AC and drew mail-in winner Grover Cleveland of Shungnak. The Grand Prize Drawing for OTZ Telecom customers: attendee Jack Frankson picked the 8 X 12 Tent; attendee Lena Downey picked the Drum of Stove Oil or Gas; attendee Margaret Nelson picked the Drum of Gas or Stove Oil Donated by NWAB; attendee Edna Smith picked the Handheld VHF; attendee Darlene Greene picked the Cellular Phone Package; and finally attendee Bibianna Scott picked the 3-pc. Table & Chair Set Donated by AC.

Thank you Pierre Lonewolf for setting up the PA System and putting it on the radio.

Chester informed the membership that the door prize drawing was concluded and thanked all from coming.

XII. Adjournment

Danny Thomas moved to adjourn, seconded by Nixon Lee. The meeting adjourned at 9:00 p.m.



OTZ's LeAnn Schaeffer (right) shows Lydia Harris and Joe Harris, Sr. how to stay connected — with many OTZ services including telephone, camp phone, cell and long distance.

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