

# Laying the Foundation for the Future

Telephone  
Long Distance  
Cellular  
Internet

**OTZ Telephone  
Cooperative, Inc.**

2006 Annual Report

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# 2006 in Review

Dear OTZ Members,

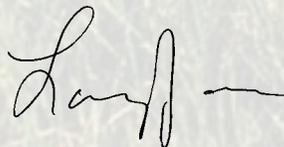
This year's annual report focuses on how OTZ is building a solid foundation to ensure the future of our cooperative. A secure future begins with a sound financial base. Cutting immediately to the bottom line, we are pleased to report that our net margin for 2006 was \$258,847.

One important way we are preparing for our future is by working to bring cellular service to the villages. We are in the process of completing the filings at the Federal Communications Commission that will provide OTZ Telecommunications with a cellular license for each village. Once we have the licenses, we will make an application with the Regulatory Commission of Alaska to have OTZ Telecom designated an Eligible Telecommunications Carrier. When we achieve that status, OTZ Telecom will then be able to obtain funding through the Universal Service Program to provide cellular service in the villages. For safety and convenience, we believe that every household in our region should have cellular phone service. Whether you are hunting, fishing, picking berries, or in a far-away city, a cell phone can make a critical difference in an emergency or simplify just trying to stay in touch.

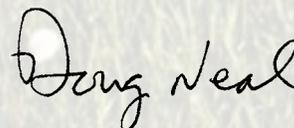
We are staying abreast of the challenging regulatory scene, advocating at the Federal Communications Commission and in Congress to preserve the Universal Service Fund that keeps local service affordable in isolated areas such as ours. We are working to ensure that rural Alaskans' interests are protected in the new telecommunications bill that Congress enacts this year.

How we deal with each and every one of you, improving customer service and community outreach, is at the heart of our vision of the future. This report notes many of the ways OTZ strives to be a good citizen of our region, from sponsoring athletics to providing academic scholarships. Last year our staff received special customer service training, and to better connect with villages, we created the Community Outreach Coordinator position, ably filled by Ann Sieh. Through our Owners First Program and other means, we continually seek your input and are happy that so many members tell us how satisfied they are. We end this letter by thanking our dedicated staff for all of their hard work in 2006.

Taikuu, all,



Larry Jones  
President



Doug Neal  
CEO



Larry Jones,  
President



Doug Neal,  
CEO

# Highlights

## Major 2006 Projects

- Added DSL in Deering, Shungnak, and Buckland
- Installed new soft switch in Noatak
- Built new central office building in Selawik
- Built out wireless Internet throughout most of Kotzebue
- Upgraded Internet traffic in Kotzebue

## Major 2007 Projects

- Install earth station for better bandwidth capabilities
- Cut Selawik Plant onto complete new system
- Place Enhanced 911 service in Kotzebue
- Replace Kivalina Central Office with new soft switch

## Doing the Numbers

■ Access Lines	3,708
■ Cell Phones	155
■ Kotzebue DSL	588
■ Village DSL	349
■ Village Wireless	87
■ Dial-Up	56
■ Out-of-State Long Distance	755
■ In-State Long Distance	763

## 2006 OTZ Scholarships

**Total: \$13,875**

- |                      |                      |
|----------------------|----------------------|
| ■ Sarita C. Rich     | ■ Andrea J. Greene   |
| ■ Madeline Gallahorn | ■ Erik C. Edenshaw   |
| ■ Hans J. Hansen     | ■ Mary J. Viveiros   |
| ■ Darren D. Zibell   | ■ Angeline B. Coffin |
| ■ Terri C. Anderson  | ■ Ashley Baker       |
| ■ Zazell L. Staheli  | ■ Chelsey Zibell     |
| ■ Pauline Nay        |                      |

**2006 OTI Sponsorships: \$2,442**

**2006 OTZ Sponsorships: \$13,345**

**2006 OTZ Donations: \$4,941**

*“How we deal with each and every one of you, improving customer service and community outreach, is at the heart of our vision of the future.”*





**Phyllis Ferguson,  
Front Office Supervisor**

*“Our customer care support program has improved our day-to-day operations and underlines our commitment to customer service as our #1 priority.”*

*— Phyllis Ferguson*



**Carl Weisner,  
Operations Manager**

*“Faithful support from its members allows us to equip a new breed of Inupiat hunters with wireless phones and an Internet connection.”*

*— Carl Weisner*

**Ice fishing today is made safer by OTZ's digital cellular service.**





LeAnn Schaeffer, Customer Service Representative for Buckland, Deering, Kiana, Kivalina, Noorvik, Red Dog, and Selawik helps cooperative member Jack Henry with questions about his DSL modem.

*“OTZ is a company you can walk into and immediately feel appreciated, as we do our best to provide excellent service to each and every customer.”*

*— Lucy Mae Lambert*

*“With its “Can Do” attitude, the OTZ Team maintains high quality service to its customers and continuously meets membership needs, such as taking cellular services regionwide.”*

*— Marie N. Greene*



Lucy Mae Lambert, Accounting Clerk/HR (front) and Donna McConnell, Accounting Clerk.



Marie N. Greene, Director, OTZ Board District 5 (Kotzebue)



Brenda Schaeffer,  
Accounting Supervisor

*“Over the years I’ve seen how OTZ has grown in striving to meet the challenge of offering today’s technology in our region, and I’m proud to be a part of it.”*

— Brenda Schaeffer



Ann Sieh, Community  
Outreach Coordinator

*“With all the changes and challenges facing telecommunications, OTZ works hard to provide the best service possible and to reach every goal we set for every community in our service area.”*

— Ann Sieh



Above: CEO Doug Neal and Board of Director Marie Greene congratulate half-time game winners at the 2006 Husky Shootout sponsored by OTZ Telephone Cooperative, Inc.

Below: Community Outreach Coordinator, Ann Sieh and half-time game winner Henry Sherman.





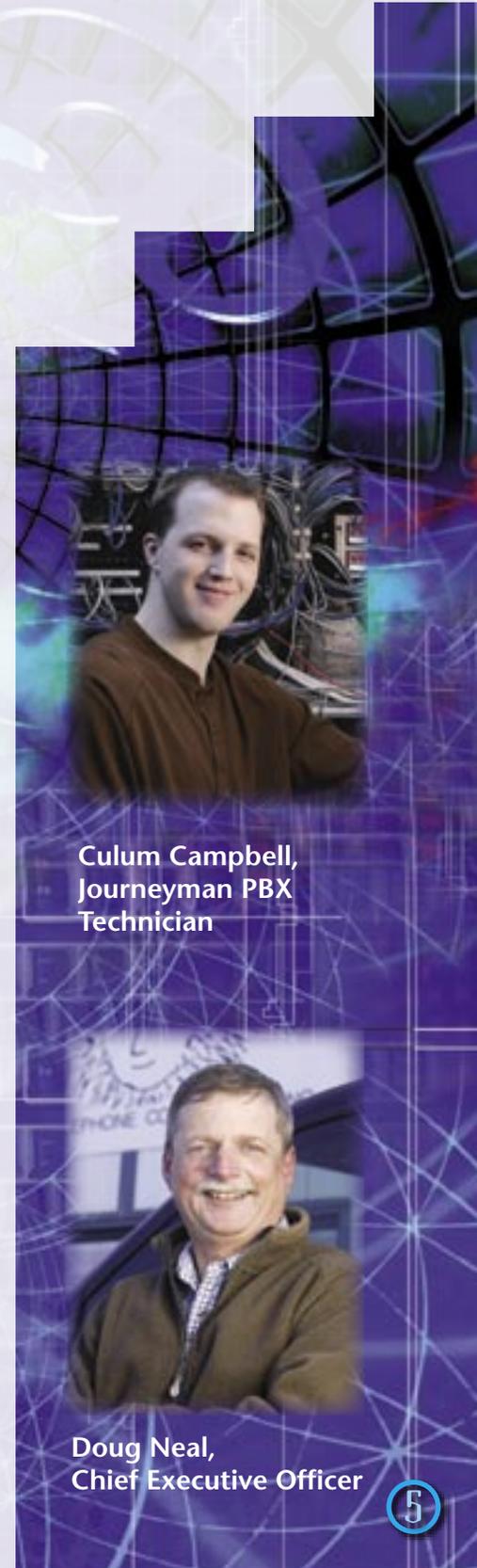
OTZ Telecommunications Inc.  
Billing Clerk, Sadie Ferguson  
and Cooperative Member  
Jonas Ramoth visit OTZ's  
website.

*“OTZ is constantly upgrading functionality. It seems like it was just yesterday when we all used dial-up modems, and tomorrow we will have the capability of residential VoIP.”*

*— Culum Campbell*

*“Even with all of the new technology, the most important element is still where you work and who you work with; I am so fortunate to be able to work with so many smart and caring people.”*

*— Doug Neal*



Culum Campbell,  
Journeyman PBX  
Technician

Doug Neal,  
Chief Executive Officer

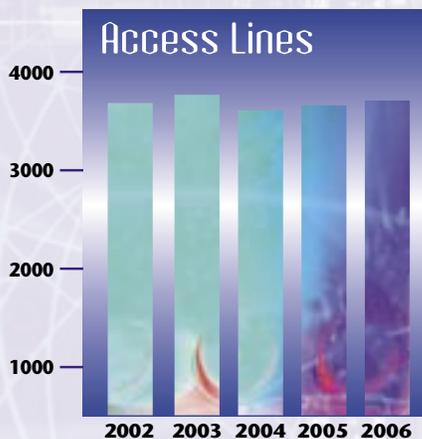




Larry Jones, OTZ Telephone Cooperative, Inc. Board President

*“We have the greatest group of people to work with here at OTZ. The ‘Can Do’ attitude is absolutely contagious.”*

— Larry Jones



**OTZ TELEPHONE COOPERATIVE, INC. and SUBSIDIARY  
Consolidated Balance Sheets  
Years Ended December 31, 2006 and 2005**

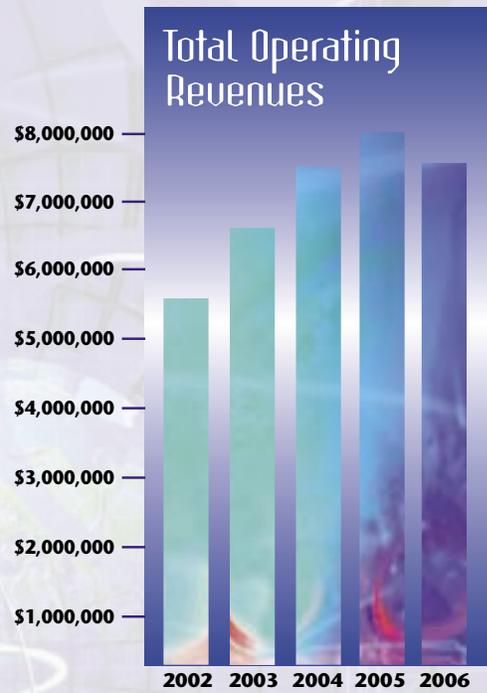
<b>Assets</b>	<b>2006</b>	<b>2005</b>
Current assets:		
Cash	\$ 787,675	907,842
Accounts receivable, less allowance for doubtful accounts of \$10,000	890,057	1,166,152
Materials and supplies	293,765	188,793
Prepaid expenses	149,543	14,410
Total current assets	2,121,040	2,277,197
Other assets and investments:		
Other investments	454,438	489,780
Restricted cash	219,461	209,307
Total other assets and investments	673,899	699,087
Property, plant, and equipment:		
In service	24,562,173	23,942,273
Under construction	1,257,451	405,270
	25,819,624	24,347,543
Less accumulated depreciation	14,059,035	13,099,241
Property, plant, and equipment, net	11,760,589	11,248,302
	<u>\$ 14,555,528</u>	<u>14,224,586</u>

<b>Liabilities and Members' Equity</b>	<b>2006</b>	<b>2005</b>
Current liabilities:		
Current portion of long-term debt	\$ 580,800	531,100
Lines of credit	320,000	-
Accounts payable and accrued expenses	612,041	651,987
Customer deposits	95,665	90,665
Advanced billing	72,878	79,199
Patronage capital payable	-	250,000
Total current liabilities	1,681,384	1,602,951
Long-term debt, net of current portion	7,662,649	7,733,303
Deferred credits	219,461	209,307
Unclaimed capital credits	303,769	249,073
Members' equity:		
Memberships	18,885	18,705
Patronage capital	4,669,380	4,411,247
Total members' equity	4,688,265	4,429,952
	<u>\$ 14,555,528</u>	<u>14,224,586</u>



**OTZ TELEPHONE COOPERATIVE, INC. and SUBSIDIARY**  
**Consolidated Statements of Operations**  
**Years Ended December 31, 2006 and 2005**

	<b>2006</b>	<b>2005</b>
<b>Operating revenues:</b>		
Local network	\$ 1,069,418	1,069,263
Network access	4,821,612	5,292,689
Billing and collection, directory, and other	41,384	48,872
Equipment sales and leases	293,923	300,300
OTZ Telecommunications	1,456,699	1,390,470
<b>Total operating revenues</b>	<b>7,683,036</b>	<b>8,101,594</b>
<b>Operating expenses:</b>		
Plant specific	1,853,553	2,119,417
Plant nonspecific	441,610	478,799
Depreciation	1,024,675	1,375,325
Customer	480,931	488,628
Corporate	1,414,868	1,652,312
Operating taxes	116,610	131,129
Equipment sales and leases	373,711	557,953
OTZ Telecommunications	1,170,420	1,131,172
General and administrative	147,910	123,092
<b>Total operating expenses</b>	<b>7,024,288</b>	<b>8,057,827</b>
<b>Operating margin</b>	<b>658,748</b>	<b>43,767</b>
<b>Other income (expense):</b>		
Interest and dividend income	46,804	44,190
Other gains (losses), net	(58,760)	(75,563)
<b>Total other income (expense)</b>	<b>(11,956)</b>	<b>(31,373)</b>
<b>Margin available for fixed charges</b>	<b>646,792</b>	<b>12,394</b>
<b>Fixed charges - interest on long-term debt</b>	<b>387,945</b>	<b>351,675</b>
<b>Net margin (loss)</b>	<b>\$ 258,847</b>	<b>(339,281)</b>



A complete copy of the Financial Statements audited by Aldrich Kilbride & Tatone LLC may be seen during regular office hours at: OTZ Telephone Cooperative, Inc., Kotzebue, Alaska.

*“OTZ Telephone has overcome many challenges once thought impossible to solve but made a thing of the past through new technologies. The possibilities ahead of us are limitless.”*

— Harry Baldwin



Harry Baldwin,  
Journeyman Lineman/  
Splicer, Foreman

# OT2 Telephone Cooperative, Inc. Employees



**Front Row (L-R):** Brenda Schaeffer, Accounting Supervisor; Sadie Ferguson, OTI Billing Clerk; and Phyllis Ferguson, Front Office Supervisor. **Back Row (L-R):** Hadley Hess, Customer Service Representative; Donna McConnell, Accounting Clerk; Grace Norton, Customer Service Representative; Cynthia Fields, Billing Clerk Assistant; LeAnn Schaeffer, Customer Service Representative; Lucy Mae Lambert, Accounting Clerk/HR; and Arlene Moo, Receptionist.

**Front Row (L-R):** Margie Ubben, Central Office Technician; Harry Baldwin, Journeyman Lineman/Splicer, Foreman; Wilbur Karmun, Central Office Technician. **Back Row (L-R):** Don Smith, Purchasing Agent/Building Coordinator; Pierre Lonewolf, Wireless Technician; Culum Campbell, Journeyman PBX Technician; Royal Harris Jr., Summer Intern; and Rick Wells Sr., Journeyman Lineman.



# OT2 Telephone Cooperative, Inc. Directors



Larry Jones,  
President  
Dist. 4: Kivalina,  
Noatak



Eunice Hadley,  
Vice President  
Dist. 3: Buckland,  
Deering, Candle



Chester L. Ballot,  
Secretary/Treasurer  
Dist. 6: Kotzebue



Marie N. Greene,  
Director  
Dist. 5: Kotzebue



Jane Cleveland,  
Director  
Dist. 1: Ambler,  
Shungnak, Kobuk



Lucy Nelson,  
Director  
Dist. 7: Kotzebue



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

## **ANNUAL MEETING MINUTES OTZ TELEPHONE COOPERATIVE, INC.**

**July 24, 2006**

### **I. Call to Order**

The Annual Meeting of the OTZ Telephone Cooperative, Inc. was called to order at 7:05 p.m. on July 24, 2006 by Board President Larry D. Jones.

### **II. Invocation**

Larry sent our condolences to the Baldwin Family in Kiana for the loss of their daughter and sister.

Before Dolly Sours gave the invocation, she thanked God for allowing her to have the privilege and courage to give the blessings.

Larry thanked Dolly and then called Chester L. Ballot up to read the letter that was mailed out on June 29, 2006, the Annual Meeting Notice to the members. He read the letter informing the members of the date, time, and location of the meeting and the two board seats that are up for election, which are: District 1 (Ambler, Kobuk, Shungnak) Jane Cleveland, Incumbent, Ambler; Mary J. Ramoth, Ambler; Wanda Custer, Kobuk; Pearl Gomez, Kobuk; Lizzie Cleveland, Shungnak; Wynona "Miki" Jones, Shungnak; Linda "Piquk" Lee, Shungnak; and Helen Mitchell, Shungnak. In District 5 (Kotzebue) Marie N. Greene, Incumbent; Wes Goodwin; and Cyrus R. Harris. He also read the Bylaw Revisions that were included on this year's ballot, which referred to Section 3.4 Postponement of a Meeting of the Members and Section 3.5 Quorum. He informed the membership that the meeting is being carried live over KOTZ Radio Broadcasting and thanked them for the broadcast.

Larry also said that the meeting is on the Internet at [www.otz.net](http://www.otz.net), and he said hello to his daughter in Minnesota.

### **III. Determination of Quorum**

It was determined that a quorum was established with more than 128 members in attendance.

### **IV. Early Bird Drawing**

Chester L. Ballot, Donnie Smith, Brenda Schaeffer, and Grace Norton administered the early bird drawing. Chester explained to the members how the raffle was going to be processed; which was the attendee would be called and that winner will pick out a prize and pick a ticket from the mail-in raffle, and that member will win the prize that was picked. First drawing was attendee Beulah Ipalook, sport dome tent; mail-in was Lowanna Goodwin of Kotzebue. Second drawing was attendee Charlie A. Curtis of Kiana, Coleman dual stove; mail-in was William F. & Jennie Johnson of Kotzebue.

### **V. Approval of Annual Meeting Minutes of July 18, 2005**

Wilfred Lane moved to waive the reading of the minutes of the Annual Meeting of July 18, 2005, seconded by Ron Moto. Motion passed unanimously.

Wilfred Lane moved to approve the minutes of the Annual Meeting of July 18, 2005, seconded by York Mendenhall. Motion passed unanimously.

### **VI. Election of Two Directors – from District 1 (Ambler, Kobuk, Shungnak); and District 5 (Kotzebue)**

Larry called for a motion to be made by the membership to open the nominations. Ron Moto made a motion to open the nomination, seconded by Bruce Warwick. Motion passed unanimously.

Wilfred Lane made a motion to close the nominations, seconded by Charlie Curtis. Motion passed unanimously.

All ballots were collected and 15 members volunteered to count the ballots. Larry thanked them and said that Ann would explain the procedures.

Larry took this time to thank the nominating committee that met in April; they were Gladys Jones, Renee Douglas, Martha Whiting, and Lila Moto.

### **VII. New Business**

#### **A. Bylaw revisions**

##### **1. Reasons for Postponement of Annual Meetings**

##### **2. Lower Quorum Requirements for Annual Meetings**

Larry informed the membership that the new bylaw revisions will be counted along with the election results. He then asked if there were any questions; there were none, and the meeting turned to the board reports.

### **VIII. Reports**

#### **A. Board**

Larry then introduced the board members, which include himself, Larry D. Jones, President, District 4 (Kivalina, Noatak, Red Dog); Eunice Hadley, Vice-President, District 3 (Buckland, Deering); Chester L. Ballot, Secretary/Treasurer, District 6 (Kotzebue); Marie N. Greene, Director, District 5 (Kotzebue); Lucy Nelson, Director, District 7 (Kotzebue); Jane Cleveland, Director, District 1 (Ambler, Shungnak, Kobuk) who couldn't attend tonight as she is on a short-term mission trip in Arizona working with Navajos; Gordon Newlin, Director, District 2 (Noorvik, Kiana, Selawik).

He then asked the membership to look at the 2005 Annual Report, saying he was so pleased with it; it may be by far one of the best we have done as it shows many of our elders and young people who work at our office here in Kotzebue. He then asked if there were any questions concerning the report.

Last year in Noorvik we had many questions about re-sizing our board of directors. We have looked at it, and we've had our attorneys and our administration look at it. It was brought to us from our administration that we would keep the board members the same as we have today; it's not to say that we won't give up on it, but we have decided to keep it the same for now. We hired Ann Sieh as our Community Outreach Coordinator, and she will be introduced later. We want her to go out on behalf of the administration and the board, to talk to the people in the villages. She has already made trips out there, and it is beginning to work, so we ask that you give this a chance to work.

Every year for the past seven or eight years we had Strategic Planning meetings. We had one in June with Win Curtiss to discuss plans for the next year, especially how we want our board to work, and this has been helpful to the board. We will continue the strategic meetings to improve not only OTZ but also the working relationship on our board.

This year's scholarship committee consisted of Carl Weisner, Lucy Nelson, and myself, Larry Jones. We received many scholarship packets from this year's graduating seniors and asked them to complete the applications as a practice to prepare them for college. The scholarship recipients for 2006 were: Ashley Baker, Angeline Coffin, Erik Edenshaw, Tina Swan, and Chelsey Zibell.

Larry then introduced Doug Neal, our Chief Executive Officer.

## B. Management

Doug greeted everyone and said that Marie advised him that breathing is good, so he will try to go a little slower than he usually does. He then thanked everyone for being here, especially Larry and the entire the board and staff for another successful year. He then introduced the managers: Ben Phillips, Outside Plant Manager; Carl Weisner, Operations Manager for OTZ Telecom, who couldn't be with us tonight as he is in Anchorage taking care of his mom who has been hospitalized; Phyllis Ferguson, Front Office Supervisor; Brenda Schaeffer, Accounting Supervisor; and Ann Sieh, Community Outreach Coordinator.

He informed the membership that we were going to touch on a few things, including the Enhanced 911 Service, a project that we are real happy about. It's a project that the Northwest Arctic Borough has been working on, so he thanked Ross Schaeffer and his administrative staff for helping out with this project and being so proactive about it. In particular he thanked Tom Bolen, who has been tireless in working on grants and getting the funding so we can roll out 911 service here in Kotzebue. He explained to the membership the benefits of the service.

He then talked about the Next Generation Cell Service in Kotzebue. We are looking for the next generation cell service with a switch that is affordable and effective and working with the other local exchange carriers in Alaska to come up with affordable solutions.

We developed a strategy to provide cellular service in the villages, and this time I would say that the regulatory hurdles are significant and the rules and regulations are currently being developed. But we believe that there are strategies that would work. It's just going to take a lot of work to get there, and we want to make it affordable.

He then gave a brief update on the new telecommunications bill, which is called the Broadband Deployment Act of 2006. Right up front, he wanted to thank Senator Ted Stevens for all the work he has done to take care of the things that we were so concerned about last year being included in the bill. Doug had the opportunity to listen to Senator Stevens make a presentation and to work through the Senate Commerce Committee. There were 240 amendments made by that committee, and he managed to take care of all of them and get a bill out of the committee. At the board and staff level we participated in the NTCA and ATA Legislative Fly-in. Doug thanked Larry Jones, Chester Ballot, and Carl Weisner for participating in those fly-ins. He then gave the update, provisions, and the next steps of the bill.

Doug introduced Ben Phillips, our Outside Plant Manager. Ben greeted everyone and then introduced the outside plant staff by department. In the Central Office crew, we have Wilbur Karmun, Margie Ubben,

and Chandra Abeyratne, who take care of our central office switches and plant records. Our Outside Plant crew consists of Harry Baldwin, Harold Lambert, Rick Wells, Culum Campbell, and Gary Swan. They are a dedicated crew that does everything; they put up cable, set poles, work on trucks. The Internet crew consists of Mark Iten, Craig Robertson, and Terry Reynolds; the Wireless Technician is Pierre Lonewolf, who is also doing the sound for us tonight. And in our Purchasing Department, Donnie Smith has set everything up for this meeting.

Ben then noted our village representatives: Brian Cleveland, Ambler; David Lee, Buckland; Bruce Barr, Deering; Irvin Morris, Jr., Kiana; Theodore Booth Jr., Kivalina; Melford Booth, Noatak; Verne Cleveland, Noorvik; Russell Hanshaw and Gary Jackson, Selawik; and Donald Lee, Shungnak. The engineers are Whit Reeve of Reeve Engineering, who does our central office engineering, and Frank Simpson from St. Elias Communications, our outside plant engineer. Our two interns for this summer are Matthew Snyder and Earl Thomas.

Ben summarized the highlights of 2005:

- Partially installed WiFi system in Kotzebue to improve customer wireless Internet service on a trial basis
- Raised cell tower height in Kotzebue 45'
- Rebuilt Selawik outside cable plant
- Repaired severely storm-damaged cable plant in Kivalina
- Replaced Noatak's central office switch
- Upgraded
  - Central office switch software in Ambler, Buckland, Deering, Kiana, Kivalina, and Kobuk
  - New DSL equipment in Kotzebue, Noorvik, Kiana, Kivalina, Red Dog Port Site, Noatak, and Deering
  - Battery and power plants in Deering and Selawik

He noted 2006 major projects:

- Added DSL service in Buckland and Shungnak
- Rebuilding Selawik telephone plant: new cable plant, central office building and switch
- Raising tower height 40' at Port Site
- Expanding the Kotzebue WiFi system
- Upgrading cable plants throughout the region

Ben then introduced Marie N. Greene, President of OTZ Telecommunications.

Marie thanked Ben and greeted everyone and expressed her appreciation for everyone taking the time to join us this evening. She also extended her greeting to those listening on KOTZ Radio. She stated that on behalf of Carl Weisner she would be giving his report.

As the subsidiary for OTZ Telephone Cooperative, OTZ Telecommunications had a successful year in 2005. As members we continue to benefit from the OTZ telecommunications services. Since 1996 OTZ Telcom has provided Internet, cellular, and long distance services to the cooperative.

Under long distance services, OTZ Telcom offers domestic, international calling, toll-free numbers, calling cards, and prepaid calling cards. In 2005 we had 1,800 OTZ long distance subscribers, which is a growth of 20% from 2004. OTZ Telcom has become more than a long distance provider; we are a contributing member regionwide. OTZ gives back to our members through scholarships, sponsorships, donations, and volunteer work. In 2005 OTZ long distance



contributed more than \$10,000 through sponsorships and donations. Recognizing the need for public radio, OTZ Long Distance has underwritten KOTZ broadcasting for \$7,200 over the past seven years. Contributing to each of the villages sets OTZ apart from GCI and AT&T, which sell their services from outside our region. When you do business with OTZ, you are investing in the growth and development of our region, and we thank you so much for your support.

OTZ Internet offers dial-up and DSL Internet services to Kotzebue and teams up with Maniilaq and GCI for broadband Internet services in 10 of our villages. Providing broadband Internet to the villages is challenging and expensive; however, through the consortium of OTZ, GCI, and Maniilaq, DSL and wireless Internet services have been available since 2001. OTZ is responsible for customer service, sign up, billing, and DSL; Maniilaq handles installation, technical support, and the wireless system; and GCI maintains the satellite transport system. In 2005 the OTZ Internet crew of Mark Iten, Craig Robertson, and Terry Reynolds upgraded Kotzebue Internet backbone with two new switches. This past year additional equipment was installed to keep the Internet traffic flowing smoothly; network security devices were also installed to combat viruses. Most recently 15 wireless Internet access points were placed around Kotzebue to meet the needs of traveling business people and visitors. During the testing, this service remains free of charge, but after the testing is over, a pay-per-use billing system is planned.

Regarding OTZ Cellular and Roaming, of the 14 rural telephone companies in Alaska, OTZ was among the first to provide cellular services back in 1997. In 2005 OTZ Telecom provided cellular services to over 200 subscribers and offers a roaming market to nationwide carriers such as Verizon, Cingular, Cellular One, ACS, and our good friends in the North Slope Arctic Slope Telephone Cooperative. By the way of Tracfone, OTZ also offers prepaid cellular services. We have learned that our members like prepaid service because there is no credit check, security deposit, activation fee, minimum age, or a monthly bill to put in the mail. Maniilaq Emergency Medical Service and the Northwest Arctic Borough Search and Rescue program receive cellular services free of charge, and we are very proud to be able to help with these vital services benefiting members of our cooperative. Future plans for the OTZ cellular operations include an upgrade to the cellular switch to accommodate handsets with picture and text messaging technologies. OTZ receives roaming access revenue as visitors use their cellular phone when here in Kotzebue during their business trips and visiting our region.

With regard to our OTZ Telecommunications staff, we want to identify two people this evening vital to OTZ operations: Zonna Lie-Ito and Sadie Ferguson-Wilson. Zonna's and Sadie's efforts, with the help of the entire OTZ staff, including Carl Weisner as the Operations Manager, drive the success of your subsidiary company. So to Carl, Zonna, Sadie, and the entire staff, thank you so much for your "Can Do" attitude, your commitment, and your hard work. Let's give them a round of applause.

In conclusion, OTZ Telecommunications is your company for the long distance, Internet, and cellular operations designed to meet your needs. We focus on partnering to extend the benefits of telecommunications to you as members of your cooperative. So on behalf of the board of

directors and employees, we appreciate the opportunity to serve you and meet your telecommunications needs. Taikuu and God bless you.

Marie then introduced Ann Sieh, the Community Outreach Coordinator, to give the report on the Front Office.

Ann thanked Marie and then greeted the cooperative members and those in radioland. She then introduced the Front Office staff:

Phyllis Ferguson, Front Office Manager and customer service representative to Ambler, Shungnak, Kobuk, and Noatak; LeAnn Schaeffer, Customer Service Representative to Buckland, Deering, Kiana, Noorvik, Selawik, Kivalina, and Red Dog; Hadley Hess, Customer Service Representative to Kotzebue businesses; Cynthia Fields, Assistant Billing Clerk; and Customer Service Representative Marquita George, Summer Intern.

The Front Office this year had some customer service training that they implemented companywide including: the Front Office, the Outside Plant, the Internet Department, and the Telecommunications Department.

There was also a new tariff this year. Business rates were reduced from \$28.30 to \$24.50 per month. Residential rates were reduced from \$19.15 to \$16.55 per month.

Ann then informed the cooperative members of her new title. She took this opportunity to thank the board and Doug for allowing her to grow within the company by promoting her to be OTZ's Community Outreach Coordinator. Ann's focus will be on communicating with the village leaders and members on the services that OTZ provides by traveling once a month to meet with the village leaders to bring feedback to the board and staff. She has traveled to both Noatak and Selawik, meeting with the Native Village of Noatak's Administrator Herbert Walton, City of Selawik's Administrator Roger Clark, AVEC's Representative Marvin Ramoth, and finally the Native Village of Selawik's Clyde Ramoth and Council members. Both villages were very happy to see OTZ making an effort to provide contact with our village members. And finished by wishing everyone an enjoyable evening and a safe year.

She then introduced the Accounting Manager, Brenda Schaeffer.

### **C. Finance**

Brenda greeted our members and introduced the accounting staff: Lucy Mae Lambert, Accounting Payroll Clerk; Donna McConnell, Accounts Payable Clerk; and Grace Norton, Customer Service Representative serving our Kotzebue residents. Brenda outlined the financials, which consisted of balance sheets, statements of operations, and summary of consolidated report. She then went into the financial reports, informing the membership of OTZ's assets, liabilities, equity, and revenues. Service enhancements: WiFi in Kotzebue, DSL upgrades in villages, outside plant improvements. Financial summary: we allocated \$250,000 in capital credit payout, distributed this year, reduced long-term debt by \$530,000 and on total revenues of \$8,100,000, we had a net loss of \$339,000 due to inventory write-off, bad debt write-off, and rebuilding Kivalina after fall storms. She then turned the meeting back to the President.



Larry thanked Doug, Ben, Marie, Ann, and Brenda for their reports.

### IX. Unfinished Business

Larry then gave the cooperative members the opportunity to state their concerns.

Jackson Snyder commented on cell phone use in Kotzebue. When you go into a metal building, you can't use your cell phone. Is there any way that you can improve the usage from inside metal buildings? Doug thanked Jackson for his question and replied that one of the things that we are looking at doing is putting a remote antenna inside the building so the cell phones would work; of course we cannot do it in all the buildings, but we are looking at putting one in the gymnasium.

Marlene Moto-Karl asked if it is any cheaper to get a phone hooked up in Candle, specifically for emergencies or search and rescue? Ben replied it is possible but very expensive for us to do. What we would have to do is find a point-to-point radio system and shoot it from Buckland or Deering. It is too long a stretch from Candle for a wireless phone.

Marlene commented on the Coast Guard emergency systems and whether it was possible to look into installing something similar. Ben replied that it is something to look into and work with Billy on.

Vida Coaltrain from Selawik said that Noorvik, Kiana, and Selawik have only one representative and asked if we can have our own representative from Selawik. Larry replied that we addressed this issue earlier and have hired a Community Outreach Coordinator. He asked that we give this a chance to work, and if it doesn't, we can revisit it later.

Shane Hildreth asked about the possibility of setting up solar-powered cellular relay stations throughout different points in the region to facilitate possible emergency cell phone use. He then gave an example of what is used in the states. Larry replied that about three years ago he, Doug, and Marie went to a company for those possibilities and asked if there is equipment that would withstand -50° below temperatures, and they replied no. We are looking into it and searching for equipment that could withstand those temperatures.

Alice Davis thanked OTZ for her bag and appreciates the services that are provided.

Dan Snyder asked in reference to Shane's questions if it would be possible to use this equipment part of the time; is it possible when it is not cold? Doug replied that it is something that we are looking at and noted all the challenges that we have to consider.

### X. Election Results

Larry thanked the talliers and asked Patti Ann Thomas from Buckland to announce the election results. Patricia gave them as follows: District 1 (Ambler, Kobuk, Shungnak) Jane Cleveland, 151 votes; Mary J. Ramoth, 31 votes; Wanda Custer, 12 votes; Pearl Gomez, 34 votes; Lizzie Cleveland, 25 votes; Wynona "Miki" Jones, 20 votes; Linda "Piquik" Lee, 110 votes; and Helen Mitchell, 25 votes. The winner is incumbent Jane Cleveland from Ambler. District 5 (Kotzebue) Marie N. Greene, 282 votes; Wes Goodwin, Kotze-

bue, 60 votes; and Cyrus R. Harris, 91 votes. The winner is incumbent Marie N. Greene in Kotzebue. Bylaw amendment that would allow postponement of annual meeting due to an unforeseen event: yes, 277 and no, 45. Bylaw amendment that would allow annual meetings to take place with a quorum of 50 members present in person: yes, 330 and no, 97; so the yes votes won on both amendments.

Larry again thanked the ballot counters: Patti Ann Thomas, Pearl Greist, Maureen Ticket, Norma Rae, Elaine Snyder, Gretchen Booth, Margaret Fraizer, Judy Stein, Lucy Shroyer, James Mason, Bruce Warwick, Pauline Cleveland, Alice Sheldon, Velma Jones, and Kookie Ito.

Larry then offered his congratulations to Marie Greene and Jane Cleveland and the vote of confidence on the yes votes.

### XI. Drawing of Door Prizes

Chester, Donnie, Brenda, and Grace were called up to do the final drawing. Ann informed the membership of the prizes that were on the floor for the grand prize drawing. The drawing of door prizes was held and the following winners announced: attendee Mamie Jorgensen, Uniden cordless phone; mail-in was Sandra C. Ramoth from Selawik; attendee Naija Russell, portable chair; mail-in was Warren Thompson from Kotzebue; attendee George H. Conwell, fishing rod with supplies; mail-in was Marlene Smith of Kotzebue; attendee James Mason, cooler; mail-in was Richard and Suzie Erlich of Kotzebue; attendee Queen Davis, crock pot; mail-in was Ludie Link of Kiana; attendee Shane Hildreth, cook's kitchen set; mail-in was Russ Lagvine of Kotzebue; attendee Jackson Snyder, floating thermos; mail-in was Roger and Doreen Clark of Selawik; attendee Phyllis R. Booth, fishing pole; mail-in was Johnny Stoney of Kiana; attendee Ruth Downey, floatation vest; mail-in was Ivan Booth of Noatak; attendee John Rae, frying pans; mail-in was Willie Goodwin Jr. of Kotzebue; attendee Ruth Abeyratne, storage containers; mail-in was Allen and Janice Jessup of Kotzebue; attendee Alice Moto, first-aid kit; mail-in was Carl D. Jennings; grand prize attendee Nelda Swan, TracFone with minutes; mail-in Wilfred and Vivian Lane of Kotzebue; attendee Amos and Teresa Foster, VHF package; mail-in was Seth Kantner and Stacey Glaser of Kotzebue; attendee Billy Lee, 8'X10' tent; mail-in was William H. and Jennie Johnson of Kotzebue; attendee Benjamin Sherman, 53 gallons of gas or stove oil; mail-in was Perry Keats of Kotzebue; attendee Willie Towkjshea, VHF handheld radio; mail-in was Susie A. Sun of Shungnak.

Larry then thanked the members for attending.

### XII. Adjournment

Kookie Ito moved to adjourn, seconded by Shane Hildreth. The meeting adjourned at 8:45 p.m.



## OTZ Mission Statement

Through professionalism, innovation, and a “Can Do” attitude,  
OTZ will be the best telecommunications provider  
to the people of Northwest Alaska.

**OTZ Telephone  
Cooperative, Inc.**

P.O. Box 324 • Kotzebue, Alaska 99752  
Phone: 907-442-3114 • 800-478-3111  
Fax: 907-442-2123  
[www.otz.net](http://www.otz.net)