

DRAFT

October 11, 2017

Members Present: David Provost, Clem Nilan, Tim Halvorson, Theresa DiPalma Alberghini, Joan Shannon, Karen Paul

Member's Absent: Jane Knodell

Others Present: Stephen Barraclough, Dawn Monahan, Jeremy Patrie, Will DuShane, Nick Martin, Stacey Trudo, and Terry Dorman (via phone)

Meeting commenced at 5:42 p.m.

1. Agenda

MOTION to approve the agenda made by *Shannon*, seconded by *Alberghini*. *Unanimous.*

2. Approval of Minutes from July 12, 2017 BTAB meeting

MOTION to approve minutes from the July 12, 2017 Burlington Telecom Advisory Board ("BTAB"), made by *Shannon*, seconded by *Alberghini*. *Unanimous.*

3. Public Session

Carolyn Bates – Thanks KBTL, especially Alan Matson, and the BTAB members, especially David Provost. Strongly supports all the values of KBTL and the idea local co-op. Schurz seems to have the same feel as Burlington. Suggests advancing KBTL and Schurz to the next voting session and create a way for Schurz to be the financial backer and hire KBTL to run BT as a local entity and each subscriber of BT would be provided with the option to buy back their share(s) from Schurz. This would allow BT, over time, to become a co-op. Install guarantees for the first right of refusal given to Burlington.

Deb Flanders – New customer to BT since service just became available on Church Street. Very pleased with the rates and customer service. Making the switch to BT was one of the best business decision made this year. Given the sale of BT, fears rates will increase and service will decline if it is sold to an outside corporation. Pleasantly surprised of the offer given by KBTL, comparing it to the Onion River Co-op. The VT brand is small and local but of high-quality and very strong. Would like to keep BT powered by local citizens and not by outside corporations.

Kit Andrews – Impressed by hearing small business owners speak in terms of what KBTL means to them. In support of KBTL, 24 signatures of owners and managers on/near Church Street have been collected forming a petition and are nervous what it will mean for their business if BT sells to a corporation. Believes KBTL has a solid business plan, showing conservative projections to easily meet the obligations

of the loan and running the business. Compares KBTL to City Market opening business plan. KBTL plan is grounded and will work also providing the necessity for community control.

Provost closes public forum 5:53 p.m.

4. Sale Update

Provost – City Council has reviewed and is working thru the remaining bids, planning to narrow that to two bidders on Monday Oct 16th. D&F will then negotiate with those two through a negotiation of the document stage. There have been developments since the proposals since BTAB has viewed them; bids have evolved. Schurz has recently acquired HBC – Winona, Minnesota – who had been a strong influence/advisor with the turn-around of BT. HBC has expanded to 22 different communities, which BTAB had identified expansion of BT as an important element in the sale of BT.

Dorman – Largely clarification and indication of willingness to make certain changes but are too premature to disclose what has changed. They will be circulated once received. TING has agreed in keeping the BT name, but not necessarily in perpetuity, intending on asking for clarification on the timing of keeping the BT name.

Barraclough – BT was modeled after HBC, relying on Gary Evans and HBC staff for context and expertise, particularly in the early days, but the relationship with Gary Evans has also continued over the years. HBC and BT shared many values concerning the importance of outstanding customer service, not relying on constant promotions but consistent value, and being a good community partner. Dan Pecarina HBC's CEO, called BT in recent days. HBC was not municipally owned but was founded by a local businessman with a desire to provide service to schools and public places. HBC started as a non-profit, but later became a for-profit entity. They have also expanded their product range to create other revenue streams beyond a triple-play, and have expanded their footprint beyond Winona, building out into 22 communities. Charter is the incumbent but in every market HBC has expanded to, they have achieved at least 50% market share, and in many markets a 60-75% share.

Paul – HBC is also an over-build with 70% market penetration in a Comcast-like market. In a prior council meeting, Paul asked the question of: In general, in terms of an on-going relationship with Dorman and Fawcett and Stephen Barraclough, will there be involvement with the successful bidder going forward? Terry Dorman had addressed on behalf of Dorman and Fawcett that they will not continue but am looking for an answer from Stephen.

Barraclough - As an individual, if not disqualified due to an association with D&F, given his age he is focused at looking at future work in terms of no more than the next 5 years. He would be interested in exploring any opportunity with BT with any party, where he believes the conditions will exist that will allow him to be able to make a real difference. He has very clear vision of that he believes the future potential of BT is both in Burlington and beyond its borders. BT's forward growth opportunity is meaningful and exciting. He would not have an interest in remaining with BT unless the acquirer shared a similar vision for the future growth potential and values of BT.

Shannon – A point of concern is for protection of the City in terms of a second sale. In the community, it is a broadly held opinion that KBTL offers the best protection of keeping BT local and not being absorbed by a large conglomerate like Comcast. Would like to see that concern part of future discussions if not already one.

Dorman - It will be a critical part of the next discussions. Have not advanced any such language but expect that to be a critical piece of the final selection.

Shannon – Another topic of discussion has been how each of the organizations would treat our data? In terms of how BT currently treats our data and how the successful bidder would treat that data, which expands beyond selling that data, but protecting and encrypting the data.

Barraclough – BT's policy is not to sell customer information/data, never will.

Patrie – As an internet provider, BT operates as a traditional ISP, offering unfettered access to the public. Consumers can opt to encrypt their data, but BT however doesn't have encrypted measures. Inherently, that is not how the internet works today. In terms of data retention, it only pertains to those who have BT email addresses as each of those users are allowed storage limits and they are housed on BT servers but is an encrypted depository. In terms of names and addresses, BT's billing system vendor keeps these, they don't live on a BT system or the internet and the vendors system is encrypted, but BT is reliant on the vendors security measures and processes to safeguard that information.

Shannon- Jeremy, do you see this as an area of concern or are you satisfied with the current measures and policy that currently has.

Patrie - BT follows best practices and should continue to do so, but cannot offer an opinion on others.

Halvorson – Stephen, being such a vital part in the turnaround of BT that was done by D&F, who would you want to work for, and have you had discussions with them.

Barraclough – I have deliberately had no conversations with any of the remaining contenders for BT, nor do I think I should offer an opinion on this in public at this time. BT's values, principals, and beliefs, have become part of our culture and our DNA, not because we are part of the municipality but because we try to be an outstanding corporate citizen and to be a for-profit business which is how BT models itself. We believe that these principals are mutually reinforcing.

Provost - Do you think it would be appropriate for the council to seek the views of the management team and staff for their views?

Barraclough – Nothing would be appreciated more by the staff than someone wanting to hear their views as operators.

Shannon – A constituent has also asked about hearing the views of the BT staff.

Provost – No additional requests from BTAB have been made by the council. Urges the BTAB members to attend Monday City Council Meeting. BTAB was very clear in their recommendations and are now available to the public.

5. Management Update

Barracough– Next meeting will have Q1 financial results but remain on target.

Subscribers at the end of Q1 reached 7,224 subscribers, an increase of 243 net subscribers, which is 35% higher than the increase in net subscribers for Q1 last year. Continued to be amazed by the resilience of our customers. However, we are now starting to be impacted by the sale process as we have lost a couple of customer service representatives (50% of those staff) and are unable to replace them with permanent new hires at the moment given the uncertainty as to who the new owner will be. Also for the first time, BT is receiving indications from potential business prospects, that, they won't move on a decision to move forward with BT until the new owner is announced and they have determined that they are comfortable with that decision. In terms of network expansion, construction is hard at work in the NNE. BT is also planning to open its Ethan Allen Mall Storefront the first week of November.

Innovation week is happening next week, beginning with VT Hack on the opening weekend and ending with Tech Jam the following Friday and Saturday. Exciting group of BTV Ignite events every day from Monday through Thursday, both in the evening and during the day that are focused on jobs, innovation and entrepreneurship. The Keynote event will include Bill Wallace – US Ignite Executive Director, Mike Schirling - Secretary of Commerce and Community Development, Jill Jemison – Director of Technology with UVM College of Medicine, Dennis Moynihan – Director of BTV Ignite, and Mayor Miro Weinberger on Tuesday evening at UVM Alumni House. A great layout of each of the events is up on the BTV Ignite Website – Abbie Tykocki has done a fabulous job with this.

Provost – On behalf of the BTAB, we cannot thank the staff and management team at BT enough for the unwavering and impressive dedication in this time of uncertainty. To D&F, you have been an incredible guidance for this group and are forever grateful and strongly believes that BT would be in the position they are in at the time of sale without D&F. To BTAB members, our roll continues to advise the management of BT; thank you of your time and volunteering is very appreciated by many.

Shannon – In terms of gratitude, the talent that D&F brought to the table, able to bring a skilled manager, Stephen, and working through the process of the sale each step of the way. Also, greatly appreciate David Provost for the skills of always being matter-of-fact, and as we approach the finish line, appreciate you being on the side of Burlington every step of the way; thank you for your service.

Paul – Approached David Provost for his service for a term of 3 months which has turned into 7 years. Terry and Stephen's plan for turning around BT and they did and so much more. Number of members in this community have said less than kind things about the work D&F has done and have insinuated that Terry and Stephen have somehow steered the council/others in the direction towards one of the offers over the other. That really calls into question their integrity which can't be further from the truth. The information has been fair, and in the end, D&F understands the decision lies in the hands of 12 City

Councilors. It is not fair, it is disrespectful and becomes hard on the process when these comments are being made. Everyone in this city should be exceptionally grateful for their hard work and dedication.

Barraclough – There are many reasons that BT is where it is now. Thank you to BT Management Team, a whole team who came together and managed to achieve the results and for going above and beyond. Thank you, members of the BTAB for your time and commitment. The BTAB’s formation marked a real change on the governance and operating of BT. For many this is the end of the chapter, however, for BT and for Burlington, this is a new beginning. BT today is better positioned for ongoing and sustained growth than it has ever been, and I firmly believe BT has its best days in front of it.

MOTION to adjourn made by *Halvorson*, seconded by *Nilan* at 6:41 p.m. *Unanimous*.

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