

# DRAFT

August 12, 2015

Regular Meeting

**Members:** David Provost, Joan Shannon, Karen Paul, Jane Knodell, Theresa Alberghini, Tim Halvorson, Clem Nilan

**Member's Absent:** None

**Others Present:** Stephen Barraclough, Jeremy Patrie, Nick Martin, Dawn Monahan, Stacey Trudo,

**Public Members:** None

Meeting commenced at 5:35 p.m.

1. Agenda

**MOTION** to approve the agenda made by Paul, seconded by Halvorson. *Unanimous.*

2. Approval of Minutes from July 8, 2015 BTAB meeting

**MOTION** to approve the minutes from the July 8, 2015 Burlington Telecom Advisory Board ("BTAB") meeting, made by *Paul*, seconded by *Shannon*. *Unanimous.*

3. Public Forum

No questions

4. BT management update

*Barraclough:* Business is busy. BT is in the first year-end with BlueWater involved and need to close the FY 2015 audit year within 120 days of year end. The auditors will be in the next week to verify work can be completed on time. We are in the middle of interviewing for the Marketing Director position, hopeful to have an offer by the end of the month. Also, continuing to absorb the non-Legal and Regulatory workload. We are working with BED for a potential 1<sup>st</sup> joint trunking project. BED's new policy allows them to lay fiber within electric conduit, fairly involved and time consuming process. BT submitted response to a RFP for serving the City of Winooski for internet and phone.

*Provost:* Any expected costs if granted the contract?

*Barraclough:* Yes. There were a wide range request with limits set by BT; several facilities are already connected by City owned fiber and that is the part we quoted on. Where fiber is needed

to be built, it may be highly expensive and we need to ensure that there will be the potential of a return on the investment in those places.

*Patrie:* Winooski's Public Works Department is on Gilbrook Road which is out of the way, with old and crowded poles that would need to be replaced which could be quite expensive.

*Provost:* Does it include schools in Winooski?

*Barraclough:* No, just City Departments.

*Barraclough:* Also, BT recently lost the Burlington Schools account to VTel who provided 10G.

*Paul:* Was the request for 10G?

*Barraclough:* No, the request was for 1G.

*Provost:* What is the length of contract?

*Trudo:* Three years.

5. Determination of criteria for sale of BT

*Provost:* Proposed process update: First kickoff event being in conjunction with BTV Ignite with hopes of taking place in late September. The second part of this process would be an October/November time frame and it would allow for public input. The second part is still intact in terms of time frame but issues remain in confirming dates of the first event.

*Barraclough:* This was to piggy-back on a City Leaders meeting with leaders of Burlington anchor institutions and key business employers along with US Ignite and other US Ignite communities to discuss how Burlington should approach the emerging tech economy, following the potential announcement of several related opportunities. One of those projects is a \$6m proposal from US Ignite to the National Science Foundation for placing Geni connectivity in 15 cities, nine initially. We are expecting the announcement at any point in time. Burlington is one of nine cities if that project is approved. Geni project is a seven year project of the National Science Foundation to create the next internet. It will provide direct Gig connectivity to 8 other cities, two being Chattanooga and Kansas City. The problem lies with the scheduling of the many people involved.

*Provost:* This group needs to determine the timing and strategy for the council to sign off on these criteria. Dorman's sense is that if we have completed it in this calendar year we are in good shape.

*Knodell:* The idea of 1<sup>st</sup> step linked to BTV Ignite is important and should try to keep that. And from timing point of view by calendar year-end would work, in my opinion. The clock started ticking on January 1. If it's wrapped up in 1<sup>st</sup> year of the 3 year window seems pretty timely.

*Provost:* I am worried if it isn't scheduled until November, the window of completing it this year is tight. If the dates could be sent to the BTAB and the leaders and we can weigh-in on how the BTAB can help in the relationships.

*Nilan:* We had spoken about providing a summary of the settlement documents from BlueWater to know what that process entails.

*Barraclough:* Terry Dorman should advise and outline the settlements at the next meeting.

*Provost:* Settlement Documents and the three page summary that was presented at the press conference should be resent to BTAB members. And having Terry answer any questions would be of great help.

*Alberghini:* I would like to have that in advance of the discussion with Terry.

*Knodell:* Where are we in the BTV Ignite process?

*Barraclough:* The funding board have met and decided to advertise the position in Seven Days; applications were sent around to the funding board and four applicants were chosen to be interviewed. Hopes are to have this position filled end of August or early September.

6. BT Financial Results: Q4 2015 & Full Year FY 2015

*Barraclough:* FY15 highlights:

- Budgeted \$8m in Revenue; fell short at \$7.7m due largely to later than anticipated PSB approval. Due to revenue falling short, COGS were lower and operating costs such as marketing initiatives and hiring were also reduced to ensure BT remained on its EBITDA target.
- EBITDA was budgeted at \$1.813m and actual came in at \$1.863m.
- CAPEX was overspent by \$60k due largely to orders placed with two vendors at the end of month for July delivery and unexpectedly invoiced in June.
- Cash Flow Pre-Debt was spot-on to budget.
- Post-Debt service cash, essentially retained cash after all outflows, ended \$108k better than budget.
- Starting to see stresses in the business when growing at this rate. Great momentum going into the new year. 34.3% market share of addressable market which is up from 30.4%.
- FY16 target and focus is to hit 6k subscribers.

*Halvorson:* What is opportunity to serve with the trunking option with BED?

*Barraclough:* We still need to prove it is cost effective but there will be access to 138 homes. If it happens, we are expecting it to happen this fall.

*Provost:* Are the first 12 days of August any indication?

*Trudo:* The actual numbers through August 10<sup>th</sup> is 80 new subscribers with less than 20 disconnects.

*Barraclough:* If we continue to grow at this rate, the \$1.2 CAPEX budget will be issue, something will have to give.

*Shannon:* That is because the cost of each hook-up is a capital expense?

*Barraclough:* Correct. The swap-out program for existing BT customers will have to be delayed if necessary as we can't turn down a new subscriber. However, we don't want to delay this program either. We will know more after the experience this fall to make sure things are in place for the final quarter of the fiscal year.

*Nilan:* After first glance, even though actual sales fell short of budget, the budget was set at double digit increase in sales. That modifies how one views it.

*Barraclough*: You are correct, as we weren't shy in budgeting. The number of new subscribers we put on in FY14 were 346 and in FY15 we budgeted to put on 600 new subscribers.

7. Executive Session

Individual FY16 budgeted projects discussed in detail with comments and input requested.

**MOVE** by *Knodell*; to find premature knowledge of this information will put the City at a competitive disadvantage, seconded by *Paul*. *Unanimous*.

**MOTION** by *Knodell*; to go into executive session based on the finding, seconded by *Paul*. *Unanimous*.

**MOTION** to adjourn made by *Knodell*, seconded by *Paul* at 6:56 p.m. *Unanimous*.