

BTAB Public Forum on Criteria for Sale of BT

December 9, 2015

BTAB Members Present: David Provost, Clem Nilan, Theresa Alberghini DiPalma

Staff: Brian Lowe

Speakers were asked to sign up.

Chair David Provost called the meeting to order at 5:30 pm. He described the process and explained the purpose of the meeting: to get input from public on criteria for determining ultimate sale. Noted that a survey remains open till Friday. He provided context on what had happened to BT so far, and noted that the hearings so far had not focused on the \$17M question (though that had been a point of focus in the early BTAB meetings he had been involved in).

Bill Keough – Can kiss the \$17M good bye. Want to see some role for City in continued operations. Public ownership and financial risk – competitive market. When its sold, would be nice to see City have first option if its ever up for sale again. I know there's state law preventing municipality from purchasing, but maybe that can be altered. Does not want to see Comcast come in and buy the thing.

Mike McNamara – Provides background on his interest in economic development. Thanks Mayor and Council for work they've done saving BT and then creating space for a public discussion about the next steps. Links BT's future with BTV Ignite and speaks highly of the promise of the BTV Ignite initiative. Some form of local control, some form of accountability to local community as part of this deal. There has to be a right of first refusal on a subsequent sale for the City as well. I choose to look at the \$17M as a long-term investment, and I think we will view it as a good investment.

Steve Goodkind - \$17M is something I want to talk about. I care about local control, and I want to see payback of the \$17M. Needs to be paid back at time of sale or have some kind of structured payback over time. Much of the money will go to Dorman and Fawcett, with City going to get only 25 cents on the dollar. Selling it to the highest bidder is totally the wrong approach. Local control, maybe the City continues to own it thru BCDC. Could allow for increased reinvestment in the system. BED didn't pay us back in a year. Instant payback not the only thing to consider. Debt City owned is paid back, and local control. Flip sides of the same coin. Don't get one won't get other.

Lenore Broughton: We in Burlington have a problem recognizing reality, because its more pleasant. \$16.9M vanished in 2009, supposedly to BT. However, the PSB stipulated that at no time would taxpayers be on the hook. Running a good business takes talent, and BT was not able to compete on the marketplace (in part because of its ties to the City). Some are ignoring this history, and forgetting the \$16.9M. The Mayor wants \$47.7 on top of future capital investments – this is crazy. BT needs to go to a private buyer, and the City needs to recoup as much money as possible.

---BRIEF RECESS FOR ADDITIONAL SIGN UPS --- (resume 5:49pm)

Rick Hubbard – Not a BTV resident, but have some business background and would like to speak to some of the points raised regarding competitiveness. Spent 11 weeks bicycling around Europe and would ask us to look at internet provision a different way – as infrastructure that helps the community thrive. We should think of BT as we think of streets and sidewalks, and not demand a return in year one. Comcast has different incentives and doesn't always offer services that people need (especially where I live in SBTV).

Carolyn Bates – Glad this is happening. It is a fast service and I want to use it for my business. Agree with gentlemen ahead – I don't want to lose it, and it's an investment. Hard to imagine something like Comcast. It would be terrible. Similar to allowing banks from out of state into VT. We never had problems before we allowed out of state banks in. People are willing to pay in to make this work – do not sell it, keep it local.

Kelly Devine – Here to speak on behalf of 250 businesses I represent. I remember without too much fondness the level of concern the news of the BT \$\$ loss generated. My group feels it is imperative that the purchase agreement includes a business plan that explains how the City can recoup most or all of the money lost. Other criteria include

- Expanding service more thoroughly to broader client base and in particular commercial customers.
- The business plan should include a plan to expand to other Chittenden communities
- Purchaser should have local ties or at least ties to the Northeast and understands our culture,
- Community to retain at least a portion of ownership so we have a voice,
- Settlement that keeps financial stability and serves as foundation for future economic vitality and growth – critical to future of City.

Barbara Nulty – would like to see coop ownership with connection to more or all households in town and supports public access. Telecom business changing rapidly – don't place constraints that prevent it from evolving.

Ishmael Ahmed – BTV resident. Worked for sovernet and put together networks. Have seen a good service fall apart in my experience. Would like to see infrastructure better utilized. Commit to expanding to other communities. More users equals more efficiency and lower cost to people.

Tiki Archambeau – Just want to throw my hat into maintaining City control first and foremost. City created asset for reason – I remember the Adelphi complaint logs. I fear I could return to that era. I believe service based economy is defining this era and we can position ourselves to thrive by keeping BT here and building off it. We can help roll this out to other communities in the state.

David Provost – Heard a tale of two cities here – don't sell to highest bidder who doesn't care about City and recoup the whole \$17M. BTAB has a fiduciary responsibility to solve the

challenge of the \$51M spent on BT by Burlington taxpayers. We should go around the room. How do you see this committee setting criteria?

Bill Keough – Give Dorman and Fawcett some freedom to operate. They have a good record. Need to be responsible to for many things – to taxpayers, accountability,

Mary Twitchell – Accountant at the time of BT scandal said we had to write off \$17M. That’s my money, and I understood it was necessary to keep City solvent. I am okay with that but now feel some ownership of these assets. I want to keep it locally owned...I gave something, and I’m getting something in return.

Don Schram – BTV resident. Could set up a coop model with everyone who is a subscriber is also a member. Put City as a board seat. So no risk to City. We could get a return on our investment through the coop model

Carolyn Bates – on your question about criteria is absolutely don’t want you to go to Comcast. Coop sounds like a good model. I get a 5% discount at City Market as a senior and its great. 25 years from now people will be happy with what we have done.

Ibnar Avilinx – SBTV resident and looking for housing in BTV. Artist and keep it local meeting attendee. Got some money coming in now so looking forward to working in my studio. One word that was mentioned at our last session by Clem was the term “fiduciary” and it origin in the Latin root trust. Trust was shaken here, and yet we have a system that works and is bringing in money and can grow. Trust really shined a light here for me.

Tiki Archambeau – SWOT analysis could help here. How much risk to we get into depending on what the market can bear? And there is opportunity here, depending on the entity and considerations about the leadership team.

Heather Riemer – The \$16.9M is unlikely to come back to the City the way the deal is structured, but you can think about ways that value could be brought back into the community (local rates, etc). If fundamentally what you want is to bring value back to residents, that should be part of the criteria and it should shape who you sell through. Skeptical that it would come back in cash, but do want to see value return to community and hear the concern that by selling to a for-profit you may lose that opportunity to get value back.

David Provost – We will draft criteria and have a public forum to discuss that criteria. We are struggling with how we define this. For a subscriber model with say 5000 subscribers, you’re looking at an annual cost of about \$3300 (for a \$16.9M valuation). That is a lot of money (one person in audience willing to pay that). One final speaker has just come in.

Daniel Wise – I live in Redrocks. Here to support the BT Local Coop as the successor owner of BT. We don’t have BT at Redrocks because of underground service. Worry about profit motive of a private company. We don’t need that.

David Provost – Survey up on the BT website till Friday. Will see info regarding criteria and news about bringing the criteria to Council.

Meeting ends at 6:51pm.